



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

Financial Statements

August 31, 2010 and 2009

(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<sup>®</sup> of Central California:

We have audited the accompanying statements of financial position of Make-A-Wish Foundation<sup>®</sup> of Central California (the Foundation) as of August 31, 2010 and 2009, 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<sup>®</sup> of Central California as of August 31, 2010 and 2009, 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**

February 15, 2011

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

Statements of Financial Position

August 31, 2010 and 2009

<b>Assets</b>	<b>2010</b>	<b>2009</b>
Cash and cash equivalents	\$ 732,133	745,506
Investments	152,232	148,270
Due from related entities	26,470	35,493
Prepaid expenses	3,842	868
Contributions receivables, net	37,483	19,122
Other assets	9,269	2,790
Property and equipment, net	31,188	20,535
Total assets	<u>\$ 992,617</u>	<u>972,584</u>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 42,928	28,446
Accrued pending wish costs	411,821	357,786
Due to related entities	1,569	—
Total liabilities	<u>456,318</u>	<u>386,232</u>
Commitments and contingencies		
Net assets:		
Unrestricted	464,595	539,319
Temporarily restricted	71,704	47,033
Total net assets	<u>536,299</u>	<u>586,352</u>
Total liabilities and net assets	<u>\$ 992,617</u>	<u>972,584</u>

See accompanying notes to financial statements.

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

Statement of Activities

Year ended August 31, 2010

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenues, gains, and other support:			
Public support:			
Contributions	\$ 375,005	34,221	409,226
In-kind contributions	154,406	37,483	191,889
Grants	4,000	—	4,000
Total public support	<u>533,411</u>	<u>71,704</u>	<u>605,115</u>
Special events	472,569	—	472,569
Less costs of direct benefits to donors	<u>(54,343)</u>	<u>—</u>	<u>(54,343)</u>
Total special events	418,226	—	418,226
Investment income, net	8,734	—	8,734
Other income	945	—	945
Net assets released from restrictions	47,033	<u>(47,033)</u>	<u>—</u>
Total revenues, gains, and other support	<u>1,008,349</u>	<u>24,671</u>	<u>1,033,020</u>
Expenses:			
Program services:			
Wish granting	<u>797,495</u>	<u>—</u>	<u>797,495</u>
Total program services	797,495	—	797,495
Support services:			
Fund raising	137,836	—	137,836
Management and general	<u>147,742</u>	<u>—</u>	<u>147,742</u>
Total support services	285,578	—	285,578
Total program and support services	<u>1,083,073</u>	<u>—</u>	<u>1,083,073</u>
Change in net assets	(74,724)	24,671	(50,053)
Net assets, beginning of the year	<u>539,319</u>	<u>47,033</u>	<u>586,352</u>
Net assets, end of the year	<u>\$ 464,595</u>	<u>71,704</u>	<u>536,299</u>

See accompanying notes to financial statements.

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

Statement of Activities

Year ended August 31, 2009

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenues, gains, and other support:			
Public support:			
Contributions	\$ 467,491	24,390	491,881
In-kind contributions	123,431	19,122	142,553
Grants	54,000	—	54,000
Total public support	<u>644,922</u>	<u>43,512</u>	<u>688,434</u>
Special events	577,660	—	577,660
Less costs of direct benefits to donors	<u>(154,130)</u>	<u>—</u>	<u>(154,130)</u>
Total special events	423,530	—	423,530
Investment income, net	3,680	—	3,680
Other income	600	—	600
Net assets released from restrictions	25,398	(25,398)	—
Total revenues, gains, and other support	<u>1,098,130</u>	<u>18,114</u>	<u>1,116,244</u>
Expenses:			
Program services:			
Wish granting	765,779	—	765,779
Total program services	<u>765,779</u>	<u>—</u>	<u>765,779</u>
Support services:			
Fund raising	98,668	—	98,668
Management and general	132,275	—	132,275
Total support services	<u>230,943</u>	<u>—</u>	<u>230,943</u>
Total program and support services	<u>996,722</u>	<u>—</u>	<u>996,722</u>
Change in net assets	101,408	18,114	119,522
Net assets, beginning of the year	<u>437,911</u>	<u>28,919</u>	<u>466,830</u>
Net assets, end of the year	<u>\$ 539,319</u>	<u>47,033</u>	<u>586,352</u>

See accompanying notes to financial statements.

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

Statements of Cash Flows

Years ended August 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ (50,053)	119,522
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	6,000	5,793
Net realized and unrealized (gains) losses on investments	(2,794)	5,562
Contributed property and equipment, inventory, and investments	—	(300)
Changes in assets and liabilities:		
Contributions receivable	(18,361)	(5,063)
Due from related entities	9,023	(7,274)
Prepaid expenses	(2,974)	3,450
Other assets	(6,479)	865
Accounts payable and accrued expenses	14,482	12,012
Accrued pending wish costs	54,035	89,043
Due to related entities	1,569	—
Net cash provided by operating activities	<u>4,448</u>	<u>223,610</u>
Cash flows from investing activities:		
Purchases of investments	(232,923)	(102,278)
Proceeds from sales and maturities of investments	231,755	—
Purchases of property and equipment	(16,653)	(949)
Net cash used in investing activities	<u>(17,821)</u>	<u>(103,227)</u>
Net increase (decrease) in cash and cash equivalents	(13,373)	120,383
Cash and cash equivalents, beginning of year	<u>745,506</u>	<u>625,123</u>
Cash and cash equivalents, end of year	\$ <u><u>732,133</u></u>	\$ <u><u>745,506</u></u>
Supplemental cash flow information:		
In-kind contributions	\$ 191,889	142,553

See accompanying notes to financial statements.

