

MAKE-A-WISH FOUNDATION OF NEW JERSEY, INC.

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 2015 AND 2014

**MAKE-A-WISH FOUNDATION OF NEW JERSEY, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Make-A-Wish Foundation of New Jersey, Inc.
Monroe Township, New Jersey

We have audited the accompanying financial statements of Make-A-Wish Foundation of New Jersey, Inc., which comprise the statements of financial position as of August 31, 2015 and 2014, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Jersey, Inc. as of August 31, 2015 and 2014, and change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
December 10, 2015

MAKE-A-WISH FOUNDATION OF NEW JERSEY, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2015 AND 2014

	2015	2014
ASSETS		
Cash and Cash Equivalents	\$ 1,575,240	\$ 972,518
Investments	5,949,544	4,193,428
Due from Related Entities	163,297	389,581
Prepaid Expenses	17,631	11,089
Contributions Receivable, Net	1,341,525	1,733,280
Other Assets	23,086	21,133
Split-Interest Agreements	149,015	163,464
Investments Held for Long-Term Purposes	966,331	1,036,621
Property and Equipment, Net	8,139,108	8,386,317
	\$ 18,324,777	\$ 16,907,431
Total Assets	\$ 18,324,777	\$ 16,907,431
LIABILITIES AND NET ASSETS		
Accounts Payable and Accrued Expenses	\$ 39,721	\$ 187,598
Accrued Pending Wish Costs	3,298,349	2,556,260
Due to Related Entities	39,653	32,544
Deferred Revenue	-	119,170
Capital Lease Obligations	-	835
Notes Payable	-	2,914,847
Total Liabilities	3,377,723	5,811,254
NET ASSETS		
Unrestricted	13,443,477	9,541,332
Temporarily Restricted	755,577	806,845
Permanently Restricted	748,000	748,000
Total Net Assets	14,947,054	11,096,177
Total Liabilities and Net Assets	\$ 18,324,777	\$ 16,907,431

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF NEW JERSEY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Public Support:				
Contributions	\$ 10,875,043	\$ 377,880	\$ -	\$ 11,252,923
Grants	184,482	10,351	-	194,833
Total Public Support	<u>11,059,525</u>	<u>388,231</u>	<u>-</u>	<u>11,447,756</u>
Internal Special Events	2,130,100	-	-	2,130,100
Less Costs of Direct Benefits to Donors	(945,223)	-	-	(945,223)
Total Special Events	<u>1,184,877</u>	<u>-</u>	<u>-</u>	<u>1,184,877</u>
Investment Loss, Net	(47,270)	(22,674)	-	(69,944)
Other Income	7,703	-	-	7,703
Change in Value of Split-Interest Agreements	-	(14,449)	-	(14,449)
Net Assets Released from Restrictions	402,376	(402,376)	-	-
Total Revenues, Gains, and Other Support	<u>12,607,211</u>	<u>(51,268)</u>	<u>-</u>	<u>12,555,943</u>
EXPENSES				
Program Services:				
Wish Granting	6,990,871	-	-	6,990,871
Total Program Services	<u>6,990,871</u>	<u>-</u>	<u>-</u>	<u>6,990,871</u>
Support Services:				
Fundraising	1,251,963	-	-	1,251,963
Management and General	462,232	-	-	462,232
Total Support Services	<u>1,714,195</u>	<u>-</u>	<u>-</u>	<u>1,714,195</u>
Total Expenses	<u>8,705,066</u>	<u>-</u>	<u>-</u>	<u>8,705,066</u>
Change in Net Assets	3,902,145	(51,268)	-	3,850,877
Net Assets, Beginning of Year	<u>9,541,332</u>	<u>806,845</u>	<u>748,000</u>	<u>11,096,177</u>
NET ASSETS, END OF YEAR	<u>\$ 13,443,477</u>	<u>\$ 755,577</u>	<u>\$ 748,000</u>	<u>\$ 14,947,054</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF NEW JERSEY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Public Support:				
Contributions	\$ 5,901,255	\$ 354,760	\$ -	\$ 6,256,015
Grants	226,500	-	-	226,500
Total Public Support	6,127,755	354,760	-	6,482,515
Internal Special Events	1,706,991	-	-	1,706,991
Less Costs of Direct Benefits to Donors	(568,197)	-	-	(568,197)
Total Special Events	1,138,794	-	-	1,138,794
Investment Income, Net	525,307	131,172	-	656,479
Other Income	8,548	-	-	8,548
Change in Value of Split-Interest Agreements	-	31,761	-	31,761
Net Assets Released from Restrictions	198,106	(198,106)	-	-
Total Revenues, Gains, and Other Support	7,998,510	319,587	-	8,318,097
EXPENSES				
Program Services:				
Wish Granting	6,491,478	-	-	6,491,478
Total Program Services	6,491,478	-	-	6,491,478
Support Services:				
Fundraising	1,125,622	-	-	1,125,622
Management and General	453,233	-	-	453,233
Total Support Services	1,578,855	-	-	1,578,855
Total Expenses and Losses (Gains)	8,070,333	-	-	8,070,333
Change in Net Assets	(71,823)	319,587	-	247,764
Net Assets, Beginning of Year	9,613,155	487,258	748,000	10,848,413
NET ASSETS, END OF YEAR	\$ 9,541,332	\$ 806,845	\$ 748,000	\$ 11,096,177

