

**MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND
RHODE ISLAND, INC.**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2015 AND 2014

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation® of Massachusetts and Rhode Island, Inc.
Boston, Massachusetts

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Massachusetts and Rhode Island, Inc., 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 Massachusetts and Rhode Island, Inc.

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 Massachusetts and Rhode Island, Inc., 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

Boston, Massachusetts
December 22, 2015

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2015 AND 2014

	2015	2014
ASSETS		
Cash and Cash Equivalents	\$ 2,009,364	\$ 2,359,809
Investments	8,399,793	8,313,586
Due from Related Entities	70,380	52,799
Prepaid Expenses and Other Assets	61,769	54,670
Contributions Receivable, Net	684,549	820,118
Property and Equipment, Net	25,272	31,731
Total Assets	\$ 11,251,127	\$ 11,632,713
LIABILITIES AND NET ASSETS		
Accounts Payable and Accrued Expenses	\$ 309,251	\$ 296,418
Accrued Pending Wish Costs	2,195,019	1,453,812
Due to Related Entities	22,453	73,252
Other Liabilities	37,208	4,687
Total Liabilities	2,563,931	1,828,169
NET ASSETS		
Unrestricted:		
Operating	1,045,779	1,735,734
Board Designated	6,579,082	6,865,692
Total Unrestricted	7,624,861	8,601,426
Temporarily Restricted	1,007,891	1,148,674
Permanently Restricted	54,444	54,444
Total Net Assets	8,687,196	9,804,544
Total Liabilities and Net Assets	\$ 11,251,127	\$ 11,632,713

