

**MAKE-A-WISH FOUNDATION OF PHILADELPHIA, NORTHERN DELAWARE
AND SUSQUEHANNA VALLEY**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2015 AND 2014

**MAKE-A-WISH FOUNDATION OF PHILADELPHIA, NORTHERN DELAWARE
AND SUSQUEHANNA VALLEY
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation of Philadelphia, Northern Delaware and Susquehanna Valley
Blue Bell, Pennsylvania

We have audited the accompanying financial statements of Make-A-Wish Foundation of Philadelphia, Northern Delaware and Susquehanna Valley, which comprise the statements of financial position as of August 31, 2015 and 2014, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Make-A-Wish Foundation of Philadelphia, Northern Delaware and Susquehanna Valley

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Foundation of Philadelphia, Northern Delaware and Susquehanna Valley as of August 31, 2015 and 2014, and change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
December 3, 2015

**MAKE-A-WISH FOUNDATION OF PHILADELPHIA, NORTHERN DELAWARE
AND SUSQUEHANNA VALLEY
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2015 AND 2014**

	2015	2014
ASSETS		
Cash and Cash Equivalents	\$ 218,514	\$ 140,005
Investments	2,484,909	2,929,176
Due from Related Entities	97,025	64,684
Prepaid Expenses	24,806	15,195
Contributions Receivable, Net	647,922	652,434
Other Assets	5,742	5,742
Property and Equipment, Net	26,627	34,320
Total Assets	\$ 3,505,545	\$ 3,841,556
 LIABILITIES AND NET ASSETS		
Accounts Payable and Accrued Expenses	\$ 230,450	\$ 192,898
Accrued Pending Wish Costs	1,530,355	1,630,447
Total Liabilities	1,760,805	1,823,345
 NET ASSETS		
Unrestricted	1,310,517	1,608,655
Temporarily Restricted	434,223	409,556
Total Net Assets	1,744,740	2,018,211
Total Liabilities and Net Assets	\$ 3,505,545	\$ 3,841,556

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION OF PHILADELPHIA, NORTHERN DELAWARE
AND SUSQUEHANNA VALLEY
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2015**

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT			
Public Support:			
Contributions, Net of Write-Offs	\$ 4,136,782	\$ 431,553	\$ 4,568,335
Grants	175,175	-	175,175
Total Public Support	<u>4,311,957</u>	<u>431,553</u>	<u>4,743,510</u>
Internal Special Events:	473,506	-	473,506
Less Costs of Direct Benefits to Donors	(44,406)	-	(44,406)
Total Special Events	<u>429,100</u>	<u>-</u>	<u>429,100</u>
Investment Income, Net	36,442	-	36,442
Other Income	3,522	-	3,522
Net Assets Released from Restrictions	<u>406,886</u>	<u>(406,886)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>5,187,907</u>	<u>24,667</u>	<u>5,212,574</u>
EXPENSES			
Program Services:			
Wish Granting	4,296,292	-	4,296,292
Program-Related Support	168,092	-	168,092
Public Information	237,962	-	237,962
Total Program Services	<u>4,702,346</u>	<u>-</u>	<u>4,702,346</u>
Support Services:			
Fundraising	379,315	-	379,315
Management and General	404,384	-	404,384
Total Support Services	<u>783,699</u>	<u>-</u>	<u>783,699</u>
Total Program and Support Services Expense	<u>5,486,045</u>	<u>-</u>	<u>5,486,045</u>
Change in Net Assets	(298,138)	24,667	(273,471)
Net Assets, Beginning of Year	<u>1,608,655</u>	<u>409,556</u>	<u>2,018,211</u>
NET ASSETS, END OF YEAR	<u>\$ 1,310,517</u>	<u>\$ 434,223</u>	<u>\$ 1,744,740</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION OF PHILADELPHIA, NORTHERN DELAWARE
AND SUSQUEHANNA VALLEY
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2014**