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF NEW JERSEY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 3,850,877	\$ 247,764
Adjustments to reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation	290,069	292,917
Bad Debt Expense and Other	3,750	-
Loss on Disposal of Property and Equipment	6,994	-
Net Realized and Unrealized (Gains) Losses on Investments	236,954	(526,294)
Contributed Property and Equipment, Inventory and Investments	(86,433)	(199,955)
Change in Attrition on Accrued Pending Wish Costs	197,345	64,773
Change in Value of Split-Interest Agreements	14,449	(31,761)
Change in Discount to Present Value of Contributions Receivable and Allowance for Doubtful Accounts	-	(54,980)
Changes in Assets and Liabilities:		
Contributions Receivable	388,005	577,853
Due from Related Entities	226,284	(249,221)
Prepaid Expenses	(6,542)	392
Other Assets	11,436	10,891
Accounts Payable and Accrued Expenses	(147,877)	71,405
Accrued Pending Wish Costs	544,744	585,709
Due to Related Entities	7,109	32,544
Deferred Revenue	(119,170)	119,170
Net Cash Provided by Operating Activities	5,417,994	941,207
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(3,364,814)	(1,301,773)
Proceeds from Sales of Investments	1,508,578	1,404,350
Purchases of Property and Equipment	(43,354)	(34,426)
Net Cash Provided by (Used in) Investing Activities	(1,899,590)	68,151
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	(835)	(11,330)
Principal Payments on Notes Payable	(2,914,847)	(1,024,470)
Net Cash Used in Financing Activities	(2,915,682)	(1,035,800)
Net Increase (Decrease) in Cash and Cash Equivalents	602,722	(26,442)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	972,518	998,960
CASH AND CASH EQUVALENTS, END OF YEAR	\$ 1,575,240	\$ 972,518
Supplemental Cash Flow Information:		
Cash paid for interest	\$ 78,823	\$ 163,761
Donated property and equipment, stock, and inventory	86,433	12,082
Contributed services	19,316	27,974
In-kind contributions	2,440,695	1,596,502

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF NEW JERSEY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2015