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
OPERATING REVENUES, GAINS AND OTHER SUPPORT					
Public Support:					
Contributions, Net of Write-Offs	\$ 5,665,992	\$ 366,806	\$ -	\$ 6,032,798	\$ 6,068,810
Grants	86,951	-	-	86,951	75,526
Total Public Support	5,752,943	366,806	-	6,119,749	6,144,336
Internal Special Events	321,161	-	-	321,161	370,591
Less Costs of Direct Benefits to Donors	(321,161)	-	-	(321,161)	(370,591)
Total Internal Special Events	-	-	-	-	-
Appropriation of Nonoperating Assets for Operations	318,000	255,000	-	573,000	831,000
Other Income	21,782	-	-	21,782	6,225
Net Assets Released from Restrictions	509,654	(509,654)	-	-	-
Total Operating Revenues, Gains, and Other Support	6,602,379	112,152	-	6,714,531	6,981,561
EXPENSES					
Program Services:					
Wish Granting	4,475,452	-	-	4,475,452	3,971,573
Program-Related Support	1,213,286	-	-	1,213,286	1,219,249
Total Program Services	5,688,738	-	-	5,688,738	5,190,822
Support Services:					
Fundraising	736,231	-	-	736,231	604,534
Management and General	667,469	-	-	667,469	680,618
Total Support Services	1,403,700	-	-	1,403,700	1,285,152
Total Program and Support Services Expense	7,092,438	-	-	7,092,438	6,475,974
CHANGE IN NET ASSETS FROM OPERATIONS	(490,059)	112,152	-	(377,907)	505,587
NONOPERATING ACTIVITIES					
Interest Income and Investment Losses, Net	(171,502)	(1,558)	-	(173,060)	1,081,619
Appropriation of Endowment Assets for Operations	(315,004)	(2,996)	-	(318,000)	(286,000)
Leadership Gifts, Net of Appropriation for Operations	-	(247,974)	-	(247,974)	(518,412)
Change in Value of Split-interest Agreements	-	(407)	-	(407)	233
Change in Net Assets from Nonoperating Activities	(486,506)	(252,935)	-	(739,441)	277,440
CHANGE IN NET ASSETS	(976,565)	(140,783)	-	(1,117,348)	783,027
Net Assets - Beginning of Year	8,601,426	1,148,674	54,444	9,804,544	9,021,517
NET ASSETS - END OF YEAR	<u>\$ 7,624,861</u>	<u>\$ 1,007,891</u>	<u>\$ 54,444</u>	<u>\$ 8,687,196</u>	<u>\$ 9,804,544</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING REVENUES, GAINS AND OTHER SUPPORT				
Public Support:				
Contributions, Net of Write-Offs	\$ 5,586,901	\$ 481,909	\$ -	\$ 6,068,810
Grants	58,026	17,500	-	75,526
Total Public Support	<u>5,644,927</u>	<u>499,409</u>	<u>-</u>	<u>6,144,336</u>
Internal Special Events	370,591	-	-	370,591
Less Costs of Direct Benefits to Donors	(370,591)	-	-	(370,591)
Total Internal Special Events	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Appropriation of Nonoperating Assets for Operations	286,000	545,000	-	831,000
Other Income	6,225	-	-	6,225
Net Assets Released from Restrictions	<u>940,095</u>	<u>(940,095)</u>	<u>-</u>	<u>-</u>
Total Operating Revenues, Gains, and Other Support	<u>6,877,247</u>	<u>104,314</u>	<u>-</u>	<u>6,981,561</u>
EXPENSES				
Program Services:				
Wish Granting	3,971,573	-	-	3,971,573
Program-Related Support	1,219,249	-	-	1,219,249
Total Program Services	<u>5,190,822</u>	<u>-</u>	<u>-</u>	<u>5,190,822</u>
Support Services:				
Fundraising	604,534	-	-	604,534
Management and General	680,618	-	-	680,618
Total Support Services	<u>1,285,152</u>	<u>-</u>	<u>-</u>	<u>1,285,152</u>
Total Program and Support Services Expense	<u>6,475,974</u>	<u>-</u>	<u>-</u>	<u>6,475,974</u>
CHANGE IN NET ASSETS FROM OPERATIONS	401,273	104,314	-	505,587
NONOPERATING ACTIVITIES				
Interest Income and Investment Gains, Net	1,071,268	10,351	-	1,081,619
Appropriation of Endowment Assets for Operations	(283,118)	(2,882)	-	(286,000)
Leadership Gifts, Net of Appropriation for Operations	-	(518,412)	-	(518,412)
Change in Value of Split-interest Agreements	-	233	-	233
Change in Net Assets from Nonoperating Activities	<u>788,150</u>	<u>(510,710)</u>	<u>-</u>	<u>277,440</u>
CHANGE IN NET ASSETS	1,189,423	(406,396)	-	783,027
Net Assets - Beginning of Year	<u>7,412,003</u>	<u>1,555,070</u>	<u>54,444</u>	<u>9,021,517</u>
NET ASSETS - END OF YEAR	<u>\$ 8,601,426</u>	<u>\$ 1,148,674</u>	<u>\$ 54,444</u>	<u>\$ 9,804,544</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,117,348)	\$ 783,027
Adjustments to reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	8,954	9,045
Net Realized and Unrealized (Gains) Losses on Investments	438,698	(823,671)
Contributed Property and Equipment, Inventory and Investments	-	(5,375)
Change in Value of Split-Interest Agreements	407	(233)
Change in Discount to Present Value of Contributions Receivable	(7,026)	(6,588)
(Increase) Decrease in Assets:		
Contributions Receivable	142,595	283,182
Due from Related Entities	(17,988)	16,437
Prepaid Expenses and Other Assets	(7,099)	19,107
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	12,833	80,876
Accrued Pending Wish Costs	741,207	200,142
Due to Related Entities	(50,799)	42,731
Other Liabilities	32,521	(12,422)
Net Cash Provided by Operating Activities	176,955	586,258
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(1,009,063)	(2,204,227)
Proceeds from Sales of Investments	484,158	1,735,800
Purchases of Property and Equipment	(2,495)	(4,216)
Net Cash Used by Investing Activities	(527,400)	(472,643)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(350,445)	113,615
 Cash and Cash Equivalents - Beginning of Year	2,359,809	2,246,194
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,009,364	\$ 2,359,809

