

BIRTHDAY WISHES, INC.
FINANCIAL STATEMENTS
June 30, 2015 and 2014

BIRTHDAY WISHES, INC.

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RAFFOL AND COMPANY, INC.

Certified Public Accountants

Kenneth J. Raffol CPA, MST

Richard A. Petrie

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors of
Birthday Wishes, Inc.
Newton Centre, Massachusetts

We have audited the accompanying financial statements of Birthday Wishes, Inc. (a non-profit corporation), which the comprise statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control 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 auditor's 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

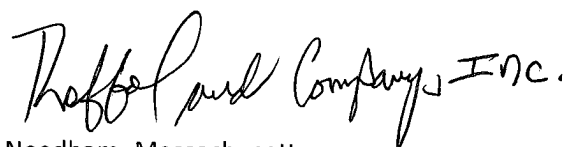
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Birthday Wishes, Inc. as of June 30, 2015 and 2014 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Birthday Wishes, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 20, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "PricewaterhouseCoopers INC." The signature is written in a cursive, flowing style.

Needham, Massachusetts
September 21, 2015

BIRTHDAY WISHES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 194,334	\$ 226,991
Inventory	396,803	330,578
Accounts receivable	1,250	84
Prepaid expenses and deposits	<u>9,919</u>	<u>6,504</u>
Total Current Assets	602,306	564,157
Property and Equipment:		
Furniture and fixtures	12,476	9,301
Computer equipment	<u>54,577</u>	<u>40,577</u>
	67,053	49,878
Less: accumulated depreciation	<u>(38,279)</u>	<u>(33,125)</u>
Total Property and Equipment	28,774	16,753
Other Assets:		
Intangible assets	61,038	21,038
Less: accumulated amortization	<u>(21,038)</u>	<u>(21,038)</u>
Total Other Assets	<u>40,000</u>	<u>-</u>
 Total Assets	 <u>\$ 671,080</u>	 <u>\$ 580,910</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 17,163	\$ 19,891
Accrued payroll	<u>10,723</u>	<u>1,316</u>
Total Current Liabilities	27,886	21,207
Net Assets:		
Unrestricted	637,577	548,435
Temporarily restricted	<u>5,617</u>	<u>11,268</u>
Total Net Assets	<u>643,194</u>	<u>559,703</u>
 Total Liabilities and Net Assets	 <u>\$ 671,080</u>	 <u>\$ 580,910</u>

See accompanying notes and independent auditors' report.

BIRTHDAY WISHES, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
JUNE 30, 2015 AND 2014

			2015	2014
		Temporarily		
SUPPORT AND REVENUE	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>	<u>Total</u>
Contributions:				
Corporate grants and donations	\$ 51,487	\$ 25,000	\$ 76,487	\$ 129,420
Foundations and trusts	157,811	-	157,811	97,747
Individuals	181,521	-	181,521	181,285
Donated goods	404,546	-	404,546	355,289
Donated services	13,509	-	13,509	10,198
Special events	141,613	-	141,613	148,045
Interest income	161	-	161	343
Realized gain on investments	123	-	123	72
Net assets released from restrictions	<u>30,651</u>	<u>(30,651)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	981,422	(5,651)	975,771	922,399
EXPENSES				
Program services	734,610	-	734,610	681,107
Management and general	48,428	-	48,428	48,026
Fundraising	<u>109,242</u>	<u>-</u>	<u>109,242</u>	<u>68,237</u>
Total Expenses	<u>892,280</u>	<u>-</u>	<u>892,280</u>	<u>797,370</u>
Change in Net Assets	89,142	(5,651)	83,491	125,029
Net Assets-Beginning	<u>548,435</u>	<u>11,268</u>	<u>559,703</u>	<u>434,674</u>
Net Assets-Ending	<u>\$ 637,577</u>	<u>\$ 5,617</u>	<u>\$ 643,194</u>	<u>\$ 559,703</u>

See accompanying notes and independent auditors' report.