	Program Services	Support Services		Total
	Wish Granting	Fundraising	Management and General	
Direct Costs of Wishes	\$ 5,069,962	\$ -	\$ -	\$ 5,069,962
Salaries, Taxes, and Benefits	752,162	724,874	346,462	1,823,498
Printing, Subscriptions, and Publications	8,832	82,390	1,341	92,563
Professional Fees	18,743	26,182	13,582	58,507
Occupancy	132,818	34,922	10,778	178,518
Postage and Delivery	16,928	29,461	2,486	48,875
Travel	18,965	26,224	2,520	47,709
Meetings and Conferences	95,316	129,303	2,902	227,521
Office Supplies	23,998	28,629	13,825	66,452
Communications	12,929	12,120	5,853	30,902
Advertising and Media (Cash)	-	16,750	-	16,750
Repairs and Maintenance	2,166	569	176	2,911
Information Technology	19,605	18,380	8,876	46,861
Membership Dues	-	3,713	1,268	4,981
Grants and Scholarships	350,000	-	-	350,000
Volunteer Training	6,540	-	-	6,540
National Partnership Dues	156,817	21,835	19,850	198,502
Miscellaneous	30,632	24,447	10,042	65,121
Interest	58,645	15,420	4,759	78,824
Depreciation	215,813	56,744	17,512	290,069
	<u>\$ 6,990,871</u>	<u>\$ 1,251,963</u>	<u>\$ 462,232</u>	<u>\$ 8,705,066</u>

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF NEW JERSEY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2014

	Program Services		Support Services		Total
	Wish Granting	Fundraising	Management and General		
Direct Costs of Wishes	\$ 4,880,228	\$ -	\$ -	\$ 4,880,228	
Salaries, Taxes, and Benefits	747,015	710,490	334,112	1,791,617	
Printing, Subscriptions, and Publications	12,275	76,543	4,359	93,177	
Professional Fees	5,791	27,307	11,545	44,643	
Occupancy	101,884	27,069	7,527	136,480	
Postage and Delivery	18,284	20,322	4,191	42,797	
Travel	23,149	26,182	3,026	52,357	
Meetings and Conferences	22,326	16,670	687	39,683	
Office Supplies	41,002	41,695	19,641	102,338	
Communications	17,392	16,354	7,704	41,450	
Advertising and Media (Cash)	-	13,875	-	13,875	
Equipment Lease, Repairs and Maintenance	2,259	600	167	3,026	
Information Technology	14,051	13,212	6,224	33,487	
Membership Dues	375	2,801	892	4,068	
Grants and Scholarships	100,000	-	-	100,000	
Volunteer Training	3,341	-	-	3,341	
National Partnership Dues	122,802	17,318	17,318	157,438	
Miscellaneous	40,695	25,369	10,976	77,040	
Interest	119,943	31,718	8,710	160,371	
Depreciation	218,666	58,097	16,154	292,917	
	<u>\$ 6,491,478</u>	<u>\$ 1,125,622</u>	<u>\$ 453,233</u>	<u>\$ 8,070,333</u>	

See accompanying Notes to Financial Statements.

MAKE-A-WISH FOUNDATION OF NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 1 ORGANIZATION

Make-A-Wish Foundation of New Jersey, Inc. (the Foundation) is a New Jersey 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) applicable to not-for-profit entities.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Included in cash and cash equivalents at August 31, 2015 and 2014 is \$1,574,287 and \$903,738, respectively, of money market bank 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. Split-Interest Agreements are valued by using the net asset value (NAV) per share (or its equivalent), as a practical expedient.

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 JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment having a unit cost greater than \$500 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 40 years. Land improvements are depreciated over the estimated useful life of the asset. 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 NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

See additional information in Note 3.

The Foundation adopted the net asset value (NAV) per share or its equivalent for valuing certain investments in funds that do not have readily determinable fair values. NAV, in many instances, may not equal fair value.

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.

During the fiscal year ended August 31, 2015, the Foundation received two significant donations totaling approximately \$4.9 million that had no donor restrictions. As a result, the Board of Directors approved a five-year plan to grant more wishes, to pay off the note payable described in Note 9, and to improve the Foundation's infrastructure with the addition of key staff, employee benefits and technology. The Board also designated \$1.8 million to support the operation of the Foundation's building with an unrestricted endowment as indicated in Note 10. Further, the Foundation contributed \$350,000 to the Wish Fulfillment Fund, a program of the National Organization, as described in Note 6.

MAKE-A-WISH FOUNDATION OF NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Foundation received in-kind contributions of assets and services that are included in the accompanying statements of activities as follows:

	2015	2014
Contributions:		
Wish Related	\$ 1,820,382	\$ 1,595,310
Professional Services	19,316	27,974
Donated Property and Equipment	11,299	12,082
Total	\$ 1,850,997	\$ 1,635,366
Special Event Revenue		
Internal Special Events	\$ 620,313	\$ 1,192

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.