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2015

	Program Services			Support Services			Total
	Wish Granting	Program-Related Support	Total Program Services	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 4,475,452	\$ -	\$ 4,475,452	\$ -	\$ -	\$ -	\$ 4,475,452
Salaries, Taxes, and Benefits	-	800,398	800,398	505,106	502,590	1,007,696	1,808,094
Printing, Subscriptions, and Publications	-	10,230	10,230	10,831	1,293	12,124	22,354
Professional Fees	-	47,012	47,012	61,252	28,619	89,871	136,883
Rent and Utilities	-	106,138	106,138	58,923	62,125	121,048	227,186
Postage and Delivery	-	6,417	6,417	8,919	2,782	11,701	18,118
Travel	-	9,305	9,305	4,234	14,610	18,844	28,149
Meetings and Conferences	-	4,942	4,942	35,305	7,101	42,406	47,348
Office Supplies	-	6,619	6,619	6,132	3,281	9,413	16,032
Communications	-	7,563	7,563	4,290	4,562	8,852	16,415
Repairs and Maintenance	-	12,919	12,919	6,912	7,250	14,162	27,081
Membership Dues	-	-	-	-	380	380	380
Volunteer Training	-	1,858	1,858	-	-	-	1,858
National Partnership Dues	-	170,170	170,170	23,695	21,540	45,235	215,405
Miscellaneous	-	25,507	25,507	8,304	8,918	17,222	42,729
Depreciation and Amortization	-	4,208	4,208	2,328	2,418	4,746	8,954
Total	\$ 4,475,452	\$ 1,213,286	\$ 5,688,738	\$ 736,231	\$ 667,469	\$ 1,403,700	\$ 7,092,438

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2014

	Program Services			Support Services			Total
	Wish Granting	Program-Related Support	Total Program Services	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 3,971,573	\$ -	\$ 3,971,573	\$ -	\$ -	\$ -	\$ 3,971,573
Salaries, Taxes, and Benefits	-	791,341	791,341	414,491	518,591	933,082	1,724,423
Printing, Subscriptions, and Publications	-	9,210	9,210	19,445	1,657	21,102	30,312
Professional Fees	-	36,173	36,173	54,734	24,543	79,277	115,450
Rent and Utilities	-	95,683	95,683	50,123	64,221	114,344	210,027
Postage and Delivery	-	6,856	6,856	8,311	3,702	12,013	18,869
Travel	-	4,230	4,230	4,009	11,884	15,893	20,123
Meetings and Conferences	-	1,797	1,797	1,204	4,046	5,250	7,047
Office Supplies	-	7,068	7,068	4,947	3,802	8,749	15,817
Communications	-	10,098	10,098	5,648	6,998	12,646	22,744
Repairs and Maintenance	-	12,575	12,575	6,476	8,070	14,546	27,121
Membership Dues	-	-	-	496	-	496	496
Volunteer Training	-	946	946	-	-	-	946
National Partnership Dues	-	155,228	155,228	23,579	17,684	41,263	196,491
Miscellaneous	-	83,799	83,799	8,951	12,740	21,691	105,490
Depreciation and Amortization	-	4,245	4,245	2,120	2,680	4,800	9,045
Total	<u>\$ 3,971,573</u>	<u>\$ 1,219,249</u>	<u>\$ 5,190,822</u>	<u>\$ 604,534</u>	<u>\$ 680,618</u>	<u>\$ 1,285,152</u>	<u>\$ 6,475,974</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 1 ORGANIZATION

Make-A-Wish Foundation® of Massachusetts and Rhode Island, Inc. (the Foundation) is a Massachusetts 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). The Foundation raises funds locally to support the mission and operations in Massachusetts and Rhode Island. The National Organization 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 \$86,409 and \$245,736, 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.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
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 unit cost greater than \$1,000 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. 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. 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.

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.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
- **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.

Operations

The statement of activities reports the change in net assets from operating and nonoperating activities. Operating activities consist of those items attributed to public support, special events less direct benefit costs, and related expenses for program services and support services for the purpose of granting wishes to children with life-threatening medical conditions.

