



MAKE-A-WISH FOUNDATION[®] OF CENTRAL CALIFORNIA

Financial Statements

August 31, 2012 and 2011

(With Independent Auditors' Report Thereon)

MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA

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Independent Auditors' Report

The Board of Directors
Make-A-Wish Foundation[®] of Central California:

We have audited the accompanying statements of financial position of Make-A-Wish Foundation[®] of Central California (the Foundation) as of August 31, 2012 and 2011, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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 Central California as of August 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

December 14, 2012

MAKE-A-WISH FOUNDATION[®] OF CENTRAL CALIFORNIA

Statements of Financial Position

August 31, 2012 and 2011

Assets	2012	2011
Cash and cash equivalents	\$ 1,212,703	1,020,164
Investments	62,434	58,188
Due from related entities	24,103	14,593
Prepaid expenses	3,310	5,618
Contributions receivable, net	19,037	18,452
Other assets	3,643	3,643
Property and equipment, net	33,678	21,356
Total assets	<u>\$ 1,358,908</u>	<u>1,142,014</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 64,617	73,656
Accrued pending wish costs	439,216	307,614
Due to related entities	6,834	14,002
Total liabilities	<u>510,667</u>	<u>395,272</u>
Commitments and contingencies		
Net assets:		
Unrestricted	842,111	736,352
Temporarily restricted	6,130	10,390
Total net assets	<u>848,241</u>	<u>746,742</u>
Total liabilities and net assets	<u>\$ 1,358,908</u>	<u>1,142,014</u>

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA

Statement of Activities

Year ended August 31, 2012

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenues, gains, and other support:			
Public support:			
Contributions	\$ 1,056,292	—	1,056,292
Grants	64,948	—	64,948
Total public support	<u>1,121,240</u>	<u>—</u>	<u>1,121,240</u>
Special events	421,353	—	421,353
Less costs of direct benefits to donors	<u>(39,602)</u>	<u>—</u>	<u>(39,602)</u>
Total special events	381,751	—	381,751
Investment income, net	6,417	—	6,417
Other income	423	—	423
Net assets released from restrictions	<u>4,260</u>	<u>(4,260)</u>	<u>—</u>
Total revenues, gains, and other support	<u>1,514,091</u>	<u>(4,260)</u>	<u>1,509,831</u>
Expenses:			
Program services:			
Wish granting and program-related support	<u>1,079,160</u>	<u>—</u>	<u>1,079,160</u>
Total program services	<u>1,079,160</u>	<u>—</u>	<u>1,079,160</u>
Support services:			
Fund raising	202,543	—	202,543
Management and general	<u>126,629</u>	<u>—</u>	<u>126,629</u>
Total support services	<u>329,172</u>	<u>—</u>	<u>329,172</u>
Total program and support services expenses	<u>1,408,332</u>	<u>—</u>	<u>1,408,332</u>
Change in net assets	105,759	(4,260)	101,499
Net assets, beginning of the year	<u>736,352</u>	<u>10,390</u>	<u>746,742</u>
Net assets, end of the year	<u>\$ 842,111</u>	<u>6,130</u>	<u>848,241</u>

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA

Statement of Activities

Year ended August 31, 2011

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenues, gains, and other support:			
Public support:			
Contributions	\$ 972,171	10,390	982,561
Grants	10,500	—	10,500
Total public support	<u>982,671</u>	<u>10,390</u>	<u>993,061</u>
Special events	252,718	—	252,718
Less costs of direct benefits to donors	<u>(44,571)</u>	<u>—</u>	<u>(44,571)</u>
Total special events	208,147	—	208,147
Investment income, net	7,536	—	7,536
Other income	35,600	—	35,600
Net assets released from restrictions	<u>71,704</u>	<u>(71,704)</u>	<u>—</u>
Total revenues, gains, and other support	<u>1,305,658</u>	<u>(61,314)</u>	<u>1,244,344</u>
Expenses:			
Program services:			
Wish granting and program-related support	<u>736,090</u>	<u>—</u>	<u>736,090</u>
Total program services	<u>736,090</u>	<u>—</u>	<u>736,090</u>
Support services:			
Fund raising	197,966	—	197,966
Management and general	<u>99,845</u>	<u>—</u>	<u>99,845</u>
Total support services	<u>297,811</u>	<u>—</u>	<u>297,811</u>
Total program and support services expenses	<u>1,033,901</u>	<u>—</u>	<u>1,033,901</u>
Change in net assets	271,757	(61,314)	210,443
Net assets, beginning of the year	<u>464,595</u>	<u>71,704</u>	<u>536,299</u>
Net assets, end of the year	<u>\$ 736,352</u>	<u>10,390</u>	<u>746,742</u>