Deferred revenue represents revenues collected but not earned. As of August 31, 2015 and 2014, the balance of deferred revenue was \$-0- and \$119,170, respectively. The 2014 balance is comprised of revenue for a special internal event scheduled for November 2014, for which conditions were not yet substantially met. During 2015, the conditions were met and the balance was recorded as revenue. In addition, in-kind contributions in the amount of \$591,900 were received in support of this one-time internal event and recorded as special event revenue in the fiscal year ended August 31, 2015. A portion of this contribution supported the event costs and is recorded as meeting and conference expenses.

Income Taxes

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

Management believes that no uncertain tax positions exist for the Foundation at August 31, 2015 and 2014.

MAKE-A-WISH FOUNDATION OF NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. During the fiscal years ended August 31, 2015 and 2014, the Foundation incurred no significant joint costs for activities that included fund raising 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.

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.

Reclassification

Certain accounts in the prior year information have been reclassified to conform to the presentation in the current year financial statements.

MAKE-A-WISH FOUNDATION OF NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 3 FAIR VALUE MEASUREMENTS

Fair Value of Financial Instruments

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of the financial instruments shown in the following tables as of August 31, 2015 and 2014 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

Investments

Overall Investment Objective

The overall investment objective of the Foundation is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The Foundation diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by the Board's Investment Committee, which oversees the Foundation's investment program in accordance with established guidelines.

Fair Value Hierarchy

The following table presents the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis at August 31, 2015:

Fair Value Measurements at August 31, 2015 Using				
	(Level 1)	(Level 2)	(Level 3)	Total
Assets:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 1,659,718	\$ -	\$ -	\$ 1,659,718
International Equity	228,890	-	-	228,890
Money Market Funds	2,029,027	-	-	2,029,027
Equity Securities:				
U.S. Corporate Equity Securities	1,402,094	-	-	1,402,094
Foreign Equity Securities	437,604	-	-	437,604
Debt Securities:				
U.S. Treasury	-	541,006	-	541,006
U.S. Agency	-	117,102	-	117,102
Corporate	-	500,434	-	500,434
Total Recurring	5,757,333	1,158,542	-	6,915,875
Split-Interest Agreements	-	-	149,015	149,015
Total Nonrecurring	-	-	149,015	149,015
Total	\$ 5,757,333	\$ 1,158,542	\$ 149,015	\$ 7,064,890

MAKE-A-WISH FOUNDATION OF NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

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, 2014:

	Fair Value Measurements at August 31, 2014 Using			
	(Level 1)	(Level 2)	(Level 3)	Total
Assets:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 1,747,163	\$ -	\$ -	\$ 1,747,163
International Equity	252,637	-	-	252,637
Money Market Funds	139,177	-	-	139,177
Equity Securities:				
U.S. Corporate Equity Securities	1,463,706	-	-	1,463,706
Foreign Equity Securities	487,060	-	-	487,060
Debt Securities:				
U.S. Treasury	-	573,184	-	573,184
U.S. Agency Corporate	-	100,947	-	100,947
Total Recurring	4,089,743	1,140,306	-	5,230,049
Split-Interest Agreements	-	-	163,464	163,464
Total Nonrecurring	-	-	163,464	163,464
Total	\$ 4,089,743	\$ 1,140,306	\$ 163,464	\$ 5,393,513

For the valuation of split-interest agreements at August 31, 2015, the Foundation used significant unobservable inputs including net asset value, as a practical expedient (Level 3).

Quantitative Information About Level 3 Fair Value Measurements)			
Type of Investments	Fair Value at August 31, 2015	Valuation Technique	Unobservable Input
Split-Interest Agreements	\$ 149,015	Net Asset Value (NAV)	Present Value of Expected Future Amount to be Received
Total	\$ 149,015		

MAKE-A-WISH FOUNDATION OF NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

For the valuation of split-interest agreements at August 31, 2014, the Foundation used significant unobservable inputs including net asset value, as a practical expedient (Level 3).