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT			
Public Support:			
Contributions, Net of Write-Offs	\$ 3,605,539	\$ 407,539	\$ 4,013,078
Grants	168,695	-	168,695
Total Public Support	<u>3,774,234</u>	<u>407,539</u>	<u>4,181,773</u>
Internal Special Events:	380,823	-	380,823
Less Costs of Direct Benefits to Donors	(38,334)	-	(38,334)
Total Special Events	<u>342,489</u>	<u>-</u>	<u>342,489</u>
Investment Income, Net	58,955	-	58,955
Other Income	1,950	-	1,950
Net Assets Released from Restrictions	<u>333,928</u>	<u>(333,928)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>4,511,556</u>	<u>73,611</u>	<u>4,585,167</u>
EXPENSES			
Program Services:			
Wish Granting	4,227,281	-	4,227,281
Program-Related Support	117,243	-	117,243
Public Information	117,257	-	117,257
Total Program Services	<u>4,461,781</u>	<u>-</u>	<u>4,461,781</u>
Support Services:			
Fundraising	494,740	-	494,740
Management and General	398,577	-	398,577
Total Support Services	<u>893,317</u>	<u>-</u>	<u>893,317</u>
Total Program and Support Services Expense	<u>5,355,098</u>	<u>-</u>	<u>5,355,098</u>
Change in Net Assets	(843,542)	73,611	(769,931)
Net Assets, Beginning of Year	<u>2,452,197</u>	<u>335,945</u>	<u>2,788,142</u>
NET ASSETS, END OF YEAR	<u>\$ 1,608,655</u>	<u>\$ 409,556</u>	<u>\$ 2,018,211</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION OF PHILADELPHIA, NORTHERN DELAWARE
AND SUSQUEHANNA VALLEY
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2015 AND 2014**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (273,471)	\$ (769,931)
Adjustments to reconcile Change in Net Assets to Net Cash		
Used in Operating Activities:		
Depreciation	9,219	8,666
Net Realized and Unrealized Losses on Investments	32,235	26,048
Contributed Property and Equipment, Inventory and Investments	(38,510)	(22,163)
Change in Attrition on Accrued Pending Wish Costs	28,451	(12,358)
Changes in Assets and Liabilities:		
Contributions Receivable	4,512	(169,021)
Due from Related Entities	(32,341)	4,004
Prepaid Expenses	(9,611)	1,262
Other Assets	-	19,547
Accounts Payable and Accrued Expenses	37,552	76,458
Accrued Pending Wish Costs	(128,543)	482,110
Net Cash Used in Operating Activities	(370,507)	(355,378)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(602,600)	(707,188)
Proceeds from Sales of Investments	1,053,142	1,077,039
Purchases of Property and Equipment	(1,526)	(22,612)
Net Cash Provided by Investing Activities	449,016	347,239
 Net Increase (Decrease) in Cash and Cash Equivalents	 78,509	 (8,139)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	140,005	148,144
CASH AND CASH EQUAVALENTS, END OF YEAR	\$ 218,514	\$ 140,005
 Supplemental Cash Flow Information:		
Donated Property, Stock and Inventory	\$ 38,510	\$ 16,613
Contributed Services	-	5,550
In-Kind Contributions	1,653,746	1,417,245

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF PHILADELPHIA, NORTHERN DELAWARE AND SUSQUEHANNA VALLEY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2015

	Program Services			Support Services			Total	
	Wish Granting	Program-Related Support	Public Information	Total Program Services	Fundraising	Management and General		Total Support Services
Direct Costs of Wishes	\$ 3,787,339	\$ -	\$ -	\$ 3,787,339	\$ -	\$ -	\$ -	\$ 3,787,339
Salaries, Taxes, and Benefits	298,274	118,061	170,203	586,538	264,492	335,657	600,149	1,186,687
Printing, Subscriptions, and Publications	819	1,851	26,078	28,748	16,603	709	17,312	46,060
Professional Fees	314	94	183	591	265	254	519	1,110
Rent and Utilities	27,966	8,332	16,322	52,620	23,629	22,577	46,206	98,826
Postage and Delivery	2,537	1,297	1,664	5,498	6,107	2,162	8,269	13,767
Travel	5,445	9,413	5,192	20,050	11,085	4,441	15,526	35,576
Meetings and Conferences	1,699	12,330	1,545	15,574	10,108	2,068	12,176	27,750
Office Supplies	5,402	6,184	3,046	14,632	4,889	4,134	9,023	23,655
Communications	11,523	3,046	5,000	19,569	11,215	9,201	20,416	39,985
Advertising and Media (In-Kind)		-	540	540	-	-	-	540
Repairs and Maintenance	4,582	1,921	2,736	9,239	3,537	3,994	7,531	16,770
Insurance	143	43	84	270	1,022	116	1,138	1,408
Membership Dues	835	297	501	1,633	1,414	701	2,115	3,748
Grants and Scholarships	50,000	-	-	50,000	-	-	-	50,000
National Partnership Dues	92,305	-	-	92,305	12,853	11,684	24,537	116,842
Miscellaneous	4,500	4,446	3,345	12,291	9,892	4,580	14,472	26,763
Depreciation	2,609	777	1,523	4,909	2,204	2,106	4,310	9,219
	<u>\$ 4,296,292</u>	<u>\$ 168,092</u>	<u>\$ 237,962</u>	<u>\$ 4,702,346</u>	<u>\$ 379,315</u>	<u>\$ 404,384</u>	<u>\$ 783,699</u>	<u>\$ 5,486,045</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF PHILADELPHIA, NORTHERN DELAWARE AND SUSQUEHANNA VALLEY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2014

