

**MAKE-A-WISH FOUNDATION<sup>®</sup> OF SUFFOLK  
COUNTY, NY, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED AUGUST 31, 2016 AND 2015**

**MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.**  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Make-A-Wish Foundation® of Suffolk County, NY, Inc.  
Ronkonkoma, NY

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Suffolk County, NY, Inc. (the Foundation), which comprise the statements of financial position as of August 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 controls 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 controls. 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 Suffolk County, NY, 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 Suffolk County, NY, Inc. as of August 31, 2016 and 2015, 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  
November 16, 2016

**MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2016 AND 2015**

	2016	2015
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 455,544	\$ 475,691
Investments	3,131,820	2,966,764
Due from Related Entities	24,984	40,407
Prepaid Expenses	23,701	27,296
Contributions Receivable	106,724	144,817
Other Assets	27,206	18,904
Property and Equipment, Net	16,270	17,849
Total Assets	\$ 3,786,249	\$ 3,691,728
<b>LIABILITIES AND NET ASSETS</b>		
Accounts Payable and Accrued Expenses	\$ 60,849	\$ 79,120
Accrued Pending Wish Costs - Cash	456,000	436,000
Accrued Pending Wish Costs - In-kinds	77,000	97,000
Other Liabilities	59,500	52,790
Total Liabilities	653,349	664,910
<b>NET ASSETS</b>		
Unrestricted	2,994,963	2,831,244
Temporarily Restricted	137,937	195,574
Total Net Assets	3,132,900	3,026,818
Total Liabilities and Net Assets	\$ 3,786,249	\$ 3,691,728

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2016**  
**WITH SUMMARY TOTALS FOR YEAR ENDED AUGUST 31, 2015**

	Unrestricted	Temporarily Restricted	Total	2015 Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Public Support:				
Contributions	\$ 942,023	\$ 58,556	\$ 1,000,579	\$ 1,042,775
In-Kind Contributions	231,074	77,000	308,074	486,089
Grants	95,750		95,750	53,000
Total Public Support	<u>1,268,847</u>	<u>135,556</u>	<u>1,404,403</u>	<u>1,581,864</u>
Special Events	579,281		579,281	587,639
Less Direct Benefit Costs to Donor	(173,840)		(173,840)	(172,595)
Special Events, Net	<u>405,441</u>	<u>-</u>	<u>405,441</u>	<u>415,044</u>
Investment Income, Net	170,876	-	170,876	(116,178)
Net Assets Released from Restrictions	193,193	(193,193)	-	-
Total Revenues, Gains, and Other Support	<u>2,038,357</u>	<u>(57,637)</u>	<u>1,980,720</u>	<u>1,880,730</u>
<b>EXPENSES</b>				
Program Services:				
Wish Granting	1,461,933	-	1,461,933	1,659,920
Program-Related Support	107,462	-	107,462	115,505
Training and Development	601	-	601	11,275
Public Information	5,839	-	5,839	5,447
Total Program Services	<u>1,575,835</u>	<u>-</u>	<u>1,575,835</u>	<u>1,792,147</u>
Support Services:				
Fundraising	150,699	-	150,699	164,573
Management and General	148,242	-	148,242	157,989
Total Support Services	<u>298,941</u>	<u>-</u>	<u>298,941</u>	<u>322,562</u>
Total Program and Support Services	<u>1,874,776</u>	<u>-</u>	<u>1,874,776</u>	<u>2,114,709</u>
<b>CHANGE IN VALUE OF SPLIT INTEREST</b>				
<b>AGREEMENTS</b>	138		138	(316)
Total Expenses and Gains (Losses)	<u>1,874,638</u>	<u>-</u>	<u>1,874,638</u>	<u>2,115,025</u>
Change in Net Assets	163,719	(57,637)	106,082	(234,295)
Net Assets, Beginning of Year	2,831,244	195,574	3,026,818	3,261,113
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 2,994,963</u>	<u>\$ 137,937</u>	<u>\$ 3,132,900</u>	<u>\$ 3,026,818</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2015**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Public Support:			
Contributions	\$ 948,267	\$ 94,508	\$ 1,042,775
In-Kind Contributions	389,089	97,000	486,089
Grants	53,000	-	53,000
Total Public Support	1,390,356	191,508	1,581,864
Special Events	587,639	-	587,639
Less Direct Benefit Costs to Donor	(172,595)	-	(172,595)
Special Events, Net	415,044	-	415,044
Investment Income, Net	(116,178)	-	(116,178)
Net Assets Released from Restrictions	261,724	(261,724)	-
Total Revenues, Gains, and Other Support	1,950,946	(70,216)	1,880,730
<b>EXPENSES</b>			
Program Services:			
Wish Granting	1,659,920	-	1,659,920
Program-Related Support	115,505	-	115,505
Training and Development	11,275	-	11,275
Public Information	5,447	-	5,447
Total Program Services	1,792,147	-	1,792,147
Support Services:			
Fundraising	164,573	-	164,573
Management and General	157,989	-	157,989
Total Support Services	322,562	-	322,562
Total Program and Support Services	2,114,709	-	2,114,709
<b>CHANGE IN VALUE OF SPLIT INTEREST AGREEMENTS</b>			
Total Expenses and Losses	(316)	-	(316)
Change in Net Assets	(164,079)	(70,216)	(234,295)
Net Assets, Beginning of Year	2,995,323	265,790	3,261,113
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 2,831,244</b>	<b>\$ 195,574</b>	<b>\$ 3,026,818</b>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED AUGUST 31, 2016 AND 2015**