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA

Statements of Cash Flows

Years ended August 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ 101,499	210,443
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	9,893	10,111
Net realized and unrealized gains on investments	(4,246)	(5,647)
Loss on disposal of property and equipment	—	1,701
Change in pending wish liability due to attrition	(36,001)	—
Changes in assets and liabilities:		
Contributions receivable	(585)	19,031
Due from related entities	(9,510)	11,877
Prepaid expenses	2,308	(1,776)
Other assets	—	5,626
Accounts payable and accrued expenses	(9,039)	30,728
Accrued pending wish costs	167,603	(104,207)
Due to related entities	(7,168)	12,433
Net cash provided by operating activities	<u>214,754</u>	<u>190,320</u>
Cash flows from investing activities:		
Purchases of investments	—	(1,584)
Proceeds from sales of investments	—	101,274
Purchases of property and equipment	(22,215)	(1,979)
Net cash (used in) provided by investing activities	<u>(22,215)</u>	<u>97,711</u>
Net increase in cash and cash equivalents	192,539	288,031
Cash and cash equivalents, beginning of year	<u>1,020,164</u>	<u>732,133</u>
Cash and cash equivalents, end of year	<u>\$ 1,212,703</u>	<u>1,020,164</u>
Supplemental cash flow information:		
In-kind contributions	\$ 185,432	182,794
Contributed services	500	2,187

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION[®] OF CENTRAL CALIFORNIA

Statement of Functional Expenses

Year ended August 31, 2012

	Program services	Support services			Total
	Wish granting and program- related support	Fund raising	Management and general	Total support services	
Direct costs of wishes	\$ 838,335	—	—	—	838,335
Salaries, taxes, and benefits	136,838	98,707	85,829	184,536	321,374
Printing, subscriptions, and publications	—	18,747	—	18,747	18,747
Professional fees	26,778	25,666	8,642	34,308	61,086
Rent and utilities	11,585	10,574	8,277	18,851	30,436
Postage and delivery	1,431	4,079	805	4,884	6,315
Travel	2,178	7,857	1,827	9,684	11,862
Meetings and conferences	2,565	4,167	3,484	7,651	10,216
Office supplies	6,335	12,413	3,782	16,195	22,530
Communications	5,953	3,014	2,188	5,202	11,155
Repairs and maintenance	4,769	2,728	(532)	2,196	6,965
Insurance	1,408	1,092	510	1,602	3,010
Membership dues	—	—	69	69	69
National partnership dues	33,516	6,888	4,080	10,968	44,484
Miscellaneous	2,533	3,787	5,535	9,322	11,855
Depreciation and amortization	4,936	2,824	2,133	4,957	9,893
	<u>\$ 1,079,160</u>	<u>202,543</u>	<u>126,629</u>	<u>329,172</u>	<u>1,408,332</u>

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION[®] OF CENTRAL CALIFORNIA

Statement of Functional Expenses

Year ended August 31, 2011

	Program services	Support services			Total
	Wish granting and program- related support	Fund raising	Management and general	Total support services	
Direct costs of wishes	\$ 502,000	23	17	40	502,040
Salaries, taxes, and benefits	139,798	101,549	70,866	172,415	312,213
Printing, subscriptions, and publications	1,543	21,245	639	21,884	23,427
Professional fees	15,121	24,173	6,533	30,706	45,827
Rent and utilities	14,377	8,223	6,211	14,434	28,811
Postage and delivery	1,235	6,114	534	6,648	7,883
Travel	4,524	10,975	1,712	12,687	17,211
Meetings and conferences	741	424	320	744	1,485
Office supplies	10,189	8,295	896	9,191	19,380
Communications	7,972	3,976	3,003	6,979	14,951
Repairs and maintenance	2,772	1,584	1,198	2,782	5,554
Insurance	1,598	914	690	1,604	3,202
Membership dues	74	367	32	399	473
National partnership dues	26,483	4,471	3,439	7,910	34,393
Miscellaneous	2,618	2,747	1,575	4,322	6,940
Depreciation and amortization	5,045	2,886	2,180	5,066	10,111
	<u>\$ 736,090</u>	<u>197,966</u>	<u>99,845</u>	<u>297,811</u>	<u>1,033,901</u>

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA

Notes to Financial Statements

August 31, 2012 and 2011

(1) Organization

Make-A-Wish Foundation® of Central California (the Foundation) is a California 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 fund-raising 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.

