

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2017 AND 2016

**MAKE-A-WISH FOUNDATION® OF CONNECTICUT
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YEARS ENDED AUGUST 31, 2017 AND 2016**

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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, 2017 and 2016, 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, 2017 and 2016, 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
February 6, 2018

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2017 AND 2016

	2017	2016
ASSETS		
Cash and Cash Equivalents	\$ 294,010	\$ 164,623
Investments	5,407,915	5,263,126
Due from Related Entities	95,700	59,831
Prepaid Expenses	35,667	42,958
Contributions Receivable, Net	163,785	130,139
Other Assets	201	10,992
Investments Held for Long-Term Purposes	396,678	374,571
Property and Equipment, Net	35,092	60,700
Total Assets	\$ 6,429,048	\$ 6,106,940
LIABILITIES AND NET ASSETS		
Accounts Payable and Accrued Expenses	\$ 295,916	\$ 290,247
Accrued Pending Wish Costs, Cash	740,917	658,056
Accrued Pending Wish Costs, In-kinds	807,002	645,518
Due to Related Entities	13,631	22,265
Deferred Rent	12,234	13,271
Capital Lease Obligations	14,816	18,678
Total Liabilities	1,884,516	1,648,035
Net Assets		
Unrestricted	3,967,917	3,954,196
Temporarily Restricted	286,084	215,207
Permanently Restricted	290,531	289,502
Total Net Assets	4,544,532	4,458,905
Total Liabilities and Net Assets	\$ 6,429,048	\$ 6,106,940

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2017
(With Summary Totals For Year Ended August 31, 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total	2016 Total
REVENUES, GAINS AND OTHER SUPPORT					
Public Support:					
Contributions, Net of Write-Offs	\$ 4,738,386	\$ 178,438	\$ -	\$ 4,916,824	\$ 4,202,981
Grants	60,199	1,500	-	61,699	125,000
Total Public Support	<u>4,798,585</u>	<u>179,938</u>	<u>-</u>	<u>4,978,523</u>	<u>4,327,981</u>
Internal Special Events	1,418,420	-	-	1,418,420	1,457,067
Less Costs of Direct Benefits to Donors	<u>(418,722)</u>	<u>-</u>	<u>-</u>	<u>(418,722)</u>	<u>(385,207)</u>
Total Special Events	999,698	-	-	999,698	1,071,860
Investment Income, Net	324,054	21,078	1,029	346,161	252,217
Other Income, Net	4,327	-	-	4,327	1,507
Net Assets Released from Restrictions	<u>130,139</u>	<u>(130,139)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>6,256,803</u>	<u>70,877</u>	<u>1,029</u>	<u>6,328,709</u>	<u>5,653,565</u>
EXPENSES					
Program Services:					
Wish Granting	<u>4,945,802</u>	<u>-</u>	<u>-</u>	<u>4,945,802</u>	<u>3,900,293</u>
Total Program Services	<u>4,945,802</u>	<u>-</u>	<u>-</u>	<u>4,945,802</u>	<u>3,900,293</u>
Support Services:					
Fundraising	1,092,173	-	-	1,092,173	1,002,862
Management and General	<u>205,107</u>	<u>-</u>	<u>-</u>	<u>205,107</u>	<u>333,181</u>
Total Support Services	<u>1,297,280</u>	<u>-</u>	<u>-</u>	<u>1,297,280</u>	<u>1,336,043</u>
Total Program and Support Services Expense	<u>6,243,082</u>	<u>-</u>	<u>-</u>	<u>6,243,082</u>	<u>5,236,336</u>
Change in Net Assets	13,721	70,877	1,029	85,627	417,229
NET ASSETS, BEGINNING OF YEAR	<u>3,954,196</u>	<u>215,207</u>	<u>289,502</u>	<u>4,458,905</u>	<u>4,041,676</u>
NET ASSETS, END OF YEAR	<u>\$ 3,967,917</u>	<u>\$ 286,084</u>	<u>\$ 290,531</u>	<u>\$ 4,544,532</u>	<u>\$ 4,458,905</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Public Support:				
Contributions, Net of Write-Offs	\$ 4,072,843	\$ 130,138	\$ -	\$ 4,202,981
Grants	125,000	-	-	125,000
Total Public Support	4,197,843	130,138	-	4,327,981
Internal Special Events	1,457,067	-	-	1,457,067
Less Costs of Direct Benefits to Donors	(385,207)	-	-	(385,207)
Total Special Events	1,071,860	-	-	1,071,860
Investment Income, Net	228,824	22,347	1,046	252,217
Other Income	1,507	-	-	1,507
Net Assets Released from Restrictions	131,311	(131,311)	-	-
Total Revenues, Gains, and Other Support	5,631,345	21,174	1,046	5,653,565
EXPENSES				
Program Services:				
Wish Granting	3,900,293	-	-	3,900,293
Total Program Services	3,900,293	-	-	3,900,293
Support Services:				
Fundraising	1,002,862	-	-	1,002,862
Management and General	333,181	-	-	333,181
Total Support Services	1,336,043	-	-	1,336,043
Total Program and Support Services Expense	5,236,336	-	-	5,236,336
Change in Net Assets	395,009	21,174	1,046	417,229
NET ASSETS, BEGINNING OF YEAR	3,559,187	194,033	288,456	4,041,676
NET ASSETS, END OF YEAR	<u>\$ 3,954,196</u>	<u>\$ 215,207</u>	<u>\$ 289,502</u>	<u>\$ 4,458,905</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 85,627	\$ 417,229
Adjustments to reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	28,300	28,646
Net Realized and Unrealized Gains on Investments	(194,296)	(106,765)
Loss on Disposal of Property and Equipment	-	717
Change in Attrition on Accrued Pending Wish Costs	13,421	10,282
Contributed Inventory	(14,653)	-
Changes in Assets and Liabilities:		
Contributions Receivable	(33,646)	10,171
Due from Related Entities	(35,869)	(4,441)
Prepaid Expenses	7,291	(4,771)
Other Assets	25,444	(2,291)
Accounts Payable and Accrued Expenses	5,669	19,932
Accrued Pending Wish Costs	230,924	(345,932)
Due to Related Entities	(8,634)	13,538
Deferred Rent	(1,037)	1,488
Net Cash Provided by Operating Activities	108,541	37,803
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(1,615,343)	(1,974,271)
Proceeds from Sales of Investments	1,642,743	1,654,218
Purchases of Property and Equipment	(2,692)	(16,255)
Net Cash Provided (Used) by Investing Activities	24,708	(336,308)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	(3,862)	(2,761)
Net Cash Used by Financing Activities	(3,862)	(2,761)
Net Increase (Decrease) in Cash and Cash Equivalents	129,387	(301,266)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	164,623	465,889
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 294,010	\$ 164,623
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest Paid	\$ 1,355	\$ 1,354
Acquisition of Property and Equipment Through a Capital Lease	-	21,439
Contributed In-Kind Receivable	14,653	-

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2017

	<u>Program Services</u>	<u>Support Services</u>			<u>Total</u>
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 3,596,501	\$ -	\$ -	\$ -	\$ 3,596,501
Salaries, Taxes, and Benefits	817,662	521,243	126,125	647,368	1,465,030
Printing, Subscriptions, and Publications	2,414	16,287	415	16,702	19,116
Professional Fees	107,885	79,281	23,611	102,892	210,777
Rent and Utilities	53,178	33,228	8,546	41,774	94,952
Postage and Delivery	8,251	6,525	633	7,158	15,409
Travel	11,209	10,956	7,099	18,055	29,264
Meetings and Conferences	21,759	41,243	5,787	47,030	68,789
Office Supplies	33,722	10,158	990	11,148	44,870
Communications	10,207	6,511	1,641	8,152	18,359
Advertising and Media (Cash)	-	972	-	972	972
Advertising and Media (In-Kind)	-	277,872	-	277,872	277,872
Repairs and Maintenance	3,019	1,963	509	2,472	5,491
Membership Dues	1,027	1,286	487	1,773	2,800
Grants and Scholarships	120,000	-	-	-	120,000
National Partnership Dues	108,824	13,775	15,153	28,928	137,752
Miscellaneous	34,296	60,968	11,564	72,532	106,828
Depreciation and Amortization	15,848	9,905	2,547	12,452	28,300
Special Event Expenses	-	418,722	-	418,722	418,722
Investment Fees	-	-	35,210	35,210	35,210
	<u>4,945,802</u>	<u>1,510,895</u>	<u>240,317</u>	<u>1,751,212</u>	<u>6,697,014</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(418,722)	-	(418,722)	(418,722)
Investment Fees	-	-	(35,210)	(35,210)	(35,210)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 4,945,802</u>	<u>\$ 1,092,173</u>	<u>\$ 205,107</u>	<u>\$ 1,297,280</u>	<u>\$ 6,243,082</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2016

	<u>Program Services</u>	<u>Support Services</u>			<u>Total</u>
	Wish Granting	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 2,653,284	\$ -	\$ -	\$ -	\$ 2,653,284
Salaries, Taxes, and Benefits	748,544	400,269	244,456	644,725	1,393,269
Printing, Subscriptions, and Publications	4,232	11,405	1,123	12,528	16,760
Professional Fees	28,531	28,424	15,072	43,496	72,027
Rent and Utilities	49,477	27,632	16,055	43,687	93,164
Postage and Delivery	6,618	3,448	1,059	4,507	11,125
Travel	10,776	16,086	4,535	20,621	31,397
Meetings and Conferences	18,384	34,554	7,638	42,192	60,576
Office Supplies	34,134	12,774	2,888	15,662	49,796
Communications	9,282	5,600	2,811	8,411	17,693
Advertising and Media (Cash)	10	499	-	499	509
Advertising and Media (In-Kind)	-	393,685	-	393,685	393,685
Repairs and Maintenance	1,122	635	360	995	2,117
Membership Dues	252	644	350	994	1,246
Grants and Scholarships	120,000	-	-	-	120,000
National Partnership Dues	164,434	24,977	18,733	43,710	208,144
Miscellaneous	36,031	33,636	13,231	46,867	82,898
Depreciation and Amortization	15,182	8,594	4,870	13,464	28,646
Special Event Expenses	-	385,207	-	385,207	385,207
Investment Fees	-	-	31,106	31,106	31,106
	<u>3,900,293</u>	<u>1,388,069</u>	<u>364,287</u>	<u>1,752,356</u>	<u>5,652,649</u>
Less: Expenses Netted Against Revenues on the Statement of Activities:					
Special Event Expenses	-	(385,207)	-	(385,207)	(385,207)
Investment Fees	-	-	(31,106)	(31,106)	(31,106)
	<u>-</u>	<u>-</u>	<u>(31,106)</u>	<u>(31,106)</u>	<u>(31,106)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 3,900,293</u>	<u>\$ 1,002,862</u>	<u>\$ 333,181</u>	<u>\$ 1,336,043</u>	<u>\$ 5,236,336</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

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, 2017 and 2016 is \$140,401 and \$75,350 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 unit cost greater than \$500 and 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, 2017 AND 2016

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** – Includes amounts which require, by donor restriction, that the asset principal be invested in perpetuity and the income be used in accordance with donor stipulations.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

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:

	August 31, 2017			
	Programs	Fundraising	Management and General	Total
Wish Related	\$ 1,971,281	\$ -	\$ -	\$ 1,971,281
Professional Services	48,720	30,450	14,030	93,200
Advertising and Media	-	277,872	-	277,872
Other	7,911	-	1,085	8,996
	<u>\$ 2,027,912</u>	<u>\$ 308,322</u>	<u>\$ 15,115</u>	2,351,349
Special Events				103,320
In-Kind Receivable (Asset)				14,653
Total				<u>\$ 2,469,322</u>

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

	August 31, 2016			Total
	Programs	Fundraising	Management and General	
Wish Related	\$ 1,396,656	\$ -	\$ -	\$ 1,396,656
Professional Services	-	-	6,000	6,000
Advertising and Media	-	393,685	-	393,685
Other	16,971	5,568	528	23,067
	<u>\$ 1,413,627</u>	<u>\$ 399,253</u>	<u>\$ 6,528</u>	1,819,408
Special Events				77,582
Total				<u>\$ 1,896,990</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. Examples of such donated items are generally food, beverage, facility costs, and auction items.

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. Donated 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, 2017 and 2016. The Foundation files income tax returns in the U.S. federal jurisdiction and Connecticut jurisdiction.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Rent

The Foundation accounts for rent expense evenly over the term of the lease using the straight-line method. Unamortized deferred rent was \$12,234 and \$13,271 at August 31, 2017 and 2016, respectively.

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 in granting 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.

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, contributions receivable and in-kind contributions, accrued pending wish costs, net of attrition, allocation of functional expenses and whether an allowance for uncollectible contributions receivable is required.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying 2016 financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

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, 2017 and 2016 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.

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.

MAKE-A-WISH FOUNDATION® OF CONNECTICUT
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NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2017 and 2016:

	Fair Value Measurements at August 31, 2017 Using			Total
	(Level 1)	(Level 2)	(Level 3)	
Assets:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 1,533,525	\$ -	\$ -	\$ 1,533,525
International Equity	818,380	-	-	818,380
Exchange-Traded Funds:				
International Equity	26,777	-	-	26,777
Certificates of Deposit	-	1,697,680	-	1,697,680
Debt Securities:				
Corporate	1,719,574	-	-	1,719,574
Money Market Funds	-	-	-	8,657
Total Investments	<u>\$ 4,098,256</u>	<u>\$ 1,697,680</u>	<u>\$ -</u>	<u>\$ 5,804,593</u>

	Fair Value Measurements at August 31, 2016 Using			Total
	(Level 1)	(Level 2)	(Level 3)	
Assets:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 1,420,439	\$ -	\$ -	\$ 1,420,439
International Equity	728,358	-	-	728,358
Exchange-Traded Funds:				
International Equity	22,165	-	-	22,165
Certificates of Deposit	-	1,783,859	-	1,783,859
Debt Securities:				
Corporate	1,676,925	-	-	1,676,925
Money Market Funds	-	-	-	5,951
Total Investments	<u>\$ 3,847,887</u>	<u>\$ 1,783,859</u>	<u>\$ -</u>	<u>\$ 5,637,697</u>

For the valuation of certificates of deposit at August 31, 2017 and 2016, 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, 2017 and 2016 consist of the following:

	2017	2016
Interest and Dividend Income	\$ 187,075	\$ 176,558
Realized and Unrealized Gains	194,296	106,765
Less: Investment Expenses	(35,210)	(31,106)
Investment Income (Loss), Net	<u>\$ 346,161</u>	<u>\$ 252,217</u>

NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable as of August 31, 2017 and 2016 was \$163,785 and \$130,139, respectively. Of which, 100% and 93% 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, 2017 and 2016.

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, 2017 and 2016, the Foundation received \$975,895 and \$834,234, 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 \$212,003 and \$251,992 were paid from the Foundation to the National Organization during the years ended August 31, 2017 and 2016, respectively.

As part of the National Organization's Wish Fulfillment Fund, chapters may apply or contribute funds to other chapters to underwrite the cost of wishes. Under this program the Foundation contributed \$120,000 during both of the years ended August 31, 2017 and 2016.

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 \$2,784 and \$1,950 for the years ended August 31, 2017 and 2016, respectively, which is recorded in the accompanying statements of activities as other income.

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NOTE 5 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

Amounts due from and to related entities are as follows:

	<u>2017</u>	<u>2016</u>
Balance at August 31:		
Due from National Organization	\$ 94,176	\$ 55,857
Due from Other Chapters	1,524	3,974
Total Due from Related Entities	<u>\$ 95,700</u>	<u>\$ 59,831</u>
Due to National Organization	\$ 387	\$ 71
Due to Other Chapters	13,244	22,194
Total Due to Related Entities	<u>\$ 13,631</u>	<u>\$ 22,265</u>

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. Amounts due to the National Organization generally represent unpaid chapter dues and services.

During 2017 and 2016, the Foundation received contributions, both cash and in-kind, from board members totaling \$119,044 and \$276,628, respectively.

NOTE 6 PROPERTY AND EQUIPMENT, NET

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

	<u>2017</u>	<u>2016</u>
Computer Equipment and Software	\$ 65,719	\$ 63,027
Office Furniture	78,556	78,556
	144,275	141,583
Less Accumulated Depreciation and Amortization	(109,183)	(80,883)
Property and Equipment, Net	<u>\$ 35,092</u>	<u>\$ 60,700</u>

Depreciation and amortization expense totaled \$28,300 and \$28,646 for the years ended August 31, 2017 and 2016, respectively.

