

MAKE-A-WISH FOUNDATION® OF CONNECTICUT

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2015 AND 2014

**MAKE-A-WISH FOUNDATION® OF CONNECTICUT
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YEARS ENDED AUGUST 31, 2015 AND 2014**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Connecticut
Trumbull, Connecticut

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Connecticut, 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 Connecticut

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 Connecticut 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

Phoenix, Arizona
April 4, 2016

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2015 AND 2014

	2015	2014
ASSETS		
Cash and Cash Equivalents	\$ 465,889	\$ 356,367
Investments	4,859,701	3,330,219
Due from Related Entities	55,390	24,814
Prepaid Expenses	38,187	21,531
Contributions Receivable, Net	140,310	130,348
Other Assets	8,701	-
Investments Held for Long-Term Purposes	351,178	369,058
Property and Equipment, Net.	52,369	51,771
Total Assets	\$ 5,971,725	\$ 4,284,108
LIABILITIES AND NET ASSETS		
Accounts Payable and Accrued Expenses	\$ 270,315	\$ 254,357
Accrued Pending Wish Costs	1,639,224	1,244,239
Due to Related Entities	8,727	174,354
Deferred Rent	11,783	7,769
Total Liabilities	1,930,049	1,680,719
NET ASSETS		
Unrestricted	3,559,187	2,110,782
Temporarily Restricted	194,033	203,838
Permanently Restricted	288,456	288,769
Total Net Assets	4,041,676	2,603,389
Total Liabilities and Net Assets	\$ 5,971,725	\$ 4,284,108