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

Statement of Functional Expenses

Year ended August 31, 2010

	<b>Program services</b>	<b>Support services</b>			<b>Total</b>
	<b>Wish granting and program- related support</b>	<b>Fund raising</b>	<b>Management and general</b>	<b>Total support services</b>	
Direct costs of wishes	\$ 546,208	—	—	—	546,208
Salaries, taxes, and benefits	132,827	77,771	86,354	164,125	296,952
Printing, subscriptions, and publications	13,754	8,053	8,941	16,994	30,748
Professional fees	19,706	11,539	12,812	24,351	44,057
Rent and utilities	17,270	10,112	11,228	21,340	38,610
Postage and delivery	3,527	2,066	2,293	4,359	7,886
Travel	10,020	5,867	6,514	12,381	22,401
Meetings and conferences	3,280	1,921	2,133	4,054	7,334
Office supplies	6,337	3,710	4,120	7,830	14,167
Communications	4,323	2,531	2,811	5,342	9,665
Advertising and media (cash)	—	2,111	—	2,111	2,111
Repairs and maintenance	2,139	1,252	1,390	2,642	4,781
Membership dues	330	193	214	407	737
Volunteer training	65	39	43	82	147
National partnership dues	29,388	5,800	3,480	9,280	38,668
Miscellaneous	5,637	3,300	3,664	6,964	12,601
Depreciation and amortization	2,684	1,571	1,745	3,316	6,000
	<u>\$ 797,495</u>	<u>137,836</u>	<u>147,742</u>	<u>285,578</u>	<u>1,083,073</u>

See accompanying notes to financial statements.



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

Statement of Functional Expenses

Year ended August 31, 2009

	<b>Program services</b>	<b>Support services</b>			<b>Total</b>
	<b>Wish granting and program- related support</b>	<b>Fund raising</b>	<b>Management and general</b>	<b>Total support services</b>	
Direct costs of wishes	\$ 532,709	—	—	—	532,709
Salaries, taxes, and benefits	119,106	51,507	74,310	125,817	244,923
Printing, subscriptions, and publications	12,856	5,559	8,021	13,580	26,436
Professional fees	23,729	10,261	14,804	25,065	48,794
Rent and utilities	15,582	6,738	9,721	16,459	32,041
Postage and delivery	5,487	2,373	3,423	5,796	11,283
Travel	10,004	4,326	6,241	10,567	20,571
Office supplies	8,812	3,811	5,498	9,309	18,121
Meetings and conferences	1,583	684	988	1,672	3,255
Communications	4,287	1,854	2,674	4,528	8,815
Advertising and media (cash)	—	2,646	—	2,646	2,646
Repairs and maintenance	785	339	490	829	1,614
Membership dues	102	44	64	108	210
Volunteer training	131	56	82	138	269
National partnership dues	24,760	5,943	2,311	8,254	33,014
Miscellaneous	3,029	1,309	1,890	3,199	6,228
Depreciation and amortization	2,817	1,218	1,758	2,976	5,793
	<u>\$ 765,779</u>	<u>98,668</u>	<u>132,275</u>	<u>230,943</u>	<u>996,722</u>

See accompanying notes to financial statements.

# MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA

## Notes to Financial Statements

August 31, 2010 and 2009

### (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, 2010 and 2009 include \$400,000 and \$300,000, respectively, of certificates of deposit with an initial term of less than three months. Also included in cash and cash equivalents at August 31, 2010 and 2009 are \$54,750 and \$54,706, respectively, of money market mutual 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 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. Risk-free rates are used to discount pledges received prior to September 1, 2008. For pledges received beginning September 1, 2008, pledges are discounted using fair value rates. All pledges outstanding as of August 31, 2010 and 2009 are expected to be received within one year.

#### (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.

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

### Notes to Financial Statements

August 31, 2010 and 2009

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 recoverable.

*(f) Fair Value Measurements*

On September 1, 2008, the Foundation adopted the provisions of Financial Accounting Standards Board (FASB) Statement No. 157, *Fair Value Measurements* (Statement 157), (included in Accounting Standards Codification (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. Statement 157 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 (Statement 157) also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

*(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.

*(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 contributions of assets other than cash that are included in the accompanying statements of activities as in-kind contributions revenue of \$191,889 in 2010 and \$142,553 in 2009. Program or supporting services expenses were recorded at fair value totaling

# MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA

## Notes to Financial Statements

August 31, 2010 and 2009

\$191,889 and \$142,553 in 2010 and 2009, respectively. In-kind contributions consisted of the following:

	<u>2010</u>	<u>2009</u>
Property and equipment	\$ —	300
Professional services and other donations	12,335	17,993
Other wish-related donations	<u>179,554</u>	<u>124,260</u>
Total	<u>\$ 191,889</u>	<u>142,553</u>

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

(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.

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. The Foundation has adopted the deferral and disclosure provisions of ASC 740 for its August 31, 2009 financial statements and has adopted the provisions of ASC 740 for the year ended August 31, 2010. Management believes that no such uncertain tax positions exist for the Foundation at August 31, 2010.

(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

# MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA

## Notes to Financial Statements

August 31, 2010 and 2009

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**

Fund raising represents activities performed by the Foundation to generate funds and/or resources to support its programs and operations. During the fiscal years ended August 31, 2010 and 2009, 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 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, property and equipment, and accrued pending wish costs. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

#### **(l) Reclassifications**

Certain reclassifications have been made to the 2009 financial statement information to conform to the 2010 financial statement presentation. There was no impact on the previously reported change in net assets of the Foundation.

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

Notes to Financial Statements

August 31, 2010 and 2009

**(3) Fair Value Measurements**

The Foundation adopted ASC Topic 820 (Statement 157) