

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

**FINANCIAL STATEMENTS**

**YEARS ENDED AUGUST 31, 2017 AND 2016**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA, NORTHERN DELAWARE  
AND SUSQUEHANNA VALLEY  
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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 Philadelphia, Northern Delaware and Susquehanna Valley  
Blue Bell, Pennsylvania

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Philadelphia, Northern Delaware and Susquehanna Valley, which comprise the statements of financial position as of August 31, 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 Philadelphia, Northern Delaware and Susquehanna Valley

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Foundation® of Philadelphia, Northern Delaware and Susquehanna Valley as of August 31, 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**

Plymouth Meeting, Pennsylvania  
December 5, 2017

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA, NORTHERN DELAWARE  
AND SUSQUEHANNA VALLEY  
STATEMENTS OF FINANCIAL POSITION  
AUGUST 31, 2017 AND 2016**

<b>ASSETS</b>	2017	2016
Cash and Cash Equivalents	\$ 157,111	\$ 212,353
Investments	1,951,311	2,365,294
Due from Related Entities	143,609	92,051
Prepaid Expenses	22,520	24,277
Contributions Receivable, Net	968,939	702,779
Other Assets	5,742	5,742
Property and Equipment, Net	49,624	50,289
Total Assets	\$ 3,298,856	\$ 3,452,785
<b>LIABILITIES AND NET ASSETS</b>		
Accounts Payable and Accrued Expenses	\$ 223,973	\$ 251,579
Accrued Pending Wish Costs - Cash	1,182,362	1,290,295
Accrued Pending Wish Costs - In-Kinds	810,801	777,541
Total Liabilities	2,217,136	2,319,415
Net Assets		
Unrestricted	491,042	645,810
Temporarily Restricted	590,678	487,560
Total Net Assets	1,081,720	1,133,370
Total Liabilities and Net Assets	\$ 3,298,856	\$ 3,452,785

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA, NORTHERN DELAWARE  
AND SUSQUEHANNA VALLEY  
STATEMENT OF ACTIVITIES  
YEAR ENDED AUGUST 31, 2017  
(With Summary Totals For Year Ended August 31, 2016)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>2016 Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Public Support:				
Contributions, Net of Write-Offs	\$ 5,093,412	\$ 588,272	\$ 5,681,684	\$ 5,186,223
Grants	262,620	-	262,620	153,925
Total Public Support	<u>5,356,032</u>	<u>588,272</u>	<u>5,944,304</u>	<u>5,340,148</u>
Internal Special Events:	661,752	-	661,752	618,619
Less Costs of Direct Benefits to Donors	<u>(94,214)</u>	<u>-</u>	<u>(94,214)</u>	<u>(64,278)</u>
Total Special Events	<u>567,538</u>	<u>-</u>	<u>567,538</u>	<u>554,341</u>
Investment Income, Net	35,391	-	35,391	61,531
Other Income	4,100	-	4,100	3,450
Net Assets Released from Restrictions	<u>485,154</u>	<u>(485,154)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>6,448,215</u>	<u>103,118</u>	<u>6,551,333</u>	<u>5,959,470</u>
<b>EXPENSES</b>				
Program Services:				
Wish Granting	5,137,934	-	5,137,934	5,322,112
Program-Related Support	200,074	-	200,074	184,982
Public Information	<u>328,055</u>	<u>-</u>	<u>328,055</u>	<u>194,004</u>
Total Program Services	<u>5,666,063</u>	<u>-</u>	<u>5,666,063</u>	<u>5,701,098</u>
Support Services:				
Fundraising	416,815	-	416,815	496,035
Management and General	<u>520,105</u>	<u>-</u>	<u>520,105</u>	<u>373,707</u>
Total Support Services	<u>936,920</u>	<u>-</u>	<u>936,920</u>	<u>869,742</u>
Total Program and Support Services Expense	<u>6,602,983</u>	<u>-</u>	<u>6,602,983</u>	<u>6,570,840</u>
Change in Net Assets	(154,768)	103,118	(51,650)	(611,370)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>645,810</u>	<u>487,560</u>	<u>1,133,370</u>	<u>1,744,740</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 491,042</u>	<u>\$ 590,678</u>	<u>\$ 1,081,720</u>	<u>\$ 1,133,370</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA, NORTHERN DELAWARE  
AND SUSQUEHANNA VALLEY  
STATEMENT OF ACTIVITIES  
YEAR ENDED AUGUST 31, 2016**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Public Support:			
Contributions, Net of Write-Offs	\$ 4,700,968	\$ 485,255	\$ 5,186,223
Grants	153,925	-	153,925
Total Public Support	4,854,893	485,255	5,340,148
Internal Special Events:	618,619	-	618,619
Less Costs of Direct Benefits to Donors	(64,278)	-	(64,278)
Total Special Events	554,341	-	554,341
Investment Income, Net	61,531	-	61,531
Other Income	3,450	-	3,450
Net Assets Released from Restrictions	431,918	(431,918)	-
	5,906,133	53,337	5,959,470
<b>EXPENSES</b>			
Program Services:			
Wish Granting	5,322,112	-	5,322,112
Program-Related Support	184,982	-	184,982
Public Information	194,004	-	194,004
Total Program Services	5,701,098	-	5,701,098
Support Services:			
Fundraising	496,035	-	496,035
Management and General	373,707	-	373,707
Total Support Services	869,742	-	869,742
	6,570,840	-	6,570,840
Change in Net Assets	(664,707)	53,337	(611,370)
<b>NET ASSETS, BEGINNING OF YEAR</b>	1,310,517	434,223	1,744,740
<b>NET ASSETS, END OF YEAR</b>	\$ 645,810	\$ 487,560	\$ 1,133,370

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA, NORTHERN DELAWARE  
AND SUSQUEHANNA VALLEY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED AUGUST 31, 2017 AND 2016**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (51,650)	\$ (611,370)
Adjustments to reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Depreciation	13,727	11,766
Net Realized and Unrealized (Gains) Losses on Investments	7,657	(15,197)
Change in Attrition on Accrued Pending Wish Costs	(18,971)	(10,038)
Changes in Assets and Liabilities:		
Contributions Receivable	(266,160)	(54,857)
Due from Related Entities	(51,558)	4,974
Prepaid Expenses	1,757	529
Accounts Payable and Accrued Expenses	(27,606)	21,129
Accrued Pending Wish Costs	(55,702)	547,519
Net Cash Used in Operating Activities	(448,506)	(105,545)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(23,438)	(33,022)
Proceeds from Sales of Investments	429,764	167,834
Purchases of Property and Equipment	(13,062)	(35,428)
Net Cash Provided by Investing Activities	393,264	99,384
Net Decrease in Cash and Cash Equivalents	(55,242)	(6,161)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	212,353	218,514
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 157,111	\$ 212,353
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Donated Property, Stock and Inventory	\$ 35,921	\$ 10,168
In-Kind Contributions	2,279,228	1,828,910

See accompanying Notes to Financial Statements.



**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA, NORTHERN DELAWARE AND SUSQUEHANNA VALLEY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2017**

