

**MAKE-A-WISH® FOUNDATION OF
NORTHEAST NEW YORK**

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2017 AND 2016

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

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Make-A-Wish® Foundation of Northeast New York
Albany, New York

We have audited the accompanying financial statements of Make-A-Wish® Foundation of Northeast New York, 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 Northeast New York

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 Northeast New York 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

Boston, Massachusetts
January 30, 2018

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

	2017	2016
ASSETS		
Cash and Cash Equivalents	\$ 289,224	\$ 429,977
Investments	2,961,628	2,557,620
Endowment Assets Held by Related Entity	73,707	39,747
Due from Related Entities	19,891	731
Prepaid Expenses	24,285	16,687
Contributions Receivable, Net	559,475	607,182
Property and Equipment, Net	79,322	100,667
Total Assets	\$ 4,007,532	\$ 3,752,611
LIABILITIES AND NET ASSETS		
Accounts Payable and Accrued Expenses	\$ 60,609	\$ 102,233
Accrued Pending Wish Costs - Cash	165,973	89,595
Accrued Pending Wish Costs - In-Kinds	147,485	120,010
Due to Related Entities	9,685	3,832
Other Liabilities	-	8,750
Total Liabilities	383,752	324,420
Net Assets		
Unrestricted	3,007,089	2,725,087
Temporarily Restricted	352,516	452,286
Permanently Restricted	264,175	250,818
Total Net Assets	3,623,780	3,428,191
Total Liabilities and Net Assets	\$ 4,007,532	\$ 3,752,611

See accompanying Notes to Financial Statements.