Income and realized and unrealized gains and losses from investments, gifts intended to support future years and other items not related to the Foundation's operations are reported as nonoperating activities. In addition, the Foundation allocates to operations the portion of prior leadership gifts collected in the current year as an increase in appropriation of nonoperating assets for operations to reflect the usage of those funds to cover operating costs. A corresponding offset is shown as a reduction in nonoperating leadership gifts. Total appropriation of nonoperating assets related to leadership gift collections reflected in temporarily restricted operating revenue amounted to \$255,000 and \$545,000 for the years ended August 31, 2015 and 2014, respectively.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

	2015	2014
Contributions:		
Wish Related	\$ 1,279,345	\$ 1,410,102
Professional Services	41,482	42,982
Other	-	5,375
Total	\$ 1,320,827	\$ 1,458,459

The Foundation considers as contributions that portion of the revenue received from special events and other fundraising events in excess of the fair value received by the participant. Accordingly, \$321,161 and \$370,571, respectively, of special events revenues and direct benefit costs to donors reflect the fair value of goods and services for which the participants paid and received and contributions include \$1,000,023 and \$1,481,393, respectively, representing the excess of the payment over that fair value in 2015 and 2014.

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
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 taxes under the provisions of Internal Revenue Code Section 501(c)(3) and state income taxes of the Massachusetts Department of Revenue Taxation Code and State of Rhode Island Division of Taxation. 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 four functions: wish granting, program-related support, 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.

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 (primarily direct mail campaigns and newsletters), which have been allocated as follows:

	2015	2014
Fundraising	\$ 9,176	\$ 12,798
Wish Granting	9,176	12,798
Total	\$ 18,352	\$ 25,596

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
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, and financial reporting.

Expenses that benefit more than one function of the Foundation, such as rent, supplies, and equipment, 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.

Reclassifications

Certain reclassifications have been made to prior year amounts to conform to current year presentation.

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 MASSACHUSETTS AND RHODE ISLAND, INC.
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 Investment Committee, which oversees the Foundation's investment program in accordance with guidelines established by the Board of Directors.

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 at August 31, 2015:

	Fair Value Measurements at August 31, 2015 Using			Total
	(Level 1)	(Level 2)	(Level 3)	
Investments:				
Mutual Funds:				
Domestic Equity	\$ 4,266,608	\$ -	\$ -	\$ 4,266,608
International Equity	1,201,466	-	-	1,201,466
Real Estate	60,076	-	-	60,076
Commodities	232,943	-	-	232,943
Bonds	2,494,470	-	-	2,494,470
Equity Securities:				
U.S. Corporate Equity Securities	144,230	-	-	144,230
Total	<u>\$ 8,399,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,399,793</u>

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 at August 31, 2014:

	Fair Value Measurements at August 31, 2014 Using			Total
	(Level 1)	(Level 2)	(Level 3)	
Investments:				
Mutual Funds:				
Domestic Equity	\$ 4,173,307	\$ -	\$ -	\$ 4,173,307
International Equity	1,217,363	-	-	1,217,363
Real Estate	69,213	-	-	69,213
Commodities	263,514	-	-	263,514
Bonds	2,435,116	-	-	2,435,116
Equity Securities:				
U.S. Corporate Equity Securities	155,073	-	-	155,073
Total	<u>\$ 8,313,586</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,313,586</u>

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
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NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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

	2015	2014
Interest and Dividend Income	\$ 289,532	\$ 280,028
Realized and Unrealized (Losses) Gains, Net	(438,698)	823,671
Less Investment Expenses	(23,931)	(22,329)
Investment (Losses) Income, Net	\$ (173,097)	\$ 1,081,370

The interest income and investment return, net of (\$173,060) and \$1,081,619, respectively, on the statement of activities, includes \$37 and \$249, respectively, of operating cash interest in 2015 and 2014.

NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at rates ranging from 3.38% to 4.06% at August 31, 2015 and 2014. The following is a summary of the Foundation's contributions receivable at August 31:

	2015	2014
Total Amounts Due in:		
One Year	\$ 640,570	\$ 273,165
Two to Five Years	50,000	560,000
Gross Contributions Receivable	690,570	833,165
Less Discount to Present Value	(6,021)	(13,047)
Contributions Receivable, Net	\$ 684,549	\$ 820,118

NOTE 5 SPLIT-INTEREST AGREEMENTS

Beneficial Interest in Assets Held by Others

Donors have contributed assets to the National Organization in exchange for a promise by the National Organization to pay a fixed amount for a specified period of time to the donor or to individuals designated by the donor. Under the terms of such agreements, no trust exists, as the assets received are held by and the liability is an obligation of the National Organization. The National Organization records contribution revenue using the fair value of the assets less the present value of the payments expected to be made to the beneficiaries. The Foundation is named as a beneficiary in one of these agreements. Accordingly, temporarily restricted contribution revenue and the related assets are recognized at fair value in the period in which the Foundation received notice that the agreement conveys an unconditional right to receive benefits. Subsequent changes in the value of the underlying assets are recorded in the accompanying statement of activities as the change in value of split interest agreement.

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NOTE 5 SPLIT-INTEREST AGREEMENTS (CONTINUED)

Beneficial Interest in Assets Held by Others (Continued)

The Foundation's beneficial interest in the trust is \$1,561 and \$1,968 as of August 31, 2015 and 2014, respectively, and is included in due from related entities in the statement of financial position.

NOTE 6 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 online and through the mail, amounts for internal grants, travel and training scholarships, and other miscellaneous revenues. During the years ended August 31, 2015 and 2014, respectively, the Foundation received \$1,386,400 and \$1,316,146, 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 the National Organization pays on behalf of the Foundation. Amounts totaling \$222,784 and \$209,890 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 \$9,600 and \$6,225 for the years ended August 31, 2015 and 2014, 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	\$ 68,343	\$ 50,535
Due from Other Chapters	2,037	2,264
Total Due from Related Entities	\$ 70,380	\$ 52,799
Due to National Organization	\$ -	\$ 24,468
Due to Other Chapters	22,453	48,784
Total Due to Related Entities	\$ 22,453	\$ 73,252

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NOTE 6 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 \$386,612 and \$447,231, respectively. In 2015 and 2014, amounts due from board members totaled \$179,627 and \$377,912, respectively, and are included in contributions receivable in the accompanying statements of financial position. There were no amounts owed, or payments made, to related parties for goods and services used in the Foundation's operations as of, and for the years ended, August 31, 2015 and 2014.

As part of the Make-A-Wish Foundation® of America's Wish Fulfillment Fund, chapters may apply for funds that have been donated by other chapters to underwrite the costs of wishes. Under this program, the Foundation supported other chapters with contributions during the years ended August 31, 2015 and 2014 totaling \$400,000 and \$300,000, respectively, which is recorded under wish granting expense.

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	2015	2014
Computer Equipment and Software	\$ 62,354	\$ 59,859
Other Equipment	41,209	41,209
	<u>103,563</u>	<u>101,068</u>
Less Accumulated Depreciation and Amortization	(78,291)	(69,337)
Property and Equipment, Net	<u>\$ 25,272</u>	<u>\$ 31,731</u>

Depreciation and amortization expense totaled \$8,954 and \$9,045 for the years ended August 31, 2015 and 2014, respectively.

At August 31, 2015, the Foundation had a conditional promise receivable for furniture with a value of approximately \$155,000. The promise was conditional upon the Foundation renovating its office to accommodate the furniture. The renovations were completed in fiscal year 2016.

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NOTE 8 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 191 and 145 reportable pending wishes, respectively.

NOTE 9 LEASES

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through September 30, 2018. Total rent expense for all operating leases for the years ended August 31, 2015 and 2014, totaled \$219,588 and \$196,762, respectively.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 9 LEASES (CONTINUED)

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

<u>Year Ending August 31:</u>	<u>Operating Leases</u>
2016	\$ 218,470
2017	204,567
2018	14,980
2019	72
Total Minimum Lease Payments	<u>\$ 438,089</u>

NOTE 10 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 approximately several individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. 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 on the statements of financial position.

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Massachusetts 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 10 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:

2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	\$ -	\$ 6,631	\$ 54,444	\$ 61,075
Board-Designated Endowment Funds	6,579,082	-	-	6,579,082
Total Funds	\$ 6,579,082	\$ 6,631	\$ 54,444	\$ 6,640,157
2014				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	\$ -	\$ 11,185	\$ 54,444	\$ 65,629
Board-Designated Endowment Funds	6,865,692	-	-	6,865,692
Total Funds	\$ 6,865,692	\$ 11,185	\$ 54,444	\$ 6,931,321

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
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NOTE 10 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	\$ 6,865,692	\$ 11,185	\$ 54,444	\$ 6,931,321
Investment Return:				
Investment Income	263,199	2,503	-	265,702
Net Appreciation (Realized and Unrealized)	(434,805)	(4,061)	-	(438,866)
Total Investment Return	(171,606)	(1,558)	-	(173,164)
Board Approved Addition	200,000	-	-	200,000
Appropriation of Endowment Assets for Expenditure	(315,004)	(2,996)	-	(318,000)
Endowment Net Assets, End of Year	<u>\$ 6,579,082</u>	<u>\$ 6,631</u>	<u>\$ 54,444</u>	<u>\$ 6,640,157</u>
	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets, Beginning of Year	\$ 5,577,819	\$ 3,716	\$ 54,444	\$ 5,635,979
Investment Return:				
Investment Income	255,074	2,597	-	257,671
Net Appreciation (Realized and Unrealized)	815,917	7,754	-	823,671
Total Investment Return	1,070,991	10,351	-	1,081,342
Board Approved Addition	500,000	-	-	500,000
Appropriation of Endowment Assets for Expenditure	(283,118)	(2,882)	-	(286,000)
Endowment Net Assets, End of Year	<u>\$ 6,865,692</u>	<u>\$ 11,185</u>	<u>\$ 54,444</u>	<u>\$ 6,931,321</u>

MAKE-A-WISH FOUNDATION® OF MASSACHUSETTS AND RHODE ISLAND, INC.
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NOTE 10 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	<u>\$ 54,444</u>	<u>\$ 54,444</u>
Temporarily Restricted Net Assets:		
The Portion of Perpetual Endowment Funds Subject to a Time Restriction Under UPMIFA:		
Without Purpose Restrictions	<u>\$ 6,631</u>	<u>\$ 11,185</u>
Total Endowment Funds Classified as Temporarily Restricted Net Assets	<u>\$ 6,631</u>	<u>\$ 11,185</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. Such deficiencies can result from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the board of directors. There were no such deficiencies as of August 31, 2015 and 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 exceed an average rate of return of approximately 4% 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 MASSACHUSETTS AND RHODE ISLAND, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 ENDOWMENTS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year within a range of 4% to 6% of its endowment fund's average fair value over the prior 3 years through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average rate greater than 4% annually, prior to the 4% to 6% appropriation for distribution previously noted. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 11 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	\$ 554,354	\$ 696,232
Purpose Restrictions	453,537	452,442
Total Temporarily Restricted Net Assets	\$ 1,007,891	\$ 1,148,674

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	\$ 54,444	\$ 54,444

NOTE 12 RETIREMENT PLAN

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan as of their date of hire. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. Eligible employees who have been employed with the Foundation for one year or more are eligible to receive an employer contribution to their 403(b) account. The Foundation matches employee contributions up to 3% of the employee's salary, per board discretion. Foundation contributions to the Plan for the years ended August 31, 2015 and 2014, were \$35,593 and \$27,384, respectively.

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NOTE 13 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 \$624,376 and \$756,549 were received from a single donor for the years ended August 31, 2015 and 2014, respectively, which represents 10% and 12%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

NOTE 14 LITIGATION AND CLAIMS

The Foundation may be, from time to time, involved in litigation and claims arising in the ordinary course of business. In the opinion of management, there is no pending litigation that would have a material adverse effect on the Foundation's financial position, change in net assets, or liquidity.

NOTE 15 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through December 22, 2015, the date at which the financial statements were available to be issued.