	Program Services				Support Services			
	Wish Granting	Program-Related Support	Public Information	Total Program Services	Fundraising	Management and General	Total Support Services	Total
Direct Costs of Wishes	\$ 4,463,030	\$ -	\$ -	\$ 4,463,030	\$ -	\$ -	\$ -	\$ 4,463,030
Salaries, Taxes, and Benefits	449,385	133,723	249,784	832,892	279,617	427,480	707,097	1,539,989
Printing, Subscriptions, and Publications	1,935	1,771	10,400	14,106	5,447	1,271	6,718	20,824
Professional Fees	18,547	6,616	7,761	32,924	7,573	18,383	25,956	58,880
Rent and Utilities	34,057	12,122	14,208	60,387	13,976	22,318	36,294	96,681
Postage and Delivery	2,229	1,232	1,127	4,588	4,598	1,465	6,063	10,651
Travel	7,064	7,452	9,343	23,859	11,136	4,748	15,884	39,743
Meetings and Conferences	2,819	16,024	16,284	35,127	16,677	1,851	18,528	53,655
Office Supplies	6,014	6,030	2,474	14,518	7,283	3,830	11,113	25,631
Communications	23,994	8,996	9,969	42,959	9,921	15,674	25,595	68,554
Advertising and Media (In-Kind)	-	-	1,500	1,500	23,054	-	23,054	24,554
Repairs and Maintenance	3,810	1,359	1,594	6,763	1,556	2,502	4,058	10,821
Insurance	-	-	-	-	947	-	947	947
Membership Dues	959	342	721	2,022	691	630	1,321	3,343
National Partnership Dues	117,539	-	-	117,539	17,854	13,390	31,244	148,783
Miscellaneous	1,719	2,683	868	5,270	14,512	3,388	17,900	23,170
Depreciation	4,833	1,724	2,022	8,579	1,973	3,175	5,148	13,727
Special Event Expenses	-	-	-	-	94,214	-	94,214	94,214
Investment Fees	1,972	704	825	3,501	805	1,296	2,101	5,602
	<u>5,139,906</u>	<u>200,778</u>	<u>328,880</u>	<u>5,669,564</u>	<u>511,834</u>	<u>521,401</u>	<u>1,033,235</u>	<u>6,702,799</u>
Less Expenses Netted Against Revenues on the Statement of Activities:								
Special Event Expenses	-	-	-	-	(94,214)	-	(94,214)	(94,214)
Investment Fees	(1,972)	(704)	(825)	(3,501)	(805)	(1,296)	(2,101)	(5,602)
	<u>(1,972)</u>	<u>(704)</u>	<u>(825)</u>	<u>(3,501)</u>	<u>(805)</u>	<u>(1,296)</u>	<u>(2,101)</u>	<u>(5,602)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 5,137,934</u>	<u>\$ 200,074</u>	<u>\$ 328,055</u>	<u>\$ 5,666,063</u>	<u>\$ 416,815</u>	<u>\$ 520,105</u>	<u>\$ 936,920</u>	<u>\$ 6,602,983</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA, NORTHERN DELAWARE AND SUSQUEHANNA VALLEY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2016**

	Program Services				Support Services			
	Wish Granting	Program-Related Support	Public Information	Total Program Services	Fundraising	Management and General	Total Support Services	Total
Direct Costs of Wishes	\$ 4,680,295	\$ -	\$ -	\$ 4,680,295	\$ -	\$ -	\$ -	\$ 4,680,295
Salaries, Taxes, and Benefits	399,081	116,329	142,662	658,072	347,171	306,869	654,040	1,312,112
Printing, Subscriptions, and Publications	2,317	4,793	2,498	9,608	15,378	1,116	16,494	26,102
Professional Fees	15,816	4,135	4,344	24,295	10,318	8,094	18,412	42,707
Rent and Utilities	34,973	9,307	10,846	55,126	23,515	18,190	41,705	96,831
Postage and Delivery	3,322	1,189	1,091	5,602	11,149	1,650	12,799	18,401
Travel	8,630	10,248	5,976	24,854	13,950	5,010	18,960	43,814
Meetings and Conferences	3,686	18,680	4,947	27,313	22,270	2,006	24,276	51,589
Office Supplies	5,804	5,468	1,681	12,953	5,849	2,861	8,710	21,663
Communications	14,371	3,815	4,568	22,754	11,894	7,442	19,336	42,090
Advertising and Media (In-Kind)	-	-	11,448	11,448	999	-	999	12,447
Repairs and Maintenance	4,039	1,056	1,156	6,251	2,689	1,997	4,686	10,937
Insurance	9	3	8	20	909	10	919	939
Membership Dues	1,418	374	415	2,207	2,258	711	2,969	5,176
Grants and Scholarships	25,000	-	-	25,000	-	-	-	25,000
National Partnership Dues	115,414	-	-	115,414	17,531	13,148	30,679	146,093
Miscellaneous	3,528	8,433	1,157	13,118	7,281	2,479	9,760	22,878
Depreciation	4,409	1,152	1,207	6,768	2,874	2,124	4,998	11,766
Special Event Expenses	-	-	-	-	64,278	-	64,278	64,278
Investment Fees	1,975	705	826	3,506	806	1,297	2,103	5,609
	<u>5,324,087</u>	<u>185,687</u>	<u>194,830</u>	<u>5,704,604</u>	<u>561,119</u>	<u>375,004</u>	<u>936,123</u>	<u>6,640,727</u>
Less Expenses Netted Against Revenues on the Statement of Activities:								
Special Event Expenses	-	-	-	-	(64,278)	-	(64,278)	(64,278)
Investment Fees	(1,975)	(705)	(826)	(3,506)	(806)	(1,297)	(2,103)	(5,609)
	<u>(1,975)</u>	<u>(705)</u>	<u>(826)</u>	<u>(3,506)</u>	<u>(806)</u>	<u>(1,297)</u>	<u>(2,103)</u>	<u>(5,609)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 5,322,112</u>	<u>\$ 184,982</u>	<u>\$ 194,004</u>	<u>\$ 5,701,098</u>	<u>\$ 496,035</u>	<u>\$ 373,707</u>	<u>\$ 869,742</u>	<u>\$ 6,570,840</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA, NORTHERN DELAWARE  
AND SUSQUEHANNA VALLEY  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2017 AND 2016**

**NOTE 1 ORGANIZATION**

Make-A-Wish Foundation® of Philadelphia, Northern Delaware and Susquehanna Valley (the Foundation) is a Pennsylvania not-for-profit corporation, organized for the purpose of granting wishes to children with life-threatening medical conditions. The Foundation is an independently operating chapter of Make-A-Wish Foundation® of America (National Organization), which operates to develop and implement national programs in public relations and fundraising for the benefit of all local chapters. To be a Make-A-Wish chapter, 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 \$14,674 and \$19,682, respectively, of money market mutual funds.

**Investments**

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

**Contributions Receivable**

Contributions receivable are unconditional promises to give. Such promises that are expected to be collected within one year are recorded at expected net realizable value when the promise is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Contributions receivable are discounted using fair value rates and contributions are written off when deemed uncollectible. As of August 31, 2017 and 2016, management believes the contributions receivable balance is fully collectible and no allowance is required.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA, NORTHERN DELAWARE  
AND SUSQUEHANNA VALLEY  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2017 AND 2016**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment, Net**

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

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

**Fair Value Measurements**

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

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

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets (or liabilities) that the reporting entity has the ability to access at the measurement date.
- Level 2 Inputs: Prices for a similar asset (or liability), other than quoted prices included in Level 1 inputs, that are observable for the asset (or liability), either directly or indirectly. If the asset (or liability) has a specified term, a Level 2 input must be observable for substantially the full term of the asset (or liability).

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA, NORTHERN DELAWARE  
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NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2017 AND 2016**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements (Continued)**

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.

**Net Assets**

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

- **Permanently restricted net assets** – Net assets subject to donor-imposed restrictions that the principal be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for unrestricted purposes. There were no permanently restricted net assets as of August 31, 2017 and 2016.
- **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 contributions revenue. Conditional promises are recorded as revenue once the conditions are substantially met. Contributions, grants, and bequests are recognized as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. When restrictions are met in the same period as the contribution is received, the Foundation records the contribution and the expense as unrestricted. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**MAKE-A-WISH FOUNDATION® OF PHILADELPHIA, NORTHERN DELAWARE  
AND SUSQUEHANNA VALLEY  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2017 AND 2016**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

The Foundation received in-kind contributions of assets, services and material that are reported as follows at August 31:

	August 31, 2017			
	Programs	Fundraising	Management and General	Total
Wish Related	\$ 2,211,772	\$ -	\$ -	\$ 2,211,772
Professional Services	-	-	6,200	6,200
Advertising and Media	1,500	23,054	-	24,554
Other	6,505	3,182	-	9,687
	<u>\$ 2,219,777</u>	<u>\$ 26,236</u>	<u>\$ 6,200</u>	2,252,213
Special Events				27,015
Investments (Asset)				35,921
Total				<u>\$ 2,315,149</u>
	August 31, 2016			
	Programs	Fundraising	Management and General	Total
Wish Related	\$ 1,802,496	\$ -	\$ -	\$ 1,802,496
Professional Services	-	-	459	459
Advertising and Media	11,448	999	-	12,447
Other	3,358	9,895	-	13,253
	<u>\$ 1,817,302</u>	<u>\$ 10,894</u>	<u>\$ 459</u>	1,828,655
Special Events				255
Investments (Asset)				10,168
Total				<u>\$ 1,839,078</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 fund raising 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 is reported as contribution revenue and fundraising 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.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

Wish related in-kind contributions consisted of the following:

	2017	2016
Computer Equipment, Games and Toys	\$ 1,925	\$ -
Cruises	7,660	2,188
Lodging	430,231	386,666
Theme Parks	837,080	733,200
Transportation	235,907	137,229
Other Wish-Related Donations	698,969	543,213
Total	<u>\$ 2,211,772</u>	<u>\$ 1,802,496</u>

**Income Taxes**

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

Management believes that no uncertain tax positions exist for the Foundation at August 31, 2017 and 2016. The Foundation files income tax returns in the U.S. federal jurisdiction and applicable state jurisdictions.

**Functional Expenses**

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

**Wish Granting**

Activities performed by the Foundation in granting wishes to children with life-threatening medical conditions.

**Program-Related Support**

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

**Public Information**

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

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional Expenses (Continued)**

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 specific program or fundraising activity, but indispensable to the conduct of such programs and activities and to the Foundation's existence, are included as management and general expenses. This includes expenses for the overall direction of the Foundation, business management, general recordkeeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other expenses.

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

**Management Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of property and equipment, valuation of investments and in kind receivables, accrued pending wish costs, net of attrition and the functional allocation of expenses.

**Reclassification**

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

**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.



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**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Fair Value of Financial Instruments (Continued)**

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.

**Fair Value Hierarchy**

The following table presents the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis as of August 31, 2017:

	Fair Value Measurements as of August 31, 2017 Using			
	(Level 1)	(Level 2)	(Level 3)	Total
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
Bonds	\$ 763,264	\$ -	\$ -	\$ 763,264
Certificates of Deposit	-	1,167,254	-	1,167,254
Money Market Funds	20,793	-	-	20,793
Total	\$ 784,057	\$ 1,167,254	\$ -	\$ 1,951,311

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**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Fair Value Hierarchy (Continued)**

The following table presents the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis as of August 31, 2016:

	Fair Value Measurements as of August 31, 2016 Using			
	(Level 1)	(Level 2)	(Level 3)	Total
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
Bonds	\$ 764,026	\$ -	\$ -	\$ 764,026
Certificates of Deposit	-	1,478,711	-	1,478,711
Money Market Funds	122,557	-	-	122,557
Total	\$ 886,583	\$ 1,478,711	\$ -	\$ 2,365,294

For the valuation of Certificates of Deposits as of 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).

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	\$ 49,170	\$ 52,079
Realized and Unrealized Gains (Losses), Net	(8,177)	15,061
less Investment Expenses	(5,602)	(5,609)
Investment Income, Net	\$ 35,391	\$ 61,531

**NOTE 4 CONTRIBUTIONS RECEIVABLE**

All contributions receivable are due within the next twelve months. Management determined that all contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at August 31, 2017 and 2016.

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**NOTE 5 TRANSACTIONS WITH RELATED ENTITIES**

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2017 and 2016, respectively, the Foundation received \$1,166,567 and \$1,062,211, respectively, from these national revenue streams.

As part of the National Organization's Wish Fulfillment Fund, chapters may apply for funds that have been donated by other chapters to underwrite the cost of wishes. Under this program, the Foundation contributed \$- and \$25,000, respectively, during the years August 31, 2017 and 2016, respectively.

Conversely, the Foundation pays amounts to the National Organization for chapter 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 \$167,389 and \$155,181 were paid from the Foundation to the National Organization during the years ended August 31, 2017 and 2016, respectively. Amounts due from related entities are as follows:

	<u>2017</u>	<u>2016</u>
Balance at August 31:		
Due from National Organization	\$ 140,049	\$ 87,864
Due from Other Chapters	3,560	4,187
Total Due from Related Entities	<u>\$ 143,609</u>	<u>\$ 92,051</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 \$46,974 and \$19,837, respectively. In 2017, amounts due from board members totaled \$5,000 and is included in contributions receivable in the accompanying statements of financial position.

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**NOTE 6 PROPERTY AND EQUIPMENT, NET**

Property and equipment as of August 31, 2017 and 2016 consist of the following:

	2017	2016
Computer Equipment and Software	\$ 68,452	\$ 63,425
Office Furniture	43,694	35,658
Other Equipment	17,869	17,869
Total	130,015	116,952
Less Accumulated Depreciation and Amortization	(80,391)	(66,663)
Property and Equipment, Net	\$ 49,624	\$ 50,289

Depreciation expense totaled \$13,727 and \$11,766 for the years ended August 31, 2017 and 2016, respectively.

**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 are accrued as pending wish liability at year-end for all reportable pending wishes. The in-kind portion of the pending wish liability includes the estimated in-kind expenses that are expected to be incurred in fulfilling each wish even though the matching in-kind revenues are not recognized until the in-kind goods or services, or an unconditional promise for those in-kind goods or services, are received. Although not fully guaranteed, if 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 \$1,339,663.

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**NOTE 7 ACCRUED PENDING WISH COSTS (CONTINUED)**

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 200 and 193 reportable pending wishes, respectively.

**NOTE 8 LEASES**

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through October 29, 2020. Total rent expense for all operating leases for the years ended August 31, 2017 and 2016 totaled \$107,502 and \$96,831, respectively.

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

<u>Year Ending August 31:</u>	
2018	\$ 95,123
2019	75,111
2020	5,517
2021	<u>297</u>
Total Minimum Lease Payments	<u><u>\$ 176,048</u></u>

**NOTE 9 TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2017</u>	<u>2016</u>
Time Restrictions	<u>\$ 590,678</u>	<u>\$ 487,560</u>
Total Temporarily Restricted Net Assets	<u><u>\$ 590,678</u></u>	<u><u>\$ 487,560</u></u>

**NOTE 10 RETIREMENT PLAN**

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation matches employee contributions up to 4% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2017 and 2016 were \$38,139 and \$29,184, respectively.

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**NOTE 11 CONCENTRATIONS OF CREDIT RISK**

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

In-kind contributions totaling \$888,261 and \$821,829 were received from a single donor for the years ended August 31, 2017 and 2016, respectively, which represents 15% respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

**NOTE 12 LITIGATION AND CLAIMS**

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

**NOTE 13 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through December 5, 2017, the date at which the financial statements were available to be issued.



Investment advisory services are offered through CliftonLarsonAllen  
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