MAKE-A-WISH® FOUNDATION OF NORTHEAST NEW YORK
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2017
(With Comparative Summarized Totals for 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total	2016 Total
REVENUES, GAINS, AND OTHER SUPPORT					
Public Support:					
Contributions, Net of Write-Offs	\$ 1,217,274	\$ 98,875	\$ 13,357	\$ 1,329,506	\$ 1,703,894
Grants	159,064	-	-	159,064	148,546
Total Public Support	<u>1,376,338</u>	<u>98,875</u>	<u>13,357</u>	<u>1,488,570</u>	<u>1,852,440</u>
Internal Special Events	592,779	-	-	592,779	497,818
Less Costs of Direct Benefits to Donors	(92,700)	-	-	(92,700)	(113,846)
Total Special Events	<u>500,079</u>	<u>-</u>	<u>-</u>	<u>500,079</u>	<u>383,972</u>
Investment Income, Net	295,345	-	-	295,345	178,850
Other Income	-	-	-	-	570
Net Assets Released from Restrictions	198,645	(198,645)	-	-	-
Total Revenues, Gains, and Other Support	<u>2,370,407</u>	<u>(99,770)</u>	<u>13,357</u>	<u>2,283,994</u>	<u>2,415,832</u>
EXPENSES					
Program Services:					
Wish Granting	1,562,801	-	-	1,562,801	1,606,883
Total Program Services	<u>1,562,801</u>	<u>-</u>	<u>-</u>	<u>1,562,801</u>	<u>1,606,883</u>
Support Services:					
Fundraising	384,880	-	-	384,880	403,189
Management and General	140,724	-	-	140,724	127,122
Total Support Services	<u>525,604</u>	<u>-</u>	<u>-</u>	<u>525,604</u>	<u>530,311</u>
Total Program and Support Services Expense	<u>2,088,405</u>	<u>-</u>	<u>-</u>	<u>2,088,405</u>	<u>2,137,194</u>
Changes in Net Assets	282,002	(99,770)	13,357	195,589	278,638
NET ASSETS, BEGINNING OF YEAR	<u>2,725,087</u>	<u>452,286</u>	<u>250,818</u>	<u>3,428,191</u>	<u>3,149,553</u>
NET ASSETS, END OF YEAR	<u>\$ 3,007,089</u>	<u>\$ 352,516</u>	<u>\$ 264,175</u>	<u>\$ 3,623,780</u>	<u>\$ 3,428,191</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH® FOUNDATION OF NORTHEAST NEW YORK
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	\$ 1,476,255	\$ 93,455	\$ 134,184	\$ 1,703,894
Grants	148,546	-	-	148,546
Total Public Support	<u>1,624,801</u>	<u>93,455</u>	<u>134,184</u>	<u>1,852,440</u>
Internal Special Events	497,818	-	-	497,818
Less Costs of Direct Benefits to Donors	(113,846)	-	-	(113,846)
Total Special Events	<u>383,972</u>	<u>-</u>	<u>-</u>	<u>383,972</u>
Investment Income, Net	178,850	-	-	178,850
Reclassification of Net Assets	(7,801)	-	7,801	-
Other Income	570	-	-	570
Net Assets Released from Restrictions	134,153	(134,153)	-	-
Total Revenues, Gains, and Other Support	<u>2,314,545</u>	<u>(40,698)</u>	<u>141,985</u>	<u>2,415,832</u>
EXPENSES				
Program Services:				
Wish Granting	1,606,883	-	-	1,606,883
Total Program Services	<u>1,606,883</u>	<u>-</u>	<u>-</u>	<u>1,606,883</u>
Support Services:				
Fundraising	403,189	-	-	403,189
Management and General	127,122	-	-	127,122
Total Support Services	<u>530,311</u>	<u>-</u>	<u>-</u>	<u>530,311</u>
Total Program and Support Services Expense	<u>2,137,194</u>	<u>-</u>	<u>-</u>	<u>2,137,194</u>
Changes in Net Assets	177,351	(40,698)	141,985	278,638
NET ASSETS, BEGINNING OF YEAR	<u>2,547,736</u>	<u>492,984</u>	<u>108,833</u>	<u>3,149,553</u>
NET ASSETS, END OF YEAR	<u>\$ 2,725,087</u>	<u>\$ 452,286</u>	<u>\$ 250,818</u>	<u>\$ 3,428,191</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH® FOUNDATION OF NORTHEAST NEW YORK
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 195,589	\$ 278,638
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	21,345	17,187
Bad Debt Expense	15,260	-
Net Realized and Unrealized Gains on Investments	(273,244)	(149,632)
Change in Discount to Present Value of Contributions Receivable	(28,891)	(3,889)
Changes in Assets and Liabilities:		
Contributions Receivable	61,338	99,303
Due from Related Entities	(19,160)	17,610
Prepaid Expenses	(7,598)	(2,145)
Accounts Payable and Accrued Expenses	(41,624)	31,413
Accrued Pending Wish Costs	103,853	(137,213)
Due to Related Entities	5,853	(188)
Other Liabilities	(8,750)	(9,630)
Net Cash Provided by Operating Activities	<u>23,971</u>	<u>141,454</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(506,101)	(528,470)
Proceeds from Sales of Investments	375,337	585,140
Net Cash Provided by (Used in) Investing Activities	<u>(130,764)</u>	<u>56,670</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Endowment Assets Held by Related Entity	<u>(33,960)</u>	<u>(16,540)</u>
Net Cash Used in Financing Activities	<u>(33,960)</u>	<u>(16,540)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(140,753)	181,584
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>429,977</u>	<u>248,393</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 289,224</u>	<u>\$ 429,977</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH® FOUNDATION OF NORTHEAST NEW YORK
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2017**

	Program Services		Support Services		Total
	Wish Granting	Fundraising	Management and General	Support Services	
Direct Costs of Wishes	\$ 982,721	\$ -	\$ -	\$ -	\$ 982,721
Salaries, Taxes, and Benefits	313,422	221,662	53,646	275,308	588,730
Printing, Subscriptions, and Publications	14,774	15,630	44	15,674	30,448
Professional Fees	43,688	17,525	10,275	27,800	71,488
Rent and Utilities	47,023	18,688	13,405	32,093	79,116
Postage and Delivery	9,088	5,487	50	5,537	14,625
Travel	8,206	7,944	4,700	12,644	20,850
Meetings and Conferences	55,339	70,110	1,816	71,926	127,265
Office Supplies	10,954	212	3,172	3,384	14,338
Communications	19,261	3,268	7,023	10,291	29,552
Repairs and Maintenance	3,313	976	429	1,405	4,718
Bad Debt expense	-	-	15,260	15,260	15,260
Membership Dues	96	884	930	1,814	1,910
National Partnership Dues	53,661	10,000	7,887	17,887	71,548
Miscellaneous	1,255	12,494	742	13,236	14,491
Depreciation and Amortization	-	-	21,345	21,345	21,345
Special Event Expenses	-	92,700	-	92,700	92,700
Investment Fees	-	-	26,773	26,773	26,773
Total Expenses	<u>1,562,801</u>	<u>477,580</u>	<u>167,497</u>	<u>645,077</u>	<u>2,207,878</u>
Less: Expenses Netted Against Revenues on the Statement of Activities	-	(92,700)	-	(92,700)	(92,700)
Special Event Expenses	-	-	(26,773)	(26,773)	(26,773)
Investment Fees	-	-	-	-	-
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,562,801</u>	<u>\$ 384,880</u>	<u>\$ 140,724</u>	<u>\$ 525,604</u>	<u>\$ 2,088,405</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH® FOUNDATION OF NORTHEAST NEW YORK
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2016**

	Program Services		Support Services		Total
	Wish Granting	Fundraising	Management and General	Support Services	
	\$ 1,133,971	-	-	-	\$ 1,133,971
Direct Costs of Wishes	329,767	228,843	70,779	299,622	629,389
Salaries, Taxes, and Benefits	12,254	9,448	1,294	10,742	22,996
Printing, Subscriptions, and Publications	7,872	802	308	1,110	8,982
Professional Fees	37,424	20,553	9,842	30,395	67,819
Rent and Utilities	6,300	7,898	320	8,218	14,518
Postage and Delivery	4,818	9,100	4,308	13,408	18,226
Travel	4,352	97,154	2,819	99,973	104,325
Meetings and Conferences	2,870	1,345	1,857	3,202	6,072
Office Supplies	7,471	2,869	1,930	4,799	12,270
Communications	8,562	4,058	1,742	5,800	14,362
Repairs and Maintenance	-	-	-	-	-
Bad Debt Expense	671	894	845	1,739	2,410
Membership Dues	50,551	7,722	6,475	14,197	64,748
National Partnership Dues	-	12,503	7,416	19,919	19,919
Miscellaneous	-	-	17,187	17,187	17,187
Depreciation and Amortization	-	113,846	-	113,846	113,846
Special Event Expenses	-	-	15,216	15,216	15,216
Investment Fees	-	-	-	-	-
Total Expenses	1,606,883	517,035	142,338	659,373	2,266,256
Less: Expenses Netted Against Revenues on the Statement of Activities	-	(113,846)	-	-	(113,846)
Special Event Expenses	-	-	(15,216)	-	(15,216)
Investment Fees	-	-	-	-	-
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 1,606,883	\$ 403,189	\$ 127,122	\$ 659,373	\$ 2,137,194

**MAKE-A-WISH® FOUNDATION OF NORTHEAST NEW YORK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016**

NOTE 1 ORGANIZATION

Make-A-Wish® Foundation of Northeast New York (Foundation) is a New York nonprofit 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 trustees.

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 accounting principles generally accepted in the United States of America applicable to nonprofit 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 \$79,556 and \$188,234, 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 NORTHEAST NEW YORK
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 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. 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 three to five years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the lease.

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 NORTHEAST NEW YORK
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.

See additional information in Note 3.

Net Assets

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

- **Permanently restricted net assets** – Net assets subject to donor-imposed restrictions that the principal be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for unrestricted purposes.
- **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 NORTHEAST NEW YORK
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 and services and materials that are reported in the statement of activities as follows at August 31, 2017:

	August 31, 2017			
	Programs	Fundraising	Management and General	Total
Wish Related	\$ 288,766	\$ -	\$ -	\$ 288,766
Other	-	23,725	-	23,725
Total Program and Support	\$ 288,766	\$ 23,725	\$ -	\$ 312,491
Service Expenses	\$ 288,766	\$ 23,725	\$ -	\$ 312,491
	August 31, 2016			
	Programs	Fundraising	Management and General	Total
Wish Related	\$ 475,130	\$ -	\$ -	\$ 475,130
Other	-	21,840	-	21,840
Total Program and Support	\$ 475,130	\$ 21,840	\$ -	\$ 496,970
Service Expenses	\$ 475,130	\$ 21,840	\$ -	\$ 496,970

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. Advertising and media are reported as contribution revenue and fundraising or public information [if allocated as a joint cost] 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. Advertising costs totaled \$1,696 and \$25 for the years ended August 31, 2017 and 2016, respectively.

Income Taxes

The Foundation is a nonprofit organization exempt from federal income and New York State taxes under the provisions of Internal Revenue Code Section 501(c)(3) and of the New York State tax code. 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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

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, applicable state jurisdictions.

Functional Expenses

The Foundation performs three functions: wish granting, fundraising, and management and general. Definitions of these functions are as follows:

Wish Granting

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

Fundraising

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

Management and General

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

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

Management Estimates

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

**MAKE-A-WISH® FOUNDATION OF NORTHEAST NEW YORK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying 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.

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 have growth of principal, preservation of purchasing power and sufficient liquidity to meet all expected and unexpected cash flow needs. The Foundation diversifies its investments among various asset classes incorporating multiple strategies and the use of an investment manager. Major investment decisions are authorized by the Board's Audit and Finance committee which oversees the Foundation's investment program in accordance with established guidelines.

**MAKE-A-WISH® FOUNDATION OF NORTHEAST NEW YORK
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016**

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Hierarchy

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

	Fair Value Measurements at August 31, 2017 Using			Total
	(Level 1)	(Level 2)	(Level 3)	
Assets:				
Recurring:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 1,433,914	\$ -	\$ -	\$ 1,433,914
Bonds	59,476	-	-	59,476
Exchange-Traded Funds:				
Domestic Equity	866,565	-	-	866,565
Debt Securities:				
U.S. Treasury	-	350,703	-	350,703
Corporate	-	250,970	-	250,970
Total	<u>\$ 2,359,955</u>	<u>\$ 601,673</u>	<u>\$ -</u>	<u>\$ 2,961,628</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, 2016:

	Fair Value Measurements at August 31, 2016 Using			Total
	(Level 1)	(Level 2)	(Level 3)	
Investments:				
Mutual Funds:				
Domestic Equity	\$ 1,306,065	\$ -	\$ -	\$ 1,306,065
Bonds	52,445	-	-	52,445
Exchange-Traded Funds:				
Domestic Equity	441,173	-	-	441,173
Certificates of Deposit	-	100,303	-	100,303
Debt Securities:				
U.S. Treasury	-	454,750	-	454,750
Corporate	-	202,884	-	202,884
Total	<u>\$ 1,799,683</u>	<u>\$ 757,937</u>	<u>\$ -</u>	<u>\$ 2,557,620</u>

For the valuation of Level 2 investments 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).

**MAKE-A-WISH® FOUNDATION OF NORTHEAST NEW YORK
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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:

	<u>2017</u>	<u>2016</u>
Interest and Dividend Income	\$ 48,874	\$ 44,434
Realized and Unrealized Gains (Losses), Net	273,244	149,632
Less Investment Expenses	(26,773)	(15,216)
Investment Income (Loss), Net	<u>\$ 295,345</u>	<u>\$ 178,850</u>

NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at a rate of 5% at August 31, 2017 and 2016. The following is a summary of the Foundation's contributions receivable at August 31:

	<u>2017</u>	<u>2016</u>
Total Amounts Due in:		
One Year	\$ 218,587	\$ 199,699
Two to Five Years	330,810	335,587
More than Five Years	85,567	174,828
Gross Contributions Receivable	634,964	710,114
Less Discount to Present Value	(75,489)	(102,932)
Contributions Receivable, Net	<u>\$ 559,475</u>	<u>\$ 607,182</u>

NOTE 5 TRANSACTIONS WITH RELATED ENTITIES

The Foundation received the following distributions from the National Organization for the year ended August 31:

	<u>2017</u>	<u>2016</u>
Corporate, Online, Whitemail, and General Contributions	\$ 225,978	\$ 229,547
Grants	1,000	-
Other	15,269	22,185
Total Distributions Received	<u>\$ 242,247</u>	<u>\$ 251,732</u>

These amounts are recorded in the Statement of Activities as public support revenue.