Quantitative Information About Level 3 Fair Value Measurements)			
Type of Investments	Fair Value at August 31, 2014	Valuation Technique	Unobservable Input
Split-Interest Agreements	\$ 163,464	Net Asset Value (NAV)	Present Value of Expected Future Amount to be Received
Total	<u>\$ 163,464</u>		

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

	(Level 3)
Beginning Balance	\$ 163,464
Total Gains or Losses (Realized/Unrealized) Included in Changes in Net Assets	(14,449)
Ending Balance	<u>\$ 149,015</u>
Change in Unrealized Gains or Losses for the Period Included in the Change in Net Assets Relating to Investments Still Held at End of Reporting Period	<u>\$ (14,449)</u>

The following table presents a rollforward of activity for investments measured at fair value using significant unobservable inputs (Level 3) for the year ended August 31, 2014:

	(Level 3)
Beginning Balance	\$ 131,703
Total Gains or Losses (Realized/Unrealized) Included in Changes in Net Assets	31,761
Ending Balance	<u>\$ 163,464</u>
Change in Unrealized Gains or Losses for the Period Included in the Change in Net Assets Relating to Investments Still Held at End of Reporting Period	<u>\$ 31,761</u>

MAKE-A-WISH FOUNDATION OF NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Total investment income, gains, and losses for the years ended August 31, 2015 and 2014 consist of the following:

	2015	2014
Interest and Dividend Income	\$ 217,195	\$ 180,161
Realized and Unrealized Gains (Losses), Net	(236,954)	526,294
Less Investment Expenses	(50,185)	(49,976)
Investment Income (Loss), Net	\$ (69,944)	\$ 656,479

NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable include pledges that have been discounted at rates ranging from 0.84% to 2.15% at August 31, 2015 and 2014. The following is a summary of the Foundation's contributions receivable at August 31:

	2015	2014
Total Amounts Due in:		
One Year	\$ 1,024,394	\$ 848,546
Two to Five Years	454,859	1,022,462
Gross Contributions Receivable	1,479,253	1,871,008
Less Allowance for Doubtful Accounts	(119,561)	(91,216)
Less Discount to Present Value	(18,167)	(46,512)
Contributions Receivable, Net	\$ 1,341,525	\$ 1,733,280

For contributions receivable at August 31, 2015 and 2014, there were three donors who have contributions outstanding of approximately \$741,373 and \$1,142,222, respectively. Combined, these represent approximately 50% and 61% of gross receivables at August 31, 2015 and 2014, respectively.

NOTE 5 SPLIT-INTEREST AGREEMENTS

Charitable Gift Annuities

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 the beneficiary of two 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 the notice that the agreements convey unconditional rights to receive benefits. Subsequent changes in value of the underlying assets are recorded in the accompanying statements of activities as the change in value of split-interest agreements.

The Foundation's beneficial interest under split-interest agreements totaled \$149,015 and \$163,464 at August 31, 2015 and 2014, respectively.

MAKE-A-WISH FOUNDATION OF NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES

The National Organization conducts national fundraising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected 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, 2015 and 2014, respectively, the Foundation received \$2,124,516 and \$1,749,903, 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. Amounts totaling \$205,554 and \$208,095 were paid from the Foundation to the National Organization during the years ended August 31, 2015 and 2014, respectively.

Chapters who assist with the organization and granting of wishes from other chapters are paid a “fee for service” called the wish assist fee. Under this program, the Foundation received \$7,650 and \$7,650 for the years ended August 31, 2015 and 2014, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

	2015	2014
Balance at August 31:		
Due from National Organization	\$ 159,025	\$ 378,566
Due from Other Chapters	4,272	11,015
Total Due from Related Entities	\$ 163,297	\$ 389,581
Due to National Organization	\$ 160	\$ 433
Due to Other Chapters	39,493	32,111
Total Due to Related Entities	\$ 39,653	\$ 32,544

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.

