

**MAKE-A-WISH FOUNDATION® OF NEW HAMPSHIRE**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED AUGUST 31, 2016 AND 2015**

**MAKE-A-WISH FOUNDATION® OF NEW HAMPSHIRE  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Make-A-Wish Foundation® of New Hampshire  
Manchester, New Hampshire

We have audited the accompanying financial statements of Make-A-Wish Foundation® of New Hampshire, which comprise the statements of financial position as of August 31, 2016 and 2015, 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 New Hampshire

***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 New Hampshire 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**

Boston, Massachusetts  
January 4, 2017

**MAKE-A-WISH FOUNDATION® OF NEW HAMPSHIRE**  
**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2016 AND 2015**

	2016	2015
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 637,957	\$ 748,347
Investments	962,696	860,564
Due from Related Entities	16,716	19,180
Prepaid Expenses	38,770	52,889
Contributions Receivable, Net	461,777	331,689
Split-Interest Agreement	7,575	7,341
Property and Equipment, Net	11,594	16,481
Total Assets	\$ 2,137,085	\$ 2,036,491
<b>LIABILITIES AND NET ASSETS</b>		
Accounts Payable and Accrued Expenses	\$ 65,816	\$ 98,720
Accrued Pending Wish Costs - Cash	488,406	290,322
Accrued Pending Wish Costs - In-kinds	154,554	99,314
Due to Related Entities	8,992	12,660
Deferred Rent	1,978	3,117
Capital Lease Obligations	2,775	4,995
Total Liabilities	722,521	509,128
<b>NET ASSETS</b>		
Unrestricted	942,711	1,171,491
Temporarily Restricted	471,853	355,872
Total Net Assets	1,414,564	1,527,363
Total Liabilities and Net Assets	\$ 2,137,085	\$ 2,036,491

See accompanying Notes to Financial Statements.

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>2015 Total</u>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
Public Support:				
Contributions, Net of Write-Offs	\$ 1,638,691	\$ 353,571	\$ 1,992,262	\$ 1,913,439
Grants	41,653	-	41,653	49,750
Total Public Support	<u>1,680,344</u>	<u>353,571</u>	<u>2,033,915</u>	<u>1,963,189</u>
Internal Special Events	53,763	1,128	54,891	-
Total Special Events	<u>53,763</u>	<u>1,128</u>	<u>54,891</u>	<u>-</u>
Investment Income (Loss), Net	83,054	-	83,054	(3,923)
Other Income	8,825	-	8,825	6,020
Net Assets Released from Restrictions	238,952	(238,952)	-	-
Total Revenues, Gains, and Other Support	<u>2,064,938</u>	<u>115,747</u>	<u>2,180,685</u>	<u>1,965,286</u>
<b>EXPENSES</b>				
Program Services:				
Wish Granting	1,349,530	-	1,349,530	1,356,664
Program-Related Support	672,047	-	672,047	663,340
Total Program Services	<u>2,021,577</u>	<u>-</u>	<u>2,021,577</u>	<u>2,020,004</u>
Support Services:				
Fundraising	212,869	-	212,869	193,870
Management and General	59,272	-	59,272	60,346
Total Support Services	<u>272,141</u>	<u>-</u>	<u>272,141</u>	<u>254,216</u>
Total Program and Support Services Expense	2,293,718	-	2,293,718	2,274,220
<b>OTHER EXPENSES</b>				
Loss on Sale of Equipment	-	-	-	1,380
Change in Value of Split-Interest Agreement	-	(234)	(234)	777
Total Expenses and Losses	<u>2,293,718</u>	<u>(234)</u>	<u>2,293,484</u>	<u>2,276,377</u>
Change in Net Assets	(228,780)	115,981	(112,799)	(311,091)
Net Assets - Beginning of Year	<u>1,171,491</u>	<u>355,872</u>	<u>1,527,363</u>	<u>1,838,454</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 942,711</u>	<u>\$ 471,853</u>	<u>\$ 1,414,564</u>	<u>\$ 1,527,363</u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF NEW HAMPSHIRE**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED AUGUST 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Public Support:			
Contributions, Net of Write-Offs	\$ 1,773,446	\$ 139,993	\$ 1,913,439
Grants	14,750	35,000	49,750
Total Public Support	<u>1,788,196</u>	<u>174,993</u>	<u>1,963,189</u>
Investment Loss, Net	(3,923)	-	(3,923)
Other Income	5,870	150	6,020
Net Assets Released from Restrictions	589,628	(589,628)	-
Total Revenues, Gains, and Other Support	<u>2,379,771</u>	<u>(414,485)</u>	<u>1,965,286</u>
<b>EXPENSES</b>			
Program Services:			
Wish Granting	1,356,664	-	1,356,664
Program-Related Support	663,340	-	663,340
Total Program Services	<u>2,020,004</u>	<u>-</u>	<u>2,020,004</u>
Support Services:			
Fundraising	193,870	-	193,870
Management and General	60,346	-	60,346
Total Support Services	<u>254,216</u>	<u>-</u>	<u>254,216</u>
Total Program and Support Services Expenses	<u>2,274,220</u>	<u>-</u>	<u>2,274,220</u>
<b>OTHER EXPENSES</b>			
Loss on Sale of Equipment	1,380	-	1,380
Change in Value of Split-Interest Agreement	-	777	777
Total Expenses and Losses	<u>2,275,600</u>	<u>777</u>	<u>2,276,377</u>
Change in Net Assets	104,171	(415,262)	(311,091)
Net Assets - Beginning of Year	<u>1,067,320</u>	<u>771,134</u>	<u>1,838,454</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 1,171,491</u></u>	<u><u>\$ 355,872</u></u>	<u><u>\$ 1,527,363</u></u>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF NEW HAMPSHIRE**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED AUGUST 31, 2016 AND 2015**

