



**MAKE-A-WISH FOUNDATION<sup>®</sup> OF CENTRAL CALIFORNIA**

Financial Statements

August 31, 2013 and 2012

(With Independent Auditors' Report Thereon)

# MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA

## Table of Contents

	<b>Page</b>
Independent Auditors' Report	1
Statements of Financial Position – August 31, 2013 and 2012	2
Statement of Activities – Year ended August 31, 2013	3
Statement of Activities – Year ended August 31, 2012	4
Statements of Cash Flows – Years ended August 31, 2013 and 2012	5
Statement of Functional Expenses – Year ended August 31, 2013	6
Statement of Functional Expenses – Year ended August 31, 2012	7
Notes to Financial Statements	8



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## Independent Auditors' Report

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

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Central California (the Foundation), which comprise the statements of financial position as of August 31, 2013 and 2012, 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 U.S. generally accepted accounting principles; 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 audit 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 Central California as of August 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

**KPMG LLP**

Sacramento, California  
February 21, 2014

**MAKE-A-WISH FOUNDATION<sup>®</sup> OF CENTRAL CALIFORNIA**

Statements of Financial Position

August 31, 2013 and 2012

<b>Assets</b>	<b>2013</b>	<b>2012</b>
Cash and cash equivalents	\$ 1,192,867	1,212,703
Investments	67,256	62,434
Due from related entities	10,526	24,103
Prepaid expenses and other assets	12,896	6,953
Contributions receivable, net	56,302	19,037
Property and equipment, net	24,181	33,678
Total assets	<u>\$ 1,364,028</u>	<u>1,358,908</u>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 38,598	64,617
Accrued pending wish costs	502,013	439,216
Due to related entities	4,704	6,834
Total liabilities	<u>545,315</u>	<u>510,667</u>
Commitments and contingencies		
Net assets		
Unrestricted	818,713	842,111
Temporarily restricted	—	6,130
Total net assets	<u>818,713</u>	<u>848,241</u>
Total liabilities and net assets	<u>\$ 1,364,028</u>	<u>1,358,908</u>

See accompanying notes to financial statements.

**MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA**

Statement of Activities

Year ended August 31, 2013

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenues, gains, and other support:			
Public support:			
Contributions	\$ 958,613	—	958,613
Grants	22,595	—	22,595
Total public support	<u>981,208</u>	<u>—</u>	<u>981,208</u>
Internal special events	455,788	—	455,788
Less costs of direct benefits to donors	<u>(74,087)</u>	<u>—</u>	<u>(74,087)</u>
Total special events	381,701	—	381,701
Investment income, net	6,548	—	6,548
Other income	900	—	900
Net assets released from restrictions	<u>6,130</u>	<u>(6,130)</u>	<u>—</u>
Total revenues, gains, and other support	<u>1,376,487</u>	<u>(6,130)</u>	<u>1,370,357</u>
Expenses:			
Program services:			
Wish granting and program-related support	1,095,650	—	1,095,650
Total program services	<u>1,095,650</u>	<u>—</u>	<u>1,095,650</u>
Support services:			
Fundraising	208,888	—	208,888
Management and general	95,347	—	95,347
Total support services	<u>304,235</u>	<u>—</u>	<u>304,235</u>
Total expenses	<u>1,399,885</u>	<u>—</u>	<u>1,399,885</u>
Change in net assets	(23,398)	(6,130)	(29,528)
Net assets, beginning of the year	<u>842,111</u>	<u>6,130</u>	<u>848,241</u>
Net assets, end of the year	<u>\$ 818,713</u>	<u>—</u>	<u>818,713</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>
Internal 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	1,079,160	—	1,079,160
Total program services	<u>1,079,160</u>	<u>—</u>	<u>1,079,160</u>
Support services:			
Fundraising	202,543	—	202,543
Management and general	126,629	—	126,629
Total support services	<u>329,172</u>	<u>—</u>	<u>329,172</u>
Total 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<sup>®</sup> OF CENTRAL CALIFORNIA**