	Program Services			Support Services				Total
	Wish Granting	Program-Related Support	Public Information	Total Program Services	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 3,724,852	\$ -	\$ -	\$ 3,724,852	\$ -	\$ -	\$ -	\$ 3,724,852
Salaries, Taxes, and Benefits	251,473	68,553	86,463	406,489	388,433	324,077	712,510	1,118,999
Printing, Subscriptions, and Publications	618	1,969	4,496	7,083	8,126	491	8,617	15,700
Professional Fees	1,131	176	302	1,609	1,257	6,447	7,704	9,313
Rent and Utilities	20,656	5,735	5,773	32,164	21,042	17,304	38,346	70,510
Postage and Delivery	2,598	1,445	1,467	5,510	4,842	2,091	6,933	12,443
Travel	4,290	8,987	2,171	15,448	8,846	3,965	12,811	28,259
Meetings and Conferences	2,733	11,807	2,423	16,963	12,805	5,952	18,757	35,720
Office Supplies	4,967	5,661	4,981	15,609	5,174	4,106	9,280	24,889
Communications	11,596	3,215	4,630	19,441	11,267	9,539	20,806	40,247
Repairs and Maintenance	4,515	1,099	1,811	7,425	4,342	3,623	7,965	15,390
Insurance	140	58	93	291	95	114	209	500
Membership Dues	810	148	250	1,208	2,065	644	2,709	3,917
Grants and Scholarships	98,536	-	-	98,536	-	-	-	98,536
National Partnership Dues	89,648	-	-	89,648	12,643	12,643	25,286	114,934
Miscellaneous	6,114	7,984	1,701	15,799	10,908	5,516	16,424	32,223
Depreciation	2,604	406	696	3,706	2,895	2,065	4,960	8,666
	<u>\$ 4,227,281</u>	<u>\$ 117,243</u>	<u>\$ 117,257</u>	<u>\$ 4,461,781</u>	<u>\$ 494,740</u>	<u>\$ 398,577</u>	<u>\$ 893,317</u>	<u>\$ 5,355,098</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION OF PHILADELPHIA, NORTHERN DELAWARE
AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014**

NOTE 1 ORGANIZATION

Make-A-Wish Foundation of Philadelphia, Northern Delaware and Susquehanna Valley (the Foundation) is a Pennsylvania not-for-profit corporation, organized for the purpose of granting wishes to children with life-threatening medical conditions. The Foundation is an independently operating chapter of Make-A-Wish Foundation of America (National Organization), which operates to develop and implement national programs in public relations and fundraising for the benefit of all local chapters. In addition, the local chapter is obligated to comply with a chapter agreement with the National Organization and such guidelines, resolutions, and policies as may be adopted by the National Organization's board of directors.

Effective September 1, 2014, the National Organization realigned the Foundation's territory to include New Castle County in Delaware. As a result of this alignment, the chapter changed its name to Make-A-Wish Foundation of Philadelphia, Northern Delaware and Susquehanna Valley.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP) applicable to not-for-profit entities.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Included in cash and cash equivalents at August 31, 2015 and 2014 is \$26,826 and \$24,358, respectively, of money market mutual funds.