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Public Support:				
Contributions, Net of Write-Offs	\$ 5,175,627	\$ 131,311	\$ -	\$ 5,306,938
Grants	2,000	-	-	2,000
Total Public Support	<u>5,177,627</u>	<u>131,311</u>	<u>-</u>	<u>5,308,938</u>
Internal Special Events	1,425,262	-	-	1,425,262
Less Costs of Direct Benefits to Donors	(269,870)	-	-	(269,870)
Total Special Events	<u>1,155,392</u>	<u>-</u>	<u>-</u>	<u>1,155,392</u>
Investment Loss, Net	(103,034)	(6,717)	(313)	(110,064)
Other Income	(984)	-	-	(984)
Net Assets Released from Restrictions	<u>134,399</u>	<u>(134,399)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>6,363,400</u>	<u>(9,805)</u>	<u>(313)</u>	<u>6,353,282</u>
EXPENSES				
Program Services:				
Wish Granting	3,765,716	-	-	3,765,716
Total Program Services	<u>3,765,716</u>	<u>-</u>	<u>-</u>	<u>3,765,716</u>
Support Services:				
Fundraising	918,097	-	-	918,097
Management and General	231,182	-	-	231,182
Total Support Services	<u>1,149,279</u>	<u>-</u>	<u>-</u>	<u>1,149,279</u>
Total Program and Support Services Expense	4,914,995	-	-	4,914,995
Change in Net Assets	1,448,405	(9,805)	(313)	1,438,287
Net Assets, Beginning of Year	<u>2,110,782</u>	<u>203,838</u>	<u>288,769</u>	<u>2,603,389</u>
NET ASSETS, END OF YEAR	<u><u>\$ 3,559,187</u></u>	<u><u>\$ 194,033</u></u>	<u><u>\$ 288,456</u></u>	<u><u>\$ 4,041,676</u></u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Public Support:				
Contributions, Net of Write-Offs	\$ 3,114,047	\$ 123,549	\$ -	\$ 3,237,596
Grants	23,150	-	-	23,150
Total Public Support	<u>3,137,197</u>	<u>123,549</u>	<u>-</u>	<u>3,260,746</u>
Internal Special Events	1,181,632	-	-	1,181,632
Less Costs of Direct Benefits to Donors	<u>(259,459)</u>	<u>-</u>	<u>-</u>	<u>(259,459)</u>
Total Special Events	922,173	-	-	922,173
Investment Income, Net	212,718	32,381	1,593	246,692
Other Income	7,050	-	-	7,050
Net Assets Released from Restrictions	<u>114,759</u>	<u>(114,759)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>4,393,897</u>	<u>41,171</u>	<u>1,593</u>	<u>4,436,661</u>
EXPENSES				
Program Services:				
Wish Granting	3,799,516	-	-	3,799,516
Total Program Services	<u>3,799,516</u>	<u>-</u>	<u>-</u>	<u>3,799,516</u>
Support Services:				
Fundraising	671,309	-	-	671,309
Management and General	375,604	-	-	375,604
Total Support Services	<u>1,046,913</u>	<u>-</u>	<u>-</u>	<u>1,046,913</u>
Total Program and Support Services Expense	4,846,429	-	-	4,846,429
Change in Net Assets	(452,532)	41,171	1,593	(409,768)
Net Assets, Beginning of Year	<u>2,563,314</u>	<u>162,667</u>	<u>287,176</u>	<u>3,013,157</u>
NET ASSETS, END OF YEAR	<u>\$ 2,110,782</u>	<u>\$ 203,838</u>	<u>\$ 288,769</u>	<u>\$ 2,603,389</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,438,287	\$ (409,768)
Adjustments to reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	20,257	18,545
Bad Debt Expense and Other	-	18,500
Net Realized and Unrealized (Gains) Losses on Investments	205,765	(168,378)
Loss on Disposal of Property and Equipment	1,634	-
Contributed Property and Equipment	-	(4,750)
Change in Attrition on Accrued Pending Wish Costs	(6,445)	34,003
Changes in Assets and Liabilities:		
Contributions Receivable	(9,962)	4,321
Due from Related Entities	(30,576)	50,247
Prepaid Expenses	(16,656)	4,285
Other Assets	(8,701)	56,801
Accounts Payable and Accrued Expenses	15,958	(66,816)
Accrued Pending Wish Costs	401,430	513,591
Due to Related Entities	(165,627)	173,987
Other Liabilities	-	7,769
Deferred Rent	4,014	-
Net Cash Provided by Operating Activities	1,849,378	232,337
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(3,436,296)	(1,666,404)
Proceeds from Sales of Investments	1,718,929	1,726,307
Purchases of Property and Equipment	(22,489)	(18,490)
Net Cash Provided by (Used in) Investing Activities	(1,739,856)	41,413
 Net Increase in Cash and Cash Equivalents	109,522	273,750
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	356,367	82,617
 CASH AND CASH EQUAVALENTS, END OF YEAR	\$ 465,889	\$ 356,367
 SUPPLEMENTAL CASH FLOW INFORMATION		
Donated Property and Equipment	\$ -	\$ 4,750

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2015

	Program Services		Support Services		Total
	Wish Granting	Fundraising	Management and General	Support Services	
Direct Costs of Wishes	\$ 2,748,911	\$ -	\$ -	\$ -	\$ 2,748,911
Salaries, Taxes, and Benefits	530,418	524,619	129,077	653,696	1,184,114
Printing, Subscriptions, and Publications	5,953	15,875	928	16,803	22,756
Professional Fees	35,505	27,155	7,139	34,294	69,799
Rent and Utilities	45,927	44,956	11,228	56,184	102,111
Postage and Delivery	3,004	6,228	599	6,827	9,831
Travel	14,629	14,587	6,956	21,543	36,172
Meetings and Conferences	31,492	28,474	5,853	34,327	65,819
Office Supplies	21,640	6,407	1,445	7,852	29,492
Communications	8,340	8,044	1,996	10,040	18,380
Advertising and Media (Cash)	60	94	-	94	154
Advertising and Media (In-Kind)	74,482	167,101	32,823	199,924	274,406
Repairs and Maintenance	6,391	6,248	1,748	7,996	14,387
Membership Dues	203	573	50	623	826
Grants and Scholarships	120,000	-	-	-	120,000
National Partnership Dues	89,307	12,435	11,305	23,740	113,047
Miscellaneous	20,338	46,388	17,807	64,195	84,533
Depreciation and Amortization	9,116	8,913	2,228	11,141	20,257
	<u>\$ 3,765,716</u>	<u>\$ 918,097</u>	<u>\$ 231,182</u>	<u>\$ 1,149,279</u>	<u>\$ 4,914,995</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2014