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (112,799)	\$ (311,091)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation and Amortization	4,887	9,385
Bad Debt Expense	5,415	2,025
Net Realized and Unrealized Losses (Gains) on Investments	(31,291)	52,232
Loss on Sale of Property and Equipment	-	1,380
Contributed Investments	(19,498)	(18,228)
Change in Value of Split-Interest Agreement	(234)	777
Changes in Assets and Liabilities:		
Contributions Receivable	(135,503)	423,102
Due from Related Entities	2,464	(4,058)
Prepaid Expenses	14,119	(14,934)
Accounts Payable and Accrued Expenses	(32,904)	36,787
Accrued Pending Wish Costs	253,324	170,172
Due to Related Entities	(3,668)	12,060
Deferred Rent	(1,139)	(1,049)
Net Cash Provided (Used) by Operating Activities	(56,827)	358,560
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(84,877)	(57,309)
Proceeds from Sales of Investments	33,534	23,529
Purchases of Property and Equipment	-	(13,329)
Net Cash Used by Investing Activities	(51,343)	(47,109)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Capital Lease Obligations	(2,220)	(2,220)
Net Cash Used by Financing Activities	(2,220)	(2,220)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(110,390)	309,231
Cash and Cash Equivalents - Beginning of Year	748,347	439,116
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 637,957	\$ 748,347

See accompanying Notes to Financial Statements.



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

	Program Services			Support Services			Total
	Wish Granting	Program- Related Support	Total Program Services	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 1,349,530	\$ -	\$ 1,349,530	\$ -	\$ -	\$ -	\$ 1,349,530
Salaries, Taxes, and Benefits	-	408,598	408,598	110,433	35,787	146,220	554,818
Printing, Subscriptions, and Publications	-	6,256	6,256	5,706	514	6,220	12,476
Professional Fees	-	2,433	2,433	603	5,817	6,420	8,853
Rent and Utilities	-	29,879	29,879	7,590	1,804	9,394	39,273
Postage and Delivery	-	3,782	3,782	6,506	212	6,718	10,500
Travel	-	23,643	23,643	8,551	731	9,282	32,925
Meetings and Conferences	-	16,446	16,446	8,339	4,154	12,493	28,939
Office Supplies	-	1,209	1,209	480	173	653	1,862
Communications	-	7,348	7,348	1,858	445	2,303	9,651
Advertising and Media (Cash)	-	12,490	12,490	-	-	-	12,490
Advertising and Media (In-Kind)	-	30,000	30,000	2,245	-	2,245	32,245
Repairs and Maintenance	-	8,001	8,001	7,985	435	8,420	16,421
Bad Debt Expense	-	-	-	5,415	-	5,415	5,415
Membership Dues	-	2,551	2,551	-	-	-	2,551
Volunteer Training	-	5,924	5,924	5,500	-	5,500	11,424
National Partnership Dues	-	67,273	67,273	10,219	7,664	17,883	85,156
Miscellaneous	-	42,463	42,463	30,541	1,298	31,839	74,302
Depreciation and Amortization	-	3,751	3,751	898	238	1,136	4,887
<b>Total</b>	<b>\$ 1,349,530</b>	<b>\$ 672,047</b>	<b>\$ 2,021,577</b>	<b>\$ 212,869</b>	<b>\$ 59,272</b>	<b>\$ 272,141</b>	<b>\$ 2,293,718</b>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF NEW HAMPSHIRE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2015**