**MAKE-A-WISH® FOUNDATION OF NORTHEAST NEW YORK
NOTES TO FINANCIAL STATEMENTS
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NOTE 5 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

The Foundation paid to the National Organization the following amounts for the year ended August 31:

	<u>2017</u>	<u>2016</u>
Chapter Dues	\$ 71,548	\$ 64,748
Services and Other	-	198
Total Amounts Paid	<u>\$ 71,548</u>	<u>\$ 64,946</u>

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 originating chapter agrees to pay a fee to the chapter of the wish destination to assist with any planning, booking and facilitating of the wish for the home chapter. Under this program, the Foundation received \$-0- and \$450 for the years ended August 31, 2017 and 2016, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

	<u>2017</u>	<u>2016</u>
Balance at August 31:		
Due from National Organization	\$ 19,891	\$ 731
Endowment Assets Held By National	73,707	39,747
Total Due from Related Entities	<u>\$ 93,598</u>	<u>\$ 40,478</u>
Due to Other Chapters	\$ 9,685	3,832
Total Due to Related Entities	<u>\$ 9,685</u>	<u>\$ 3,832</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 and the endowment fund. 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 \$52,480 and \$49,332, respectively. Amounts paid to related parties for goods and services used in the Foundation's operations totaled \$-0- and \$4,840 in 2017 and 2016, respectively.

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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	\$ 97,684	\$ 97,684
Office Furniture	23,379	23,379
Leasehold Improvements	<u>80,923</u>	<u>80,923</u>
	201,986	201,986
Less Accumulated Depreciation and Amortization	<u>(122,664)</u>	<u>(101,319)</u>
Property and Equipment, Net	<u>\$ 79,322</u>	<u>\$ 100,667</u>

Depreciation and amortization expense totaled \$21,345 and \$17,187 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 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 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 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 increased by \$62,695 resulting in adjusted net assets of \$3,664,824.

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 51 and 27 reportable pending wishes, respectively.

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NOTE 8 LEASES

The Foundation is obligated under an operating lease for office space, which expires on November 30, 2021. Total rent expense for the operating lease for the years ended August 31, 2017 and 2016 totaled \$61,200 and \$55,800, respectively.

Future minimum lease payments under the operating lease are as follows:

<u>Year Ending August 31,</u>	<u>Operating Leases</u>
2018	\$ 63,720
2019	63,720
2020	63,720
2021	63,720
2022	15,930
Thereafter	-
Total Minimum Lease Payments	<u>\$ 270,810</u>

NOTE 9 ENDOWMENT

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 are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets are reflected in cash and endowment assets held by related entity.

Interpretation of Relevant Law

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

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NOTE 9 ENDOWMENT (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

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

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets, Beginning of Year	\$ -	\$ -	\$ 64,476	\$ 64,476
Contributions Received	-	-	42,038	42,038
Endowment Net Assets, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,514</u>	<u>\$ 106,514</u>
	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ -	\$ -	\$ 23,207	\$ 23,207
Contributions Received	-	-	41,269	41,269
Endowment Net Assets, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,476</u>	<u>\$ 64,476</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, there are no fund deficiencies as of August 31, 2017 and 2016.

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NOTE 10 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

	2017	2016
Time Restrictions	\$ 267,726	\$ 380,223
Purpose Restrictions	84,790	72,063
Total Temporarily Restricted Net Assets	<u>\$ 352,516</u>	<u>\$ 452,286</u>

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

	2017	2016
Time Restrictions (Pledge)	\$ 157,661	\$ 186,342
Assets Held in Perpetuity	106,514	64,476
Total Permanently Restricted Net Assets	<u>\$ 264,175</u>	<u>\$ 250,818</u>

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 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 will contribute 2.0% of base salary that an employee contributes to his/her 403(b) account; the Foundation will contribute an additional 0.5% up to 1.0%. Thus, the Foundation will contribute a maximum of 3.0% of base salary to an employee's 403(b) account. Foundation contributions to the Plan for the year ended August 31, 2017 and 2016 were \$13,413 and \$13,252, 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 \$187,089 and \$262,374 were received from a single donor for the years ended August 31, 2017 and 2016, respectively, which represents 13% and 14%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

**MAKE-A-WISH® FOUNDATION OF NORTHEAST NEW YORK
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NOTE 13 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 14 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through January 30, 2018, the date at which the financial statements were available to be issued.