	Program Services		Support Services		Total
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 2,636,135	\$ -	\$ -	\$ -	\$ 2,636,135
Salaries, Taxes, and Benefits	676,320	321,499	225,703	547,202	1,223,522
Printing, Subscriptions, and Publications	8,000	11,283	1,525	12,808	20,808
Professional Fees	36,178	14,988	36,596	51,584	87,762
Rent and Utilities	55,080	26,176	18,389	44,565	99,645
Postage and Delivery	2,506	4,450	816	5,266	7,772
Travel	12,102	8,389	4,894	13,283	25,385
Meetings and Conferences	30,966	35,845	5,961	41,806	72,772
Office Supplies	33,986	4,154	3,288	7,442	41,428
Communications	9,858	4,651	3,278	7,929	17,787
Advertising and Media (Cash)	1,242	1,444	105	1,549	2,791
Advertising and Media (In-Kind)	46,849	161,342	23,576	184,918	231,767
Repairs and Maintenance	2,781	1,269	888	2,157	4,938
Insurance	868	410	300	710	1,578
Membership Dues	207	989	69	1,058	1,265
Grants and Scholarships	120,000	-	-	-	120,000
Bad Debt Expense	-	18,500	-	18,500	18,500
National Partnership Dues	74,077	10,447	10,447	20,894	94,971
Miscellaneous	42,120	40,611	36,327	76,938	119,058
Depreciation and Amortization	10,241	4,862	3,442	8,304	18,545
	<u>\$ 3,799,516</u>	<u>\$ 671,309</u>	<u>\$ 375,604</u>	<u>\$ 1,046,913</u>	<u>\$ 4,846,429</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Connecticut (the Foundation) is a Connecticut 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.

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 \$176,051 and \$8,565 of money market mutual funds, respectively.

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.

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 3 to 5 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.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net (Continued)

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.

See additional information in Note 3.

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.

**MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

- **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.

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	\$ 1,076,324	\$ 870,407
Professional Services	-	5,550
Advertising and Media	274,192	163,942
Property and Equipment	-	4,750
Other	183	7,280
Total	<u>\$ 1,350,699</u>	<u>\$ 1,051,929</u>
Special Event Revenue		
Internal Special Events	<u>\$ 70,541</u>	<u>\$ 143,862</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.

**MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Examples of such donated items are generally food, beverage, facility costs, and auction items.

Program or supporting services expenses were recorded at fair value totaling \$1,350,699 and \$1,047,179 in 2015 and 2014, respectively, with the difference recorded as other assets representing primarily property and equipment.

Advertising and media is used to help the Foundation communicate its message or mission and includes fundraising materials, informational material, or advertising, and may be in the form of an audio or video tape of a public service announcement, a layout for a newspaper, media time or space for public service announcements, or other purposes. Advertising and media are reported as contribution revenue when received and fundraising or public information expense when received and the reporting of such contributions is unaffected by whether the Foundation could afford to purchase or would have purchased the assets at their fair value.

Income Taxes

The Foundation is a not-for-profit organization exempt from federal income and Connecticut 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 three functions: wish granting, 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.

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations. During the fiscal years ended August 31, 2015 and 2014, the Foundation incurred joint costs for activities that include fundraising appeals (advertising spots, direct mail campaigns and news letters), which have been allocated as follows:

	2015	2014
Wish Granting	\$ 46,849	\$ 114,332
Fundraising	52,075	105,721
Management and General	23,576	54,138
Total	<u>\$ 122,500</u>	<u>\$ 274,191</u>

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (Continued)

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.