The Foundation has also contributed to the Wish Fulfillment Fund, a program of the National Organization which subsidizes wish granting needs at chapters with financial need to help them realize the vision of granting every eligible child’s wish. In 2015 and 2014, the Foundation contributed \$350,000 and \$100,000 to this program, which provided funding to grant wishes for an additional 68 and 19 children, respectively. These donations are recorded as grants and scholarships under wish granting.

MAKE-A-WISH FOUNDATION OF NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 6 TRANSACTIONS WITH RELATED ENTITIES (CONTINUED)

During 2015 and 2014, the Foundation received contributions, both cash and in-kind, from board members totaling \$311,747 and \$472,628, respectively. In 2015 and 2014, amounts due from board members totaled \$230,000 and \$435,000, respectively, and are included in contributions receivable in the accompanying statements of financial position.

NOTE 7 PROPERTY AND EQUIPMENT, NET

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

	2015	2014
Land	\$ 807,000	\$ 807,000
Land Improvements	1,625,560	1,632,420
Buildings and Building Improvements	6,418,330	6,418,330
Computer Equipment and Software	109,602	127,693
Office Furniture	68,918	68,088
Other Equipment	188,072	166,622
	<u>9,217,482</u>	<u>9,220,153</u>
Less Accumulated Depreciation	(1,078,374)	(833,836)
Property and Equipment, Net	<u>\$ 8,139,108</u>	<u>\$ 8,386,317</u>

Depreciation expense totaled \$290,069 and \$292,917 for the years ended August 31, 2015 and 2014, respectively.

NOTE 8 ACCRUED PENDING WISH COSTS

The Foundation accrues for estimated costs of reportable pending wishes as unconditional promises to give when five certain, measurable wish criteria are met. Prior to meeting these five criteria, the wish is considered a conditional promise to give due to the inherent uncertainties surrounding these criteria and is therefore not accrued as a pending wish liability. Reportable pending wish criteria include:

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

Estimated cash and in-kind costs owed as of year end for all reportable pending wishes are accrued as pending wish liability. The in-kind portion of the pending wish liability represents the estimated in-kind outlay that is expected to be incurred in fulfilling each wish. In addition, the matching in-kind revenues are recognized when an unconditional promise is received for the required goods or services or in the future period when the wish is granted.

MAKE-A-WISH FOUNDATION OF NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 ACCRUED PENDING WISH COSTS (CONTINUED)

The Foundation, as part of its estimate of accrued pending wish costs, also considers attrition on pending wish costs. An attrition rate is calculated by the Foundation by analyzing the trend of wishes that have been accrued for using the five criteria discussed above that have not been able to be completed within the past twelve months due to factors outside of the control of the chapter, such as the death of a child, the move of the family out of the chapter's territory, or loss of contact with the family. As of August 31, 2015 and 2014, the Foundation had approximately 480 and 442 reportable pending wishes, respectively.

NOTE 9 NOTES PAYABLE

On May 31, 2012, the Foundation entered into a note payable with a financial institution totaling \$4,600,000, secured by the Foundation's building and land in Monroe Township, New Jersey. The note bears interest for five years at a fixed rate of 4.5% per annum and for the remaining years at the floating rate of 2.5% in excess of the average yield on U.S. Treasury securities adjusted to a constant maturity of five years, subject to a minimum rate of 4.5%. The note required principal and interest payments in equal monthly installments of \$19,996, according to a 20-year amortization schedule and matures on May 31, 2022. During April 2015, this loan was paid in full on the remaining balance of approximately \$2.8 million due to the receipt of two significant donations.

NOTE 10 ENDOWMENTS

The Foundation is subject to the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and is required to make disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The Foundation's endowment consists of five individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Donor-restricted endowment assets are reflected as investments held for long term purposes on the statements of financial position.