Investments

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decreases in unrestricted net assets unless its use is limited by donor-imposed restrictions or law.

Contributions Receivable

Contributions receivable are unconditional promises to give. Such promises that are expected to be collected within one year are recorded at expected net realizable value when the promise is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Contributions receivable are discounted using fair value rates and contributions are written off when deemed uncollectible. As of August 31, 2015 and 2014, management believes the contributions receivable balance is fully collectible and no allowance is required.

**MAKE-A-WISH FOUNDATION OF PHILADELPHIA, NORTHERN DELAWARE
AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 5 to 10 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the leases. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances indicate a long-lived asset may be impaired, the asset value will be reduced to fair value. Fair value is determined through various valuation techniques including quoted market values and third-party independent appraisals, as considered necessary.

Fair Value Measurements

Fair value measurements of financial assets and financial liabilities and fair value measurements of nonfinancial items are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Foundation determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets (or liabilities) that the reporting entity has the ability to access at the measurement date.
- Level 2 Inputs: Prices for a similar asset (or liability), other than quoted prices included in Level 1 inputs, that are observable for the asset (or liability), either directly or indirectly. If the asset (or liability) has a specified term, a Level 2 input must be observable for substantially the full term of the asset (or liability).
- Level 3 Inputs: Unobservable inputs for the asset (or liability) used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset (or liability) at measurement date.

**MAKE-A-WISH FOUNDATION OF PHILADELPHIA, NORTHERN DELAWARE
AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

See additional information in Note 3.

The Foundation adopted the net asset value (NAV) per share or its equivalent for valuing certain investments in funds that do not have readily determinable fair values. NAV, in many instances, may not equal fair value.

Net Assets

The Foundation's net assets and changes therein are classified and reported as follows:

- **Permanently restricted net assets** – Net assets subject to donor-imposed restrictions that the principal be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for unrestricted purposes. There were no permanently restricted net assets as of August 31, 2015 and 2014.
- **Temporarily restricted net assets** – Net assets subject to restrictions imposed by donor or law that may be met either by actions of the Foundation or the passage of time.
- **Unrestricted net assets** – Net assets that are not subject to donor-imposed restrictions or law.

Revenue Recognition

Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. Amortization of the discounts is recorded as additional contribution revenue. Conditional promises are recorded as revenue once the conditions are substantially met. Contributions, grants, and bequests are recognized as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. When restrictions are met in the same period as the contribution is received, the Foundation records the contribution and the expense as unrestricted. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**MAKE-A-WISH FOUNDATION OF PHILADELPHIA, NORTHERN DELAWARE
AND SUSQUEHANNA VALLEY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Foundation received in-kind contributions of assets and services that are included in the accompanying statements of activities as follows:

	<u>2015</u>	<u>2014</u>
Contributions:		
Wish Related	\$ 1,216,058	\$ 987,631
Professional Services	-	5,550
Property and Equipment	-	9,320
Other	5,770	7,858
Total	<u>\$ 1,221,828</u>	<u>\$ 1,010,359</u>
Special Event Revenue		
Internal Special Events	<u>\$ 21,282</u>	<u>\$ 210</u>

An internal special event is a fundraising event coordinated and staffed by Foundation personnel rather than a third-party support group or organization. It is designed to attract people for the purpose of raising mission awareness, for increasing funding from existing donors, and the cultivation of future donors. Internal special event in-kind amounts are donated items recorded at fair value that are used in facilitating the event.

Program or supporting services expenses were recorded at fair value totaling \$1,221,828 and \$1,010,359 in 2015 and 2014, respectively.

Wish related in-kind contributions consisted of the following:

	<u>2015</u>	<u>2014</u>
Computer Equipment, Games and Toys	\$ 400	\$ 5,912
Cruises	2,160	-
Lodging	196,994	170,083
Theme Parks	830,524	658,808
Transportation	146,138	113,267
Other Wish-Related Donations	39,842	39,561
Total	<u>\$ 1,216,058</u>	<u>\$ 987,631</u>

**MAKE-A-WISH FOUNDATION OF PHILADELPHIA, NORTHERN DELAWARE
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NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a not-for-profit organization exempt from federal income and Pennsylvania income taxes under the provisions of Internal Revenue Code Section 501(c)(3). However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

Management believes that no uncertain tax positions exist for the Foundation at August 31, 2015 and 2014.