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.

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.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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.

Allocation of Investment Strategies

In addition to traditional stocks and fixed income securities, the Foundation may also hold shares or units in traditional institutional funds as well as in alternative investment funds involving hedged strategies, private equity, and real asset strategies.

Fair Value Hierarchy

The following tables present the placement in the fair value hierarchy of assets and liabilities that are measured at fair value at August 31, 2015 and 2014:

	Fair Value Measurements at August 31, 2015 Using			Total
	(Level 1)	(Level 2)	(Level 3)	
Assets:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 1,143,604	\$ -	\$ -	\$ 1,143,604
International Equity	602,258	-	-	602,258
Exchange-Traded Funds:				
International Equity	20,453	-	-	20,453
Certificates of Deposit	-	1,975,964	-	1,975,964
Debt Securities:				
Corporate	1,459,657	-	-	1,459,657
Money Market Funds	8,943	-	-	8,943
Total Investments	<u>\$ 3,234,915</u>	<u>\$ 1,975,964</u>	<u>\$ -</u>	<u>\$ 5,210,879</u>

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

	Fair Value Measurements at August 31, 2014 Using			Total
	(Level 1)	(Level 2)	(Level 3)	
Assets:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 882,948	\$ -	\$ -	\$ 882,948
International Equity	431,628	-	-	431,628
Exchange-Traded Funds:				
International Equity	27,333	-	-	27,333
Certificates of Deposit	-	1,463,656	-	1,463,656
Debt Securities:				
Corporate	885,536	-	-	885,536
Money Market Funds	8,176	-	-	8,176
Total Investments	\$ 2,235,621	\$ 1,463,656	\$ -	\$ 3,699,277

For the valuation of certificates of deposit at 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).

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	\$ 120,500	\$ 97,626
Realized and Unrealized Gains (Losses), Net	(205,765)	168,378
Less Investment Expenses	(24,799)	(19,312)
Investment Income (Loss), Net	\$ (110,064)	\$ 246,692

NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable as of August 31, 2015 and 2014 was \$140,310 and \$130,348, respectively. Of which, 94% and 95% is due from one single donor. 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 or 2014.

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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, the Foundation received \$873,986 and \$873,830, 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 and for services provided by the National Organization. Amounts totaling \$301,306 and \$245,252 were paid from the Foundation to the National Organization during the years ended August 31, 2015 and 2014, respectively.

Chapters who assist with the organization and granting of wishes from other chapters are paid a “fee for service” called the wish assist fee. Under this program, the Foundation received \$600 and \$1,500 for the years ended August 31, 2015 and 2014, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

	2015	2014
Balance at August 31:		
Due from National Organization	\$ 52,308	\$ 22,090
Due from Other Chapters	3,082	2,724
Total Due from Related Entities	\$ 55,390	\$ 24,814
Due to National Organization	\$ 3,073	\$ 158,541
Due to Other Chapters	5,654	15,813
Total Due to Related Entities	\$ 8,727	\$ 174,354

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 \$128,754 and \$199,675, respectively.

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NOTE 6 PROPERTY AND EQUIPMENT, NET

Property and equipment as of August 31 consist of the following:

	2015	2014
Computer Equipment and Software	\$ 61,270	\$ 41,516
Office Furniture	52,769	52,769
	<u>114,039</u>	<u>94,285</u>
Less Accumulated Depreciation and Amortization	(61,670)	(42,514)
Property and Equipment, Net	<u>\$ 52,369</u>	<u>\$ 51,771</u>

Depreciation and amortization expense totaled \$20,257 and \$18,545 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.

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 162 and 142 reportable pending wishes, respectively.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 8 LEASES

The Foundation is obligated under an operating lease for office space which expires December 31, 2019. Total rent expense for all operating leases for the years ended August 31, 2015 and 2014 totaled \$86,692 and \$89,971, respectively.