**BIRTHDAY WISHES, INC.
STATEMENTS OF CASH FLOWS
JUNE 30, 2015 AND 2014**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 83,491	\$ 125,029
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	5,154	5,551
(Increase) decrease in operating assets:		
Inventory	(66,225)	(58,569)
Accounts receivable	(1,166)	23,283
Prepaid expenses and deposits	(3,415)	3,755
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(2,728)	(617)
Accrued payroll	9,407	(13,591)
Net Cash Used by Operating Activities	<u>24,518</u>	<u>84,841</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(17,175)	(6,330)
Purchase of intangible asset	<u>(40,000)</u>	<u>-</u>
Net Cash Used in Investing Activities	<u>(57,175)</u>	<u>(6,330)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(32,657)	78,511
Cash Balance-Beginning of Year	<u>226,991</u>	<u>148,480</u>
Cash Balance-End of Year	<u>\$ 194,334</u>	<u>\$ 226,991</u>
SUPPLEMENTAL DISCLOSURE		
Taxes paid	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes and independent auditors' report.

BIRTHDAY WISHES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Birthday Wishes, Inc. (the Organization), located in Newton Centre, Massachusetts, is a non-profit organization whose mission is to provide birthday parties to children in emergency shelters, homeless shelters, and transitional living facilities. The Organization's grassroots philosophy fosters a spirit of volunteerism and community service in the adults, children, and families who donate their time and resources to Birthday Wishes' mission. The Organization's volunteers number over 2,000 and include adults and children, participating as individuals or as part of a family, scout troops, church groups, school groups, businesses and other organizations. The number of children served is over 32,000. Birthday Wishes, Inc. is supported primarily through individual and corporate donations.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restriction. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. The Organization's unrestricted net assets as of June 30, 2015 and 2014 were \$638,177 and \$548,435, respectively.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization's temporarily restricted net assets as of June 30, 2015 and 2014 were \$5,617 and \$11,268, respectively.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. The Organization had no permanently restricted net assets as of June 30, 2015 and 2014.

Financial Statement Presentation and Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions reported as temporarily restricted support are reclassified as unrestricted net assets upon the fulfillment of the program or time restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

See independent auditors' report.

BIRTHDAY WISHES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Financial Statement Presentation and Contributions-continued

The Organization has no permanently restricted net assets. The Organization received contributions with donor-imposed restrictions that result in temporarily restricted net assets in the amount of \$5,617 for the year ended June 30, 2015.

Cash and Cash Equivalents

For financial statement purposes, the Organization considers all highly liquid investments with a maturity date of 90 days or less to be cash and cash equivalents. The Organization maintains cash deposits with local banking institutions. Deposits with these institutions are fully insured by a combination of FDIC and industry sponsored insurance programs.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Inventory

Inventory, which consists primarily of donated party supplies, is stated at fair market value.

Property and Depreciation

Acquisitions of property and equipment in excess of \$2,500 are capitalized at cost or, if donated, at fair value at the date of donation. Computer software, equipment, and office furniture are depreciated over estimated useful lives of three to five years using the straight-line method, with a half of a year's depreciation recognized in the years of acquisition and disposal. Leasehold improvements are amortized over the shorter of the lease term or useful life.

Other Assets

During the year ended June 30, 2015, the Organization capitalized \$40,000 for the cost of a study for sponsored research, which has not been completed. No amortization has been expensed as of June 30, 2015. For the year ended June 30, 2011, the Organization elected to capitalize the value of a strategic plan at a cost of \$21,038. This cost is being amortized on a straight-line basis over a 3-year life. As of June 30, 2015 these cost have been fully amortized.

Income Tax Status

The Organization is exempt from federal and state income tax under section 501(c)(3) of the U.S. Internal Revenue Code and is not a private foundation. Management has considered and concluded that the Organization has no uncertain tax positions. The Organization's information returns are subject to examination by taxing authorities generally for the years ended June 30, 2012 to June 30, 2015.

See independent auditors' report.

BIRTHDAY WISHES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2014 from which the summarized information was derived.

NOTE 2 - DONATED GOODS AND SERVICES

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. For the years ended June 30, 2015 and 2014, the Organization recognized donated services for general operations of \$13,509 and \$10,198, respectively, for legal and technological services. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Donated goods are recognized as contributions and for the years ended June 30, 2015 and 2014, the Organization recognized donated goods for general operations of \$404,546 and \$355,289, respectively.

NOTE 3 - OPERATING LEASES

The Organization leases its headquarters located at 11 Homer Street, Newton Centre, Massachusetts, as well as regional offices in Foxboro, Lexington, Reading, South Hadley, Northborough, Cape Cod (storage unit), Massachusetts and Pawtucket, Rhode Island. The organization is considered a tenant at will at all locations. Total rent expense for these leases for the year ended June 30, 2015 and 2014 totaled \$55,457 and \$47,420, respectively. As of year-end the Organization ended its rental with its Lexington location.