Functional Expenses

The Foundation performs six functions: wish granting, program-related support, training and development, public information, fundraising, and management and general. Definitions of these functions are as follows:

Wish Granting

Activities performed by the Foundation that grant wishes to children with life-threatening medical conditions.

Program-Related Support

Activities performed by the Foundation related to the wish program including the identification of wish candidates and the determination and delivery of each wish. Specific activities include, but are not limited to, the development of wish resources, handling of wish referrals, and administration of the wish program.

Public Information

Activities performed by the Foundation communicating the purpose and services of the Foundation to all potential sources of wish referrals.

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations.

Management and General

All costs not identifiable with a single program or fundraising activity, but indispensable to the conduct of such programs and activities and to the Foundation's existence, are included as management and general expenses. This includes expenses for the overall direction of the Foundation, business management, general recordkeeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other expenses.

Expenses that benefit more than one function of the Foundation are allocated among the functions based generally on the amount of time spent by employees on each function.

**MAKE-A-WISH FOUNDATION OF PHILADELPHIA, NORTHERN DELAWARE
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NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of property and equipment, valuation of investments and contributions receivable, accrued pending wish costs, net of attrition on pending wish costs and whether an allowance for uncollectible contributions receivable is required. The current economic environment continues to create a high degree of uncertainty in those estimates and assumptions.

Reclassification

Certain accounts in the prior year information have been reclassified to conform to the presentation in the current year financial statements.

NOTE 3 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of the financial instruments shown in the following tables as of August 31, 2015 and 2014 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

Investments

Overall Investment Objective

The overall investment objective of the Foundation is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The Foundation diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by the Board's Audit and Finance committee, which oversees the Foundation's investment program in accordance with established guidelines.

**MAKE-A-WISH FOUNDATION OF PHILADELPHIA, NORTHERN DELAWARE
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NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy

The following table presents the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis as of August 31, 2015:

	Fair Value Measurements as of August 31, 2015 Using			
	(Level 1)	(Level 2)	(Level 3)	Total
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
Bonds	\$ 742,717	\$ -	\$ -	\$ 742,717
Certificates of Deposit	-	1,630,769	-	1,630,769
Money Market Funds	111,423	-	-	111,423
Total	\$ 854,140	\$ 1,630,769	\$ -	\$ 2,484,909

The following table presents the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis as of August 31, 2014:

	Fair Value Measurements as of August 31, 2014 Using			
	(Level 1)	(Level 2)	(Level 3)	Total
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
Bonds	\$ 1,980,182	\$ -	\$ -	\$ 1,980,182
Certificates of Deposit	-	843,544	-	843,544
Money Market Funds	105,450	-	-	105,450
Total	\$ 2,085,632	\$ 843,544	\$ -	\$ 2,929,176

For the valuation of Certificates of Deposits as of August 31, 2015 and 2014, the Foundation used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

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NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy (Continued)

Total investment income, gains, and losses for the years ended August 31, 2015 and 2014 consist of the following:

	2015	2014
Interest and Dividend Income	\$ 68,677	\$ 85,003
Realized and Unrealized Losses, Net	(32,235)	(26,048)
Investment Income, Net	\$ 36,442	\$ 58,955

NOTE 4 CONTRIBUTIONS RECEIVABLE

All contributions receivable are due within the next twelve months. Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2015 and 2014.

NOTE 5 TRANSACTIONS WITH RELATED ENTITIES

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2015 and 2014, respectively, the Foundation received \$1,029,422 and \$756,039, respectively, from these national revenue streams.

Conversely, the chapter pays amounts to the National Organization for annual dues, insurance, and other miscellaneous ancillary expenses that Make-A-Wish Foundation of America pays on behalf of the Foundation. Amounts totaling \$269,589 and \$214,385 were paid from the Foundation to the National Organization during the years ended August 31, 2015 and 2014, respectively.

Amounts due from related entities are as follows:

	2015	2014
Balance at August 31:		
Due from National Organization	\$ 88,544	\$ 60,530
Due from Other Chapters	8,481	4,154
Total Due from Related Entities	\$ 97,025	\$ 64,684

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NOTE 5 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

Amounts due from the National Organization represent contributions remitted to the National Organization that are identified for the Foundation's use but were not yet transferred to the Foundation as of year-end. Amounts due from other chapters represent amounts paid in assisting other chapters with their wish granting. Amounts due to other chapters represent amounts owed to other chapters who have assisted in the granting of wishes for the Foundation.