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NOTE 7 ACCRUED PENDING WISH COSTS

The Foundation accrues for estimated costs of reportable pending wishes when five certain, measurable wish criteria are met. Prior to meeting these five criteria, the wish is not considered an obligation due to the inherent uncertainties surrounding these criteria and is therefore not accrued as a pending wish. This accrual does not represent a legally binding liability, but is considered a moral obligation to the child by the Foundation arising when the five criteria are met. 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 includes the estimated in-kind outlay that is expected to be incurred in fulfilling each wish even though the matching in-kind revenues are not recognized until an unconditional promise is received for the required goods or services or in the future period when the wish is granted. Although not fully guaranteed, if all the related expected in-kind revenue were recognized in the same fiscal period as the expected in-kind expense, total net assets at August 31, 2017 would be increased by \$643,217 resulting in adjusted net assets of \$5,187,749.

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, 2017 and 2016, the Foundation had approximately 167 and 122 reportable pending wishes, respectively.

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NOTE 8 LEASES

The Foundation is obligated under various capital and operating leases for office space and equipment, which expire at various dates through November 20, 2020. As of August 31, 2017 and 2016, the cost of leased property and equipment under capital leases was \$21,439 and accumulated depreciation was \$7,623 and \$3,335, respectively. Total rent expense for all operating leases for the years ended August 31, 2017 and 2016 totaled \$91,742 and \$89,217, respectively.

Future minimum lease payments under the lease is as follows:

<u>Year Ending August 31,</u>	<u>Operating Leases</u>	<u>Capital Leases</u>
2018	\$ 94,267	\$ 5,216
2019	96,792	5,216
2020	32,825	5,216
2021	-	1,216
Total Minimum Lease Payments	<u>223,884</u>	<u>16,864</u>
Less Amounts Representing Interest	-	(2,048)
Present Value of Net Minimum Lease Payments	<u>\$ 223,884</u>	<u>\$ 14,816</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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NOTES TO FINANCIAL STATEMENTS
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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 is as follows:

		2017			
		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds		\$ -	\$ 106,147	\$ 290,531	\$ 396,678
Total Funds		\$ -	\$ 106,147	\$ 290,531	\$ 396,678

		2016			
		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds		\$ -	\$ 85,069	\$ 289,502	\$ 374,571
Total Funds		\$ -	\$ 85,069	\$ 289,502	\$ 374,571

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

		2017			
		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - Beginning of Year		\$ -	\$ 85,069	\$ 289,502	\$ 374,571
Investment Return:					
Investment Income		-	13,349	630	13,979
Net Appreciation (Realized and Unrealized)		-	7,729	399	8,128
Total Investment Return		-	21,078	1,029	22,107
Endowment Net Assets - End of Year		\$ -	\$ 106,147	\$ 290,531	\$ 396,678

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NOTES TO FINANCIAL STATEMENTS
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NOTE 9 ENDOWMENTS (CONTINUED)

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - Beginning of Year	\$ -	\$ 62,722	\$ 288,456	\$ 351,178
Investment Return:				
Investment Income	-	13,759	654	14,413
Net Appreciation (Realized and Unrealized)	-	8,588	392	8,980
Total Investment Return (Loss)	-	22,347	1,046	23,393
Endowment Net Assets - End of Year	<u>\$ -</u>	<u>\$ 85,069</u>	<u>\$ 289,502</u>	<u>\$ 374,571</u>

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

	2017	2016
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	<u>\$ 290,531</u>	<u>\$ 289,502</u>
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	106,147	85,069
Total Endowment Funds Classified as Temporarily Restricted Net Assets	<u>\$ 106,147</u>	<u>\$ 85,069</u>

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, 2017 or 2016.

**MAKE-A-WISH FOUNDATION® OF CONNECTICUT
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NOTE 9 ENDOWMENTS (CONTINUED)

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.

NOTE 10 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

	2017	2016
Purpose Restrictions	\$ 286,084	\$ 206,707
Time Restrictions	-	8,500
Total Temporarily Restricted Net Assets	\$ 286,084	\$ 215,207

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

	2017	2016
Investments in Perpetuity, the Income from which is Expendable to Support Wish Granting Activities of the Foundation	\$ 290,531	\$ 289,502

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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, 2017 and 2016 were \$33,390 and \$28,310, 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 \$601,834 and \$473,709 were received from a single donor for the years ended August 31, 2017 and 2016, respectively, which represents 12% and 11%, 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 February 6, 2018, the date at which the financial statements were available to be issued.