(2) Summary of Significant Accounting Policies

(a) *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.

(b) *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. Cash and cash equivalents at August 31, 2012 and 2011 include \$100,829 and \$200,000, respectively, of certificates of deposit with an initial term of less than three months.

(c) *Investments*

Investments are recorded at fair value. Investment income, including realized and unrealized gains and losses on investments, is recorded as increases or decreases in unrestricted net assets unless its use is limited by restrictions imposed by donor or law.

(d) *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 using fair value rates.

(e) *Property and Equipment, Net*

Property and equipment having a useful life of more than one year are stated at cost when purchased. Contributed 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. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 15 years. 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, plant, and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be

MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA

Notes to Financial Statements

August 31, 2012 and 2011

recoverable. There were no events or circumstances during the years ended August 31, 2012 and 2011 that resulted in the impairment of long-lived assets.

(f) 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 or law 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.

(g) Revenue Recognition

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

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

	<u>2012</u>	<u>2011</u>
Professional services and other donations	\$ 500	2,187
Wish related	185,432	182,794
Total	<u>\$ 185,932</u>	<u>184,981</u>

In-kind contributions of program or supporting services expenses were recorded at fair value totaling \$185,932 and \$184,981 in 2012 and 2011, respectively.

MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA

Notes to Financial Statements

August 31, 2012 and 2011

(h) *Income Taxes*

The Foundation is a not-for-profit organization exempt from federal income and California taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 23701d of the California Revenue and Taxation Code. However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. 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.

Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, disclosure, and transition. Management believes that no such uncertain tax positions requiring accrual or disclosure exist for the Foundation at August 31, 2012 or 2011.

(i) *Functional Expenses*

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

Wish Granting and Program-Related Support

Wish granting and program-related support represent activities performed by the Foundation that grant wishes to children with life-threatening medical conditions. Activities performed by the Foundation related to the wish program include the identification of wish candidates and the determination and delivery of each wish. Specific activities include, but are not limited to, the development of wish resources, handling of wish referrals, and administration of the wish program. Direct costs of wishes include all costs to deliver the wish to the wish child (e.g., theme park tickets, lodging, transportation, gifts, shopping sprees, etc.).

Fund Raising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations. During the fiscal years ended August 31, 2012 and 2011, 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 fund raising activity, but indispensable to the conduct of such programs and activities and to the Foundation's existence, are included as management and general expenses. This includes expenses for the overall direction of the Foundation, business management, general record-keeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other expenses.

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

MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA

Notes to Financial Statements

August 31, 2012 and 2011

(j) *Management Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make 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 period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of property and equipment, investments, valuation of contributions receivable, accrued pending wish costs, net of attrition on accrued pending wish costs, and whether an allowance for uncollectible contributions receivable is required. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

(3) **Fair Value Measurements**

The Foundation follows ASC Topic 820 *Fair Value Measurements and Disclosures* for fair value measurements of financial assets and financial liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.
- Level 2 – inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.
- Level 3 – inputs are unobservable inputs for the assets or liabilities.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA

Notes to Financial Statements

August 31, 2012 and 2011

The following tables present the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis at August 31, 2012 and 2011:

Description	August 31, 2011	Fair value measurements at August 31, 2012 using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)
Cash and cash equivalents	\$ 1,212,704	1,212,704	—	—
Investments:				
Mutual funds:				
Domestic equity	\$ 30,313	30,313	—	—
International equity	4,395	4,395	—	—
Real estate	1,936	1,936	—	—
Commodities	1,664	1,664	—	—
Bonds	24,126	24,126	—	—
Total investments	\$ 62,434	62,434	—	—

Description	August 31, 2011	Fair value measurements at August 31, 2011 using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)
Cash and cash equivalents	\$ 1,020,164	1,020,164	—	—
Investments:				
Mutual funds:				
Domestic equity	\$ 25,441	25,441	—	—
International equity	6,550	6,550	—	—
Real estate	1,767	1,767	—	—
Commodities	1,781	1,781	—	—
Bonds	22,649	22,649	—	—
Total investments	\$ 58,188	58,188	—	—

MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA

Notes to Financial Statements

August 31, 2012 and 2011

The Foundation held no cash and cash equivalents or investments that required valuation using significant other observable inputs (Level 2) or significant unobservable inputs (Level 3) at August 31, 2012 and 2011 or 2011.