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 106,082	\$ (234,295)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	6,808	5,316
Net Realized and Unrealized Losses (Gains) on Investments	(35,284)	280,584
Change in In-kind Accrued Pending Wish Costs	(20,000)	-
Change in Value of Split-Interest Agreements	(138)	316
Changes in Assets and Liabilities:		
Contributions Receivable	38,093	96,388
Due from Related Entities	15,423	(20,204)
Prepaid Expenses	3,595	(3,425)
Other Assets	(8,164)	(2,976)
Accounts Payable and Accrued Expenses	(18,271)	22,019
Accrued Pending Wish Costs	20,000	(115,000)
Other Liabilities	6,710	12,625
Net Cash Provided by Operating Activities	114,854	41,348
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(447,997)	(181,812)
Redemption of Bonds Held to Maturity	150,000	200,000
Proceeds from Sales of Investments	168,226	91,505
Purchases of Property and Equipment	(5,230)	(2,767)
Net Cash Provided (Used) by Investing Activities	(135,001)	106,926
 Net Increase (Decrease) in Cash and Cash Equivalents	(20,147)	148,274
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	475,691	327,417
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 455,544	\$ 475,691
 <b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
In-Kind Contributions	\$ 375,205	\$ 541,884

See accompanying Notes to Financial Statements.



**MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2016**

	Program services				Support services			Total	
	Wish Granting	Program-Related Support	Training and Development	Public Information	Total Program Services	Fundraising	Management and General		Total Support Services
Direct Costs of Wishes	\$ 926,536	\$ -	\$ -	\$ -	\$ 926,536	\$ -	\$ -	\$ -	\$ 926,536
Salaries, Taxes, and Benefits	425,165	-	-	-	425,165	109,920	109,104	219,024	644,189
Printing, Subscriptions, and Publications	182	-	-	5,839	6,021	9,767	13	9,780	15,801
Professional Fees	-	22,967	-	-	22,967	155	7,610	7,765	30,732
Rent and Utilities	-	65,099	-	-	65,099	8,138	8,137	16,275	81,374
Postage and Delivery	6,814	-	-	-	6,814	3,214	1,871	5,085	11,899
Travel	436	-	-	-	436	443	-	443	879
Meetings and Conferences	15,635	-	601	-	16,236	6,626	824	7,450	23,686
Office Supplies	16,568	-	-	-	16,568	2,069	2,069	4,138	20,706
Communications	5,050	-	-	-	5,050	297	594	891	5,941
Repairs and Maintenance	-	19,396	-	-	19,396	1,701	4,149	5,850	25,246
Membership Dues	1,612	-	-	-	1,612	753	122	875	2,487
National Partnership Dues	53,377	-	-	-	53,377	7,432	6,757	14,189	67,566
Miscellaneous	10,558	-	-	-	10,558	184	184	368	10,926
Depreciation and Amortization	-	-	-	-	-	-	6,808	6,808	6,808
	<u>\$ 1,461,933</u>	<u>\$ 107,462</u>	<u>\$ 601</u>	<u>\$ 5,839</u>	<u>\$ 1,575,835</u>	<u>\$ 150,699</u>	<u>\$ 148,242</u>	<u>\$ 298,941</u>	<u>\$ 1,874,776</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2015**

	Program services				Support services				Total
	Wish Granting	Program-Related Support	Training and Development	Public Information	Total Program Services	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 1,097,237	\$ -	\$ -	\$ -	\$ 1,097,237	\$ -	\$ -	\$ -	\$ 1,097,237
Salaries, Taxes, and Benefits	458,925	-	-	-	458,925	118,127	118,127	236,254	695,179
Printing, Subscriptions, and Publications	3,672	-	-	5,447	9,119	12,902	25	12,927	22,046
Professional Fees	-	37,300	-	-	37,300	308	11,920	12,228	49,528
Rent and Utilities	-	63,563	-	-	63,563	7,945	7,945	15,890	79,453
Postage and Delivery	8,702	-	-	-	8,702	4,493	1,395	5,888	14,590
Travel	890	-	-	-	890	785	33	818	1,708
Meetings and Conferences	12,127	-	11,275	-	23,402	8,691	1,805	10,496	33,898
Office Supplies	20,352	-	-	-	20,352	2,801	2,486	5,287	25,639
Communications	5,485	-	-	-	5,485	323	645	968	6,453
Repairs and Maintenance	-	14,642	-	-	14,642	1,348	2,633	3,981	18,623
Membership Dues	1,910	-	-	-	1,910	864	199	1,063	2,973
National Partnership Dues	41,593	-	-	-	41,593	5,791	5,265	11,056	52,649
Miscellaneous	9,027	-	-	-	9,027	195	195	390	9,417
Depreciation and Amortization	-	-	-	-	-	-	5,316	5,316	5,316
	<u>\$ 1,659,920</u>	<u>\$ 115,505</u>	<u>\$ 11,275</u>	<u>\$ 5,447</u>	<u>\$ 1,792,147</u>	<u>\$ 164,573</u>	<u>\$ 157,989</u>	<u>\$ 322,562</u>	<u>\$ 2,114,709</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

**NOTE 1 ORGANIZATION**

Make-A-Wish Foundation® of Suffolk County, NY, Inc. (the Foundation) is a New York not-for-profit corporation, organized for the purpose of granting wishes to children with life-threatening medical conditions. The Foundation is an independently operating chapter of Make-A-Wish Foundation® of America (National Organization), which operates to develop and implement national programs in public relations and fundraising for the benefit of all local chapters. In addition, the local chapter is obligated to comply with a chapter agreement with the National Organization and such guidelines, resolutions, and policies as may be adopted by the National Organization's board of directors.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

**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, 2016 and 2015 are \$272,534 and \$252,984, 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. Contributions are written off when deemed uncollectible.

**MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

**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 3 to 7 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).
- 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.

**MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

**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.

**Revenue Recognition**

Unconditional promises to give are recorded as contributions revenue when the promise is received. 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 SUFFOLK COUNTY, NY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

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

**Revenue Recognition (Continued)**

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

	2016	2015
Program - Wish Granting		
Wish Related	\$ 374,133	\$ 427,729
Professional Services	14,490	17,680
Management and General		
Professional Services	4,830	-
Other	461	-
Fundraising		
Other	1,248	-
Total Program and Supported Services Expenses	395,162	445,409
Direct Benefit Expenses, Netted with Special Event Revenue		
Professional Services	15,622	4,277
Printing, Subscriptions, and Publications	560	-
In-kind Goods	50,949	51,518
Total Direct Benefit Expenses	67,131	55,795
Inventory (Asset)	9,912	-
Total Direct Benefit Expenses and Inventory	77,043	55,795
Total In-Kind Contributions	\$ 472,205	\$ 501,204

An internal special event is an event organized by the chapter that generates income from fundraising functions designed to attract and involve large numbers of people for the purpose of raising awareness, additional funding, and cultivating 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.

Donated program or supporting services expenses were recorded at fair value totaling \$395,162 and \$445,409 in 2016 and 2015, respectively.

**Income Taxes**

The Foundation is a not-for-profit organization exempt from federal income and New York State taxes under the provisions of Internal Revenue Code Section 501(c)(3) and exempt from the New York State corporation franchise tax under Tax Law Article 9-A regulations, Section 1-3.4(b)(6), Article 7A and the Estates, Powers and Trusts Law (EPTL) Section 8-1.4 of the New York State Department of Law Charities Bureau. 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.

**MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

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

**Income Taxes (Continued)**

The Foundation follows ASC Topic 740, Income Taxes, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on de-recognition, classification, interest and penalties, disclosure, and transition. Management believes that no such uncertain tax position exists for the Foundation at August 31, 2016 or 2015. The Foundation files income tax returns in the U.S. federal jurisdiction and 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.

**Training and Development**

Activities performed by the Foundation include, but are not limited to, implementing programs that support the identification of wish candidates and the determination and delivery of the wish.

**Public Information**

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

**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, 2016 and 2015, the Foundation incurred no significant joint costs for activities that include fundraising appeals.

**MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

**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 record-keeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other expenses.

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

**Management Estimates**

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

**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.



**MAKE-A-WISH FOUNDATION® OF SUFFOLK COUNTY, NY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

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

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

The fair values of the financial instruments shown in the following table(s) as of August 31, 2016 and 2015 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 Finance committee, which oversees the Foundation's investment program in accordance with established guidelines

Allocation of Investment Strategies

In addition to traditional stocks and fixed income securities, the Foundation may also hold shares or units in traditional institutional funds as well as in alternative investment funds involving hedged strategies, private equity, and real asset strategies. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges, and other instruments, and are valued accordingly. Private equity funds employ buy-out and venture capital strategies and focus on investments in turn-around situations. Real estate funds generally hold interests in public real estate investment trusts (REITS) or commercial real estate through sole-member entities. Private equity and real asset strategies therefore often require the estimation of fair values by the fund managers in the absence of readily determinable market values. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Moreover, the fair values of the Foundation's interests in shares or units of these funds, because of liquidity and capital commitment terms that vary depending on the specific fund or partnership agreement, may differ from the fair value of the funds' underlying net assets.

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**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, 2016:

	Fair Value Measurements at August 31, 2016 Using			For Investments Recorded at Net Asset Value		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total	Redemption or Liquidation	Days' Notice	Unfunded Commitments
Assets:						
Recurring:						
Investments:						
Mutual Funds:						
Domestic Equity	\$ 2,539,046	\$ -	\$ 2,539,046	Daily	None	None
Equity Securities:						
U.S. Corporate Equity Securities	14,842	-	14,842			
Certificates of Deposit	-	151,916	151,916			
Debt Securities:						
Corporate	426,016	-	426,016			
Total Recurring	<u>2,979,904</u>	<u>151,916</u>	<u>3,131,820</u>			
Nonrecurring:						
Split-Interest Agreements	-	2,519	2,519			
Total Nonrecurring	<u>-</u>	<u>2,519</u>	<u>2,519</u>			
Total	<u>\$ 2,979,904</u>	<u>\$ 154,435</u>	<u>\$ 3,134,339</u>			

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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 at August 31, 2015:

	Fair Value Measurements at August 31, 2015 Using			For Investments Recorded at Net Asset Value			
	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Total	Redemption		Unfunded Commitments
					or	Days'	
					Liquidation	Notice	
Assets:							
Recurring:							
Investments:							
Mutual Funds:							
Domestic Equity	\$ 2,321,174	\$ -	\$ 2,321,174	Daily	None	None	
Closed End Funds	49,708	-	49,708				
Equity Securities:							
U.S. Corporate Equity Securities	6,587	-	6,587				
Certificates of Deposit	-	253,447	253,447				
Debt Securities:							
Government	618	-	618				
Corporate	335,230	-	335,230				
Total Recurring	<u>2,713,317</u>	<u>253,447</u>	<u>2,966,764</u>				
Nonrecurring:							
Split-Interest Agreements	-	2,381	2,381				
Total Nonrecurring	-	2,381	2,381				
Total	<u>\$ 2,713,317</u>	<u>\$ 255,828</u>	<u>\$ 2,969,145</u>				

For the valuation of certificates of deposit at August 31, 2016 and 2015, the Foundation used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

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

Total investment income, gains, and losses for the years ended August 31, 2016 and 2015 consist of the following:

	2016	2015
Interest and Dividend Income	\$ 135,592	\$ 164,406
Realized and Unrealized (Losses) Gains, Net	35,284	(280,584)
Investment (Loss) Income, Net	\$ 170,876	\$ (116,178)

**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, 2016 and 2015.

**NOTE 5 CREDIT FACILITY**

The Foundation has a demand credit facility (the "Facility") which is collateralized by the investments held by the Foundation. The amount available for borrowing and the interest rate on the Facility vary based on the aggregate market value of investments held by the Foundation. At August 31, 2016 the Foundation had \$2,289,595 available under the Facility. No amounts were drawn as of August 31, 2016.

**NOTE 6 SPLIT-INTEREST AGREEMENT**

Donors have contributed assets to the Foundation in exchange for a promise by the Foundation 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 Foundation. The Foundation 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 present value of payments to beneficiaries under these arrangements is calculated using present value techniques.

The Foundation's beneficial interest under split-interest agreements totaled \$2,519 and \$2,381 at August 31, 2016 and 2015, respectively, and is included in other assets on the statements of financial position.

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**NOTE 7 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, 2016 and 2015, the Foundation received \$424,854 and \$399,557, respectively, from these national revenue streams.

Conversely, the chapter pays amounts to the National Organization for annual dues, insurance, and other miscellaneous ancillary expenses that Make-A-Wish Foundation of America pays on behalf of the Foundation and for services provided by the National Organization. Amounts totaling \$67,566 and \$52,649 were paid from the Foundation to the National Organization during the years ended August 31, 2016 and 2015, respectively.

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 received funds in the amount \$29,500 in 2016 which is included in grant revenue.

Amounts due from and to related entities are as follows:

	2016	2015
Balance at August 31:		
Due from National Organization	\$ 24,984	\$ 40,407
Total Due from Related Entities	\$ 24,984	\$ 40,407
Due to Other Chapters	\$ 57	\$ 4,649
Total Due to Related Entities	\$ 57	\$ 4,649

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, and are included in Accounts Payable and Accrued Expenses on the Statements of Financial Position.

During 2016 and 2015 the Foundation received contributions, both cash and in-kind, from board members totaling \$199,174 and \$212,249, respectively. No amounts were due from board members at August 31, 2016 and 2015.

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**NOTE 8 PROPERTY AND EQUIPMENT, NET**

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

	2016	2015
Computer Equipment and Software	\$ 16,277	\$ 20,566
Office Furniture	15,992	10,763
	32,269	31,329
Less Accumulated Depreciation and Amortization	(15,999)	(13,480)
Property and Equipment, Net	\$ 16,270	\$ 17,849

Depreciation and amortization expense totaled \$6,808 and \$5,316 for the years ended August 31, 2016 and 2015, respectively.

**NOTE 9 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 liability. This accrual does not represent a legally binding liability, but is considered a moral obligation to the child by the Foundation arising when the five criteria are met. Reportable pending wish criteria include:

1. Receiving a referral,
2. Obtaining the required medical eligibility form,
3. Contact with the wish family has occurred to determine the prospective wish,
4. Determination that the wish falls within the National Organization's wish granting policy, and
5. The wish is expected to be granted within the next 12 months.

Estimated cash and in-kind costs owed as of year-end for all reportable pending wishes are accrued as pending wish liability.

As of August 31, 2016 and 2015, the Foundation had approximately 55 and 60 reportable pending wishes, respectively.

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**NOTE 10 LEASES**

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through 2017. Total rent expense for all operating leases for the years ended August 31, 2016 and 2015 was \$69,381 and \$69,122, respectively.

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

Year Ending August 31:	Operating Leases
2017	\$ 67,506
2018	62,541
2019	15,750
Total Minimum Lease Payments	\$ 145,797

**NOTE 11 TEMPORARILY RESTRICTED NET ASSETS**

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

	2016	2015
Wish Granting	\$ 80,711	\$ 90,605
Time Restrictions	57,226	104,969
Total Temporarily Restricted Net Assets	\$ 137,937	\$ 195,574

**NOTE 12 RETIREMENT PLAN**

The Foundation has a Simplified Employee Pension plan (the Plan). Employees are eligible for participation in the Plan upon completion of one year of service. Contributions to the Plan are discretionary. Foundation contributions to the Plan for the years ended August 31, 2016 and 2015 were \$12,000 in both years.

**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 Federal Deposit Insurance Corporation (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.

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**NOTE 13 CONCENTRATIONS OF CREDIT RISK (CONTINUED)**

In-kind contributions totaling \$151,342 and \$179,680 were received from a single donor for the years ended August 31, 2016 and 2015, respectively, which represent 11% and 11%, respectively, of total public support. Should these contribution levels decrease, the Foundation's operating cash flows may be adversely affected.

**NOTE 14 LITIGATION AND CLAIMS**

The Foundation is not involved in any litigation or claims.

**NOTE 15 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statements of financial position date through November 16, 2016 the date at which the financial statements were available to be issued. There were no additional disclosures required.