Statements of Cash Flows

Years ended August 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ (29,528)	101,499
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	11,756	9,893
Net realized and unrealized gains on investments	(4,826)	(4,246)
Change in attrition on pending wish liability	21,061	(36,001)
Changes in assets and liabilities:		
Contributions receivable	(37,265)	(585)
Due from related entities	13,577	(9,510)
Prepaid expenses	(5,943)	2,308
Accounts payable and accrued expenses	(26,019)	(9,039)
Accrued pending wish costs	41,736	167,603
Due to related entities	(2,130)	(7,168)
Net cash (used in) provided by operating activities	<u>(17,581)</u>	<u>214,754</u>
Cash flows from investing activities:		
Purchases of investments	(12,217)	—
Proceeds from sales of investments	12,220	—
Purchases of property and equipment	(2,258)	(22,215)
Net cash used in investing activities	<u>(2,255)</u>	<u>(22,215)</u>
Net (decrease) increase in cash and cash equivalents	(19,836)	192,539
Cash and cash equivalents, beginning of year	<u>1,212,703</u>	<u>1,020,164</u>
Cash and cash equivalents, end of year	\$ <u>1,192,867</u>	<u>1,212,703</u>
Supplemental cash flow information:		
Contributed services	\$ 1,138	500
In-kind contributions	244,151	185,432

See accompanying notes to financial statements.

**MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA**

Statement of Functional Expenses

Year ended August 31, 2013

	<b>Program services</b>	<b>Support services</b>			<b>Total</b>
	<b>Wish granting and program- related support</b>	<b>Fundraising</b>	<b>Management and general</b>	<b>Total support services</b>	
Direct costs of wishes	\$ 820,018	—	—	—	820,018
Salaries, taxes, and benefits	162,670	104,677	66,369	171,046	333,716
Printing, subscriptions, and publications	700	17,166	300	17,466	18,166
Professional fees	16,362	30,975	4,965	35,940	52,302
Rent and utilities	16,040	8,867	4,582	13,449	29,489
Postage and delivery	1,660	7,971	496	8,467	10,127
Travel	3,563	4,403	1,467	5,870	9,433
Meetings and conferences	3,258	2,826	1,011	3,837	7,095
Office supplies	5,787	8,430	2,196	10,626	16,413
Communications	6,334	3,422	2,001	5,423	11,757
Repairs and maintenance	6,472	3,600	2,129	5,729	12,201
Insurance	1,868	1,034	575	1,609	3,477
National partnership dues	40,160	8,567	4,819	13,386	53,546
Miscellaneous	4,425	3,449	2,515	5,964	10,389
Depreciation and amortization	6,333	3,501	1,922	5,423	11,756
	<u>\$ 1,095,650</u>	<u>208,888</u>	<u>95,347</u>	<u>304,235</u>	<u>1,399,885</u>

See accompanying notes to financial statements.



**MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA**

Statement of Functional Expenses

Year ended August 31, 2012

	<b>Program services</b>	<b>Support services</b>			<b>Total</b>
	<b>Wish granting and program- related support</b>	<b>Fundraising</b>	<b>Management and general</b>	<b>Total support services</b>	
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

## Notes to Financial Statements

August 31, 2013 and 2012

### (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 (GAAP).

#### (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, 2013 and 2012 include \$0 and \$100,829, respectively, of certificates of deposit with an initial term of less than three months and \$54,130 and \$54,229, respectively, of money market funds.

#### (c) 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.

#### (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. Contributions receivable are discounted using fair value rates. Contributions are written off when deemed uncollectible.

#### (e) Property and Equipment, Net

Property and equipment having a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt. 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<sup>®</sup> OF CENTRAL CALIFORNIA

## Notes to Financial Statements

August 31, 2013 and 2012

recoverable. There were no events or circumstances during the years ended August 31, 2013 and 2012 that resulted in the impairment of long-lived assets.

### (f) *Fair Value Measurements*

The Foundation follows the provisions of Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Topic 820 defines fair value as 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. ASC Topic 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

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.

See additional information in note 3.

### (g) *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.

# MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA

## Notes to Financial Statements

August 31, 2013 and 2012

### (h) *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>2013</u>	<u>2012</u>
Professional services and other donations	\$ 1,138	500
Wish related	<u>240,771</u>	<u>185,432</u>
Total	<u>\$ 241,909</u>	<u>185,932</u>
Special event revenue:		
Internal special events	\$ 3,380	—

An internal special event is a fund raising 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 market value that are used in facilitating the event. Examples of such donated items are generally food, beverage, facility costs, and auction items.

Program or supporting services expenses are recorded at fair value totaling \$245,289 and \$185,932 in 2013 and 2012, respectively.

### (i) *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.

# MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA

## Notes to Financial Statements

August 31, 2013 and 2012

The Foundation has adopted Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on de-recognition, classification, interest and penalties, disclosure, and transition. Management believes that no such uncertain tax position exists for the Foundation at August 31, 2013 or 2012.

**(j) 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.

**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, 2013 and 2012, 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.

**(k) Management Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

**MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA**

Notes to Financial Statements

August 31, 2013 and 2012

**(3) Fair Value Measurements**

**(a) *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, 2013 and 2012 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.