	Program Services			Support Services			Total
	Wish Granting	Program-Related Support	Total Program Services	Fundraising	Management and General	Total Support Services	
Direct Costs of Wishes	\$ 1,356,664	\$ -	\$ 1,356,664	\$ -	\$ -	\$ -	\$ 1,356,664
Salaries, Taxes, and Benefits	-	398,550	398,550	103,957	41,749	145,706	544,256
Printing, Subscriptions, and Publications	-	7,825	7,825	6,723	52	6,775	14,600
Professional Fees	-	8,041	8,041	782	2,869	3,651	11,692
Rent and Utilities	-	28,001	28,001	6,236	2,918	9,154	37,155
Postage and Delivery	-	4,185	4,185	3,906	447	4,353	8,538
Travel	-	27,067	27,067	17,037	994	18,031	45,098
Meetings and Conferences	-	15,365	15,365	7,637	729	8,366	23,731
Office Supplies	-	1,867	1,867	758	170	928	2,795
Communications	-	7,547	7,547	1,742	699	2,441	9,988
Advertising and Media (Cash)	-	13,235	13,235	-	-	-	13,235
Advertising and Media (In-Kind)	-	32,245	32,245	-	-	-	32,245
Repairs and Maintenance	-	9,850	9,850	7,674	932	8,606	18,456
Bad Debt Expense	-	-	-	2,025	-	2,025	2,025
Membership Dues	-	2,309	2,309	-	-	-	2,309
Volunteer Training	-	5,553	5,553	5,500	-	5,500	11,053
National Partnership Dues	-	51,433	51,433	7,162	6,511	13,673	65,106
Miscellaneous	-	43,125	43,125	20,920	1,844	22,764	65,889
Depreciation and Amortization	-	7,142	7,142	1,811	432	2,243	9,385
<b>Total</b>	<b>\$ 1,356,664</b>	<b>\$ 663,340</b>	<b>\$ 2,020,004</b>	<b>\$ 193,870</b>	<b>\$ 60,346</b>	<b>\$ 254,216</b>	<b>\$ 2,274,220</b>

See accompanying Notes to Financial Statements.

**MAKE-A-WISH FOUNDATION® OF NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

**NOTE 1 ORGANIZATION**

Make-A-Wish Foundation® of New Hampshire (the Foundation) is a New Hampshire 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 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 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, 2016 and 2015 is \$218,067 and \$212,951 of certificates of deposit, respectively, with an initial term of less than three months and \$104,092 and \$108,256, 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 NEW HAMPSHIRE**  
**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 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 3 to 10 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 NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

**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 contribution revenue. Conditional promises are recorded as revenue once the conditions are substantially met. Contributions, grants, and bequests are recognized as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. When restrictions are met in the same period as the contribution is received, the Foundation records the contribution and the expense as unrestricted. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**MAKE-A-WISH FOUNDATION® OF NEW HAMPSHIRE**  
**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:

	Programs	Support Services		2016 Total
		Fundraising	Management and General	
Program and Support Service Expenses				
Wish Related	\$ 293,809	\$ -	\$ -	\$ 293,809
Professional Services	-	-	5,650	5,650
Advertising and Media	32,245	-	-	32,245
Other	4,517	1,440	16	5,973
Total Program and Support Service Expenses	<u>\$ 330,571</u>	<u>\$ 1,440</u>	<u>\$ 5,666</u>	<u>\$ 337,677</u>

The Foundation received in-kind contributions of assets and services that are reported as follows at August 31, 2015:

	Programs	Support Services		2015 Total
		Fundraising	Management and General	
Program and Support Service Expenses				
Wish Related	\$ 294,880	\$ -	\$ -	\$ 294,880
Professional Services	-	-	150	150
Advertising and Media	32,245	-	-	32,245
Other	7,033	2,967	122	10,122
Total Program and Support Service Expenses	<u>\$ 334,158</u>	<u>\$ 2,967</u>	<u>\$ 272</u>	<u>\$ 337,397</u>

Program or supporting services expenses were recorded at fair value totaling \$337,677 and \$337,397 in 2016 and 2015, respectively, with the difference recorded as other assets representing primarily contributed property and equipment and prepaid expenses received and not yet used.