MAKE-A-WISH FOUNDATION OF NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 10 ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the New Jersey 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. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Endowment net asset composition by type of fund as of August 31, 2015 and 2014 is as follows:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	\$ -	\$ 218,331	\$ 748,000	\$ 966,331
Board-Designated Endowment Funds (See Note 2)	1,800,000	-	-	1,800,000
Total Funds	\$ 1,800,000	\$ 218,331	\$ 748,000	\$ 2,766,331
	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	\$ -	\$ 288,621	\$ 748,000	\$ 1,036,621
Board-Designated Endowment Funds	-	-	-	-
Total Funds	\$ -	\$ 288,621	\$ 748,000	\$ 1,036,621

MAKE-A-WISH FOUNDATION OF NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 10 ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the year ended August 31 are as follows:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ -	\$ 288,621	\$ 748,000	\$ 1,036,621
Investment Return:				
Investment Income	-	(22,674)	-	(22,674)
Net Appreciation (Realized and Unrealized)	-	-	-	-
Total Investment Return	-	(22,674)	-	(22,674)
Contributions (See Note 2)	1,800,000	-	-	1,800,000
Appropriation of Endowment Assets for Expenditure	-	(47,616)	-	(47,616)
Endowment Net Assets, End of Year	<u>\$ 1,800,000</u>	<u>\$ 218,331</u>	<u>\$ 748,000</u>	<u>\$ 2,766,331</u>
	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ -	\$ 185,457	\$ 748,000	\$ 933,457
Investment Return:				
Investment Income	-	52,840	-	52,840
Net Appreciation (Realized and Unrealized)	-	78,332	-	78,332
Total Investment Return	-	131,172	-	131,172
Appropriation of Endowment Assets for Expenditure	-	(28,008)	-	(28,008)
Endowment Net Assets, End of Year	<u>\$ -</u>	<u>\$ 288,621</u>	<u>\$ 748,000</u>	<u>\$ 1,036,621</u>

MAKE-A-WISH FOUNDATION OF NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2015 AND 2014

NOTE 10 ENDOWMENTS (CONTINUED)

Description of amounts classified as permanently restricted net assets and temporarily restricted net assets (endowment only):

	2015	2014
Permanently Restricted Net Assets:		
The Portion of Perpetual Endowment Funds that is Required to be Retained Permanently Either by Explicit Donor Stipulation or by UPMIFA	\$ 748,000	\$ 748,000
Temporarily Restricted Net Assets:		
The Portion of Perpetual Endowment Funds Subject to a Time Restriction Under UPMIFA:		
Without Purpose Restrictions	\$ -	\$ -
With Purpose Restrictions	218,331	288,621
Total Endowment Funds Classified as Temporarily Restricted Net Assets	\$ 218,331	\$ 288,621

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. The Foundation had no deficiencies of this nature as of August 31, 2015 and 2014.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 6.5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a spending policy which is included in the investment policy. The policy provides for average annual spending of investments of \$250,000, to ensure sufficient funds are available to support program expenses, with a maximum annual limit of \$500,000.

MAKE-A-WISH FOUNDATION OF NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

	2015	2014
Wish Granting	\$ 377,880	\$ 229,760
Naming Rights to be Determined	-	125,000
Appreciation on Endowment not yet Appropriated	218,331	288,621
Other Time Restrictions	159,366	163,464
Total Temporarily Restricted Net Assets	\$ 755,577	\$ 806,845

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

	2015	2014
Investments in Perpetuity, the Income from which is Expendable to Support Any Activities of the Foundation	\$ 748,000	\$ 748,000

NOTE 12 RETIREMENT PLAN

The Foundation has a 403b defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan as of their date of employment. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation does not make any matching contributions.

Subsequent to August 2015, the Board of Directors approved a plan to freeze the 403b retirement plan and adopt the 401k plan of its professional employer organization, which provides payroll and human resources services. This change is targeted for January 1, 2016.

NOTE 13 CONCENTRATIONS OF CREDIT RISK

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

In-kind contributions totaling \$907,073 and \$867,989 were received from a single donor for the years ended August 31, 2015 and 2014, which represents approximately 8% and 13% of total public support, respectively. Cash contributions totaling approximately \$4.95 million were received from two donors for the year ended August 31, 2015 which represents approximately 43% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

MAKE-A-WISH FOUNDATION OF NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 14 LITIGATION

The Foundation is not involved in any litigation or claims arising in the ordinary course of business.

NOTE 15 SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events from the statement of financial position date through December 10, 2015, the date at which the financial statements were available to be issued. There were no additional disclosures required.