The Foundation has adopted ASC Topic 820 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis (see note 2).

**MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA**

Notes to Financial Statements

August 31, 2013 and 2012

**(b) 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, 2013 and 2012:

Description	August 31, 2013	Fair value measurements at August 31, 2013 using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)
Recurring:				
Investments:				
Mutual funds:				
Domestic equity	\$ 27,375	27,375	—	—
International equity	4,705	4,705	—	—
Real estate	1,567	1,567	—	—
Commodities	1,526	1,526	—	—
Bonds	32,083	32,083	—	—
Total recurring	67,256	67,256	—	—
Nonrecurring:				
Contributions receivable	56,302	—	—	56,302
Total	\$ 123,558	67,256	—	56,302

**MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA**

Notes to Financial Statements

August 31, 2013 and 2012

Description	August 31, 2012	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)
Recurring:				
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 recurring	62,434	62,434	—	—
Nonrecurring:				
Contributions receivable	19,037	—	—	19,037
Total	\$ 81,471	62,434	—	19,037

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, 2013 or 2012.

The Foundation's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no significant transfers into or out of Level 3 for the years ended August 31, 2013 or 2012.

Contributions receivable 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. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy. In subsequent periods, the discount rate is unchanged and the allowance for uncollectible contributions is reassessed and adjusted if necessary. Amortization of the discount is recorded as additional contribution revenue.



**MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA**

Notes to Financial Statements

August 31, 2013 and 2012

Total investment income, gains, and losses for the years ended August 31, 2013 and 2012 consist of the following:

	<u>2013</u>	<u>2012</u>
Interest and dividend income	\$ 2,383	2,764
Realized and unrealized gains, net	4,826	4,246
Less investment expenses	<u>(661)</u>	<u>(593)</u>
Investment income, net	<u>\$ 6,548</u>	<u>6,417</u>

**(4) 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 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, 2013 and 2012, the Foundation received \$182,926 and \$255,481, respectively, from these national revenue streams, which amounts are recorded in public support revenue.

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 \$53,546 and \$44,484 were paid from the Foundation to Make-a-Wish Foundation of America at August 31, 2013 and 2012, 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 \$900 and \$300 for the years ended August 31, 2013 and 2012, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

	<u>2013</u>	<u>2012</u>
Balance at August 31:		
Due from National Organization	\$ 10,526	23,999
Due from other chapters	<u>—</u>	<u>104</u>
Total due from related entities	<u>\$ 10,526</u>	<u>24,103</u>
Due to other chapters	\$ 4,704	6,834

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.

**MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA**

Notes to Financial Statements

August 31, 2013 and 2012

During 2013 and 2012, the Foundation received contributions, both cash and in-kind, from board members totaling \$250 and \$2,500, respectively.

**(5) Property and Equipment, Net**

Property and equipment as of August 31, 2013 and 2012 consist of the following:

	<u>2013</u>	<u>2012</u>
Computer equipment and software	\$ 34,655	33,955
Office furniture	44,623	43,065
Other equipment	8,893	8,893
	<u>88,171</u>	<u>85,913</u>
Less accumulated depreciation and amortization	<u>(63,990)</u>	<u>(52,235)</u>
	<u>\$ 24,181</u>	<u>33,678</u>

Depreciation and amortization expense totaled \$11,756 and \$9,893 for the years ended August 31, 2013 and 2012, 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
5. The wish is expected to be granted within the next 12 months.

As of August 31, 2013 and 2012, the Foundation had 83 and 79 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.

**MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA**

Notes to Financial Statements

August 31, 2013 and 2012

**(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 four 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, 2013 and 2012 totaled \$25,300 and \$26,321, 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:	
2014	\$ <u>25,810</u>
Total future minimum lease payments	\$ <u><u>25,810</u></u>

**(8) Temporarily and Permanently Restricted Net Assets**

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

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

For the year ended August 31, 2013, there were no temporarily restricted net assets and for the years ended August 31, 2013 and 2012, there were no permanently restricted net assets.

**(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, 2013 and 2012 were \$3,867 and \$4,290, respectively.

**MAKE-A-WISH FOUNDATION<sup>®</sup> OF CENTRAL CALIFORNIA**

Notes to Financial Statements

August 31, 2013 and 2012

**(10) Concentrations of Credit Risk**

In-kind contributions totaling \$65,756 and \$50,414 were received from a single donor for the years ended August 31, 2013 and 2012, respectively, which represent 6.8% and 4.50%, respectively, of total public support.

**(11) Subsequent Events**

The Foundation has evaluated subsequent events from the statement of financial position date through February 21, 2014, the date at which the financial statements were available to be issued.