Effective December 1, 2014, the Organization entered into a one year lease agreement for an additional office in Hanover, Massachusetts. The total rent expense under the lease was \$4,200 for 2015.

Effective September 1, 2014, the Organization entered into a five year lease in Woburn, Massachusetts after the prior Woburn lease ended. The monthly rental expense will be readjusted every January for any increase in CPI and may be increased by any proportional increase in real estate taxes. The real estate tax increase will be evaluated every fiscal year. The total rental expense under the lease was \$5,000 for 2015.

On March 1, 2015 the Organization extended its prior lease in Newton, Massachusetts by one year. The total rental expense under the lease was \$2,240 in 2015.

See independent auditors' report.

**BIRTHDAY WISHES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 3 - OPERATING LEASES (Continued)

The future minimum rental commitments at June 30, 2014 are as follow:

<u>Year ended June 30,</u>	
2016	\$ 25,980
2017	17,000
2018	6,000
2019	6,000
2020	<u>1,500</u>
Total	<u>\$ 56,480</u>

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets available at year end June 30, 2015 and 2014 totaled \$5,617 and \$11,268 respectively. Current year restrictions are as follows:

<u>Purpose</u>	<u>Amount</u>	
	<u>2015</u>	<u>2014</u>
One World	\$ 5,617	\$ 11,268

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donor. Qualified expenses incurred and released from the temporary restriction in accordance with the conditions imposed by the donor for the year ended June 30, 2015 and 2014 totaled \$30,651 and \$32,227 respectively.

NOTE 5 - FUNDRAISING EXPENSES

The Organization engages in two major fundraising events in order to raise money and awareness in order to increase funding for supplies and volunteer support. Total fundraising expense for the years ending June 30, 2015 and 2014 was \$109,242 and \$68,237, respectively.

See independent auditors' report.

BIRTHDAY WISHES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 6 - FUNCTIONAL ALLOCATION OF EXPENSES

Salaries, related costs, and rent are allocated between program services, management and general services, and fundraising based on relative benefit.

NOTE 7 - SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through September 21, 2015 the date the financial statements were available to be issued. There were no subsequent events that require adjustment to or disclosure in the financial statements.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

BIRTHDAY WISHES, INC.
SCHEDULES OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015 (WITH COMPARATIVE TOTALS FOR 2014)

	Program Services	Manage- ment and General	Fund- raising	Total	2014 Total
Professional services	\$ -	\$ 6,850	\$ -	\$ 6,850	\$ 6,700
Grant Expense	-	-	8,000	8,000	-
Legal fees	13,509	-	-	13,509	10,198
Bank fees	-	163	-	163	44
Board expense	-	398	-	398	15
Dues and subscriptions	869	-	426	1,295	1,484
Taxes and filing fees	35	428	25	488	329
Insurance	9,086	1,659	-	10,745	10,139
Office supplies	5,240	230	1,140	6,610	7,225
Depreciation expense	5,154	-	-	5,154	5,551
Internet access and support	6,065	43	128	6,236	5,133
Postage and shipping	1,964	128	-	2,092	4,617
Printing expense	-	-	4,374	4,374	6,216
Telephone expense	3,082	1,275	425	4,782	4,488
Repair and maintenance	3,094	-	-	3,094	3,642
Minor equipment purchase	3,350	-	-	3,350	2,706
Minor software purchase	54	170	290	514	908
Website expense	-	-	-	-	3,500
Rent	53,791	416	1,250	55,457	47,420
Utilities	1,407	-	-	1,407	3,097
Development expense	-	1,576	25,496	27,072	12,684
Special events	-	-	2,535	2,535	6,269
Party supplies	378,439	-	-	378,439	337,562
Payroll	226,343	30,763	59,303	316,409	279,637
Employee benefits	-	-	-	-	7,131
Payroll taxes	19,757	2,685	5,176	27,618	25,748
Payroll service fees	1,076	146	282	1,504	1,488
Training	203	214	16	433	341
Travel	2,092	1,284	376	3,752	3,098
	<u>\$ 734,610</u>	<u>\$ 48,428</u>	<u>\$ 109,242</u>	<u>\$ 892,280</u>	<u>\$ 797,370</u>

See independent auditors' report.