Future minimum lease payments under the lease is as follows:

<u>Year Ending August 31:</u>		
2016	\$	89,217
2017		91,742
2018		94,267
2019		96,792
2020		<u>32,825</u>
Total Minimum Lease Payments	\$	<u><u>404,843</u></u>

NOTE 9 ENDOWMENTS

The Foundation is subject to the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and is required to make disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The Foundation's endowment consists of two donor-restricted funds. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets, both donor-restricted and board-designated, are reflected as investments held for long term purposes on the statements of financial position.

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Connecticut UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

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NOTE 9 ENDOWMENTS (CONTINUED)

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Endowment net asset composition by type of fund as of August 31, 2015 and 2014 is as follows:

		2015			
		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
	Donor-Restricted Endowment Funds	\$ -	\$ 62,722	\$ 288,456	\$ 351,178
	Total Funds	\$ -	\$ 62,722	\$ 288,456	\$ 351,178
		2014			
		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
	Donor-Restricted Endowment Funds	\$ -	\$ 80,289	\$ 288,769	\$ 369,058
	Total Funds	\$ -	\$ 80,289	\$ 288,769	\$ 369,058

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NOTES TO FINANCIAL STATEMENTS
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NOTE 9 ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the year ended August 31 are as follows:

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets, Beginning of Year	\$ -	\$ 80,289	\$ 288,769	\$ 369,058
Investment Return:				
Investment Income	-	14,419	696	15,115
Net Appreciation (Realized and Unrealized)	-	(21,136)	(1,009)	(22,145)
Total Investment Return	-	(6,717)	(313)	(7,030)
Appropriation of Endowment	-	(10,850)	-	(10,850)
Endowment Net Assets, End of Year	<u>\$ -</u>	<u>\$ 62,722</u>	<u>\$ 288,456</u>	<u>\$ 351,178</u>
	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ -	\$ 47,908	\$ 287,176	\$ 335,084
Investment Return:				
Investment Income	-	12,307	602	12,909
Net Appreciation (Realized and Unrealized)	-	20,074	991	21,065
Total Investment Return	-	32,381	1,593	33,974
Endowment Net Assets, End of Year	<u>\$ -</u>	<u>\$ 80,289</u>	<u>\$ 288,769</u>	<u>\$ 369,058</u>

**MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 ENDOWMENTS (CONTINUED)

Description of amounts classified as permanently restricted net assets and temporarily restricted net assets (endowment only):

	2015	2014
Permanently Restricted Net Assets:		
The Portion of Perpetual Endowment Funds that is Required to be Retained Permanently Either by Explicit Donor Stipulation or by UPMIFA	\$ 288,456	\$ 288,769
Temporarily restricted Net Assets:		
Term Endowment Funds	\$ -	\$ -
The Portion of Perpetual Endowment Funds Subject to a Time Restriction Under UPMIFA:		
Without Purpose Restrictions	-	-
With Purpose Restrictions	62,722	80,289
Total Endowment Funds Classified as Temporarily Restricted Net Assets	\$ 62,722	\$ 80,289

Fund Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies as of August 31, 2015 or 2014.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent constraints.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 10 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

	2015	2014
Time Restrictions	\$ 131,311	\$ 123,549
Purpose Restrictions	62,722	80,289
Total Temporarily Restricted Net Assets	\$ 194,033	\$ 203,838

For the year ended August 31, permanently restricted net assets are restricted to:

	2015	2014
Investments in Perpetuity, the Income from which is Expendable to Support Any Activities of the Foundation	\$ 288,456	\$ 288,769

NOTE 11 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. 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 \$28,166 and \$20,081, respectively.

NOTE 12 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 \$398,936 and \$333,924 were received from a single donor for the years ended August 31, 2015 and 2014, respectively, which represents 7% and 10%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 13 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through April 4, 2016, the date at which the financial statements were available to be issued.