The Foundation's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change on circumstances that caused the transfer. There were no significant transfers into or out of Level 1, Level 2, or Level 3 for the years ended August 31, 2012 or 2011.

Total investment income, gains, and losses for the years ended August 31, 2012 and 2011 consist of the following:

	<u>2012</u>	<u>2011</u>
Interest and dividend income	\$ 2,764	2,481
Realized and unrealized gains, net	4,246	5,647
Less investment expenses	(593)	(592)
Investment income, net	<u>\$ 6,417</u>	<u>7,536</u>

(4) Transactions with Related Entities

The Foundation receives funds from the National Organization on a monthly basis. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and whitemail 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, 2012 and 2011, the Foundation received \$255,481 and \$226,301, respectively from these national revenue streams, which amounts are recorded in public support revenue. Conversely, the chapter pays amounts to the National Organization for partnership dues, insurance, and other miscellaneous ancillary expenses that the National Organization pays on behalf of the Foundation. Amounts totaling \$44,484 and \$34,393 were paid from the Foundation to the National Organization at August 31, 2012 and 2011, 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 \$300 and \$300 for the years ended August 31, 2012 and 2011, respectively, which is recorded in the accompanying statements of activities as other income.

MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA

Notes to Financial Statements

August 31, 2012 and 2011

Amounts due from and to related entities are as follows:

	<u>2012</u>	<u>2011</u>
Balance at August 31:		
Due from National Organization	\$ 23,999	14,452
Due from other chapters	104	141
Total due from related entities	<u>\$ 24,103</u>	<u>14,593</u>
Due to other chapters	<u>\$ 6,834</u>	<u>14,002</u>

During 2012 and 2011, the Foundation received contributions, both cash and in-kind, from board members totaling \$2,500 and \$3,750, respectively. Amounts paid to related parties for goods and services used in the Foundation's operations totaled \$0 and \$1,920 in 2012 and 2011, respectively.

(5) Property and Equipment, Net

Property and equipment as of August 31, 2012 and 2011 consist of the following:

	<u>2012</u>	<u>2011</u>
Computer equipment and software	\$ 33,955	11,740
Office furniture	43,065	43,065
Other equipment	8,893	8,893
	85,913	63,698
Less accumulated depreciation and amortization	<u>(52,235)</u>	<u>(42,342)</u>
	<u>\$ 33,678</u>	<u>21,356</u>

Depreciation and amortization expense totaled \$9,893 and \$10,111 for the years ended August 31, 2012 and 2011, respectively.

(6) 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

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August 31, 2012 and 2011

5. The wish is expected to be granted within the next 12 months.

As of August 31, 2012 and 2011, the Foundation had 79 and 66 reportable pending wishes, respectively.

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 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, and the delay of a wish without a known date to due to the family's circumstances or the child's hospitalization or illness.

(7) Leases

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through March 31, 2015. In July 2010, the Foundation entered into a long-term lease for new office space. The office lease, which is for 4 years expiring in 2014, is classified as an operating lease. The Foundation can, at the end of the initial lease term, renew its lease at a rate mutually agreed upon at that time. Total rent expense for all operating leases for the years ended August 31, 2012 and 2011 totaled \$26,321 and \$28,811, respectively.

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

	<u>Operating leases</u>
Year ending August 31:	
2013	\$ 26,321
2014	<u>25,810</u>
Total minimum lease payments	<u>\$ 52,131</u>

(8) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes for the years ended August 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Wish granting	\$ 6,130	<u>10,390</u>
Total temporarily restricted net assets	<u>\$ 6,130</u>	<u>10,390</u>

For the years ended August 31, 2012 and 2011, there were no permanently restricted net assets.

MAKE-A-WISH FOUNDATION[®] OF CENTRAL CALIFORNIA

Notes to Financial Statements

August 31, 2012 and 2011

(9) Retirement Plan

The Foundation has a defined-contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age and upon completion of one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation matches employee contributions up to 3% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2012 and 2011 were \$4,290 and \$3,363, respectively.

(10) Concentrations of Credit Risk

In-kind contributions totaling \$50,414 and \$18,452 were received from a single donor for the years ended August 31, 2012 and 2011, respectively, which represent 4.50% and 2.7%, respectively, of total public support.

(11) Subsequent Events

The Foundation has evaluated subsequent events from the statement of financial position date through December 14, 2012, the date at which the financial statements were available to be issued.