During 2015 and 2014, the Foundation received contributions, both cash and in-kind, from board members totaling \$18,550 and \$24,402, respectively. No board member receives compensation from the Foundation.

NOTE 6 PROPERTY AND EQUIPMENT, NET

Property and equipment as of August 31, 2015 and 2014 consists of the following:

	2015	2014
Computer Equipment and Software	\$ 51,104	\$ 49,578
Office Furniture	12,552	12,552
Other Equipment	17,869	17,868
Total	<u>81,525</u>	<u>79,998</u>
Less Accumulated Depreciation and Amortization	(54,898)	(45,678)
Property and Equipment, Net	<u>\$ 26,627</u>	<u>\$ 34,320</u>

Depreciation expense totaled \$9,219 and \$8,666 for the years ended August 31, 2015 and 2014, respectively.

NOTE 7 ACCRUED PENDING WISH COSTS

The Foundation accrues for estimated costs of reportable pending wishes as unconditional promises to give when five certain, measurable wish criteria are met. Prior to meeting these five criteria, the wish is considered a conditional promise to give due to the inherent uncertainties surrounding these criteria and is therefore not accrued as a pending wish liability. Reportable pending wish criteria include:

1. Receiving a referral,
2. Obtaining the required medical eligibility form,
3. Contact with the wish family has occurred to determine the prospective wish,
4. Determination that the wish falls within the National Organization's wish granting policy, and
5. The wish is expected to be granted within the next 12 months.

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NOTE 7 ACCRUED PENDING WISH COSTS (CONTINUED)

Estimated cash and in-kind costs owed as of year end for all reportable pending wishes are accrued as pending wish liability. The in-kind portion of the pending wish liability represents the estimated in-kind outlay that is expected to be incurred in fulfilling each wish; note that the matching in-kind revenues are recognized when an unconditional promise is received for the required goods or services or in the future period when the wish is granted.

The Foundation, as part of its estimate of accrued pending wish costs, also considers attrition on pending wish costs. An attrition rate is calculated by the Foundation by analyzing the trend of wishes that have been accrued for using the five criteria discussed above that have not been able to be completed within the past twelve months due to factors outside of the control of the chapter, such as the death of a child, the move of the family out of the chapter's territory, or loss of contact with the family. As of August 31, 2015 and 2014, the Foundation had approximately 167 and 155 reportable pending wishes, respectively.

NOTE 8 LEASES

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through October 29, 2020. Total rent expense for all operating leases for the years ended August 31, 2015 and 2014 totaled \$98,827 and \$85,576, respectively.

Future minimum lease payments under the operating leases having remaining terms in excess of one year are as follows:

<u>Year Ending August 31:</u>		
2016	\$	90,160
2017		92,594
2018		95,036
2019		75,024
2020 and Following		5,727
Total Minimum Lease Payments	\$	<u>358,541</u>

NOTE 9 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes for the year ended August 31:

	<u>2015</u>	<u>2014</u>
Time Restrictions	<u>\$ 434,223</u>	<u>\$ 409,556</u>
Total Temporarily Restricted Net Assets	<u>\$ 434,223</u>	<u>\$ 409,556</u>

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NOTE 10 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation matches employee contributions up to 4% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2015 and 2014 were \$25,140 and \$24,109, respectively.

NOTE 11 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash, cash equivalents, and investments. The Foundation places its cash and investments with high credit quality financial institutions and generally limits the amount of credit exposure not to exceed the FDIC insurance coverage limit of \$250,000. From time to time throughout the year, the Foundation's cash balances may exceed the amount of the FDIC insurance coverage.

In-kind contributions totaling \$797,102 and \$686,103 were received from a single donor for the years ended August 31, 2015 and 2014, respectively, which represents 16% and 15%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 12 LITIGATION AND CLAIMS

The Foundation is involved in litigation and claims arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Foundation's financial position, change in net assets, or liquidity.

NOTE 13 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through December 3, 2015, the date at which the financial statements were available to be issued.