Advertising and media is used to help the Foundation communicate its message or mission and includes fundraising materials, informational material, or advertising, and may be in the form of an audio or video tape of a public service announcement, a layout for a newspaper, media time or space for public service announcements, or other purposes. Advertising and media are reported as contribution revenue when received and fundraising or public information expense when received and the reporting of such contributions is unaffected by whether the Foundation could afford to purchase or would have purchased the assets at their fair value.

**MAKE-A-WISH FOUNDATION® OF NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

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

**Income Taxes**

The Foundation is a nonprofit organization exempt from federal income and New Hampshire income and franchise taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3) and Section RSA77 of the New Hampshire Department of Revenue Administration. 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, 2016 and 2015.

**Functional Expenses**

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

**Wish Granting & Program Related Support**

Activities performed by the Foundation in granting wishes to children with life-threatening medical conditions, the implementation of programs supporting 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, and communicating the purpose and services of the Foundation of all potential 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 included fundraising appeals.

**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.

**MAKE-A-WISH FOUNDATION® OF NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2016 AND 2015**

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

**Management Estimate**

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.

**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, 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 Audit and Finance committee or the Board of Directors, which oversees the Foundation's investment program in accordance with established guidelines.



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

**Investments (Continued)**

Allocation of Investment Strategies

In addition to traditional stock 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 stock, 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 asset 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.

**Fair Value Hierarchy**

The following tables present the placement in the fair value hierarchy of assets that are measured at fair value on a recurring basis at August 31:

	Fair Value Measurements at August 31, 2016 Using			Total
	(Level 1)	(Level 2)	(Level 3)	
Investments:				
Mutual Funds:				
Domestic Equity	\$ 668,604	\$ -	\$ -	\$ 668,604
International Equity	65,475	-	-	65,475
Bonds	157,187	-	-	157,187
Exchange-Traded Funds:				
Bonds	71,430	-	-	71,430
Total Investments	<u>\$ 962,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 962,696</u>
Split-Interest Agreement	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,575</u>	<u>\$ 7,575</u>

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

**Fair Value Hierarchy (Continued)**

	Fair Value Measurements at August 31, 2015 Using			Total
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	
Investments:				
Mutual Funds:				
Domestic Equity	\$ 525,328	\$ -	\$ -	\$ 525,328
International Equity	57,215	-	-	57,215
Bonds	211,484	-	-	211,484
Exchange-Traded Funds:				
Bonds	66,537	-	-	66,537
Total Investments	<u>\$ 860,564</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 860,564</u>
Split-Interest Agreement	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,341</u>	<u>\$ 7,341</u>

For the valuation of the split-interest agreement at August 31, 2016 and 2015, the Foundation used significant unobservable inputs including information from owner-to-owner transactions and the Foundation's own assumptions (Level 3).

The following table presents a rollforward of activity for investments measured at fair value using significant unobservable inputs (Level 3) for the years ended August 31, 2016:

Beginning Balance	\$ 7,341
Change in Value of Split-Interest Agreement	234
Ending Balance	<u>\$ 7,575</u>

The following table presents a rollforward of activity for investments measured at fair value using significant unobservable inputs (Level 3) for the years ended August 31, 2015:

Beginning Balance	\$ 8,118
Change in Value of Split-Interest Agreement	(777)
Ending Balance	<u>\$ 7,341</u>

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

	<u>2016</u>	<u>2015</u>
Interest and Dividend Income	\$ 51,763	\$ 48,309
Realized and Unrealized (Losses) Gains, Net	31,291	(52,232)
Investment (Loss) Income, Net	<u>\$ 83,054</u>	<u>\$ (3,923)</u>

The investment (loss) income, net of \$83,054 and (\$3,923), respectively, on the statement of activities, includes \$5,116, and \$3,963, respectively, of interest from certificates of deposit included in cash equivalents in 2016 and 2015.

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**NOTE 4 CONTRIBUTIONS RECEIVABLE**

Contributions receivable include pledges that have been discounted at rates ranging from 0.75% to 1.63% at August 31, 2016. The following is a summary of the Foundation's contributions receivable at August 31:

	2016	2015
Total Amounts Due in:		
One Year	\$ 360,051	\$ 226,218
Two to Five Years	126,430	138,840
Gross Contributions Receivable	486,481	365,058
Less: Allowance for Doubtful Accounts	(18,742)	(18,989)
Less: Discount to Present Value	(5,962)	(14,380)
Contributions Receivable, Net	\$ 461,777	\$ 331,689

**NOTE 5 SPLIT-INTEREST AGREEMENT**

**Beneficial Interest in Net Assets Held by Others**

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

**NOTE 6 TRANSACTIONS WITH RELATED PARTIES**

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.

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**NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)**

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

	2016	2015
Corporate, Online, Whitemail, and General Contributions	\$ 257,760	\$ 352,299
Gifts and Travel Reimbursements	-	\$ 519
Grants	-	35,000
Scholarships	-	500
Other	5,782	3,602
Total Distributions Received	<u>\$ 263,542</u>	<u>\$ 391,920</u>

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

Conversely, the Foundation pays amounts to the National Organization for annual dues, insurance, and other miscellaneous ancillary expenses that the National Organization pays on behalf of the Foundation. The Foundation paid to the National Organization the following amounts for the years ended August 31:

	2016	2015
Partnership Dues	\$ 85,156	\$ 65,106
Other	-	-
Total Amounts Paid	<u>\$ 85,156</u>	<u>\$ 65,106</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 Foundation received \$1,200 and \$75 for the years ended August 31, 2016 and 2015, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

	2016	2015
Balance at August 31:		
Due from National Organization	\$ 12,722	\$ 19,180
Due from Other Chapters	3,994	-
Total Due from Related Entities	<u>\$ 16,716</u>	<u>\$ 19,180</u>
Due to National Organization	\$ -	\$ 6,495
Due to Other Chapters	8,992	6,165
Total Due to Related Entities	<u>\$ 8,992</u>	<u>\$ 12,660</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.

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**NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)**

During 2016 and 2015, the Foundation received contributions, both cash and in-kind, from board members totaling \$50,934 and \$83,593, respectively. In 2016 and 2015, amounts due from board members totaled \$60,500 and \$98,400, respectively, and are included in contributions receivable in the accompanying statements of financial position. Amounts paid to related parties for goods and services used in the Foundation's operations totaled \$1,064 and \$48,696 in 2016 and 2015, respectively. Amounts due to board members as of August 31, 2016 and 2015 totaled \$-0- and \$8,401, respectively, and are included in accounts payable in the accompanying statements of financial position.

**NOTE 7 PROPERTY AND EQUIPMENT**

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

	2016	2015
Computer Equipment and Software	\$ 28,645	\$ 28,645
Office Furniture	24,450	24,450
Total	53,095	53,095
Less: Accumulated Depreciation and Amortization	(41,501)	(36,614)
Property and Equipment, Net	<u>\$ 11,594</u>	<u>\$ 16,481</u>

Depreciation and amortization expense totaled \$4,887 and \$9,385 for the years ended August 31, 2016 and 2015, respectively.

**NOTE 8 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.

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**NOTE 8 ACCRUED PENDING WISH COSTS (CONTINUED)**

Estimated cash and in-kind costs owed as of year-end for all reportable pending wishes are accrued as pending wish liability. The in-kind portion of the pending wish liability includes the estimated in-kind outlay that is expected to be incurred in fulfilling each wish even though the matching in-kind revenues are not recognized until 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, 2016 would be \$1,520,629.

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 12 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, 2016 and 2015, the Foundation had approximately 51 and 31 reportable pending wishes, respectively.

**NOTE 9 LEASES**

The Foundation is obligated under various capital and operating leases for office space and equipment, which expire at various dates through November 15, 2018. As of both years ended August 31, 2016 and 2015, the cost of leased property and equipment under capital leases was \$11,100. Accumulated depreciation as of August 31, 2016 and 2015 was \$5,550 and \$6,105, respectively. Total rent expense for the operating lease for the years ended August 31, 2016 and 2015 totaled \$35,117 and \$35,117, respectively.

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

<u>Year Ending August 31:</u>	Operating Lease	Capital Lease
2017	\$ 32,962	\$ 2,220
2018	-	555
Total Minimum Lease Payments	<u>\$ 32,962</u>	<u>\$ 2,775</u>

**NOTE 10 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS**

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

	2016	2015
Time Restrictions	\$ 409,688	\$ 286,430
Purpose Restrictions	62,165	69,442
Total Temporarily Restricted Net Assets	<u>\$ 471,853</u>	<u>\$ 355,872</u>

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**NOTE 11 RETIREMENT PLAN**

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of six months 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 \$5,000 per plan year. Foundation contributions to the Plan for the years ended August 31, 2016 and 2015 were \$24,983 and \$26,508, 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 \$168,082 and \$198,825 were received from a single donor for the years ended August 31, 2016 and 2015, respectively, which represents 10% and 6%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

**NOTE 13 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events from the statement of financial position date through January 4, 2017, the date at which the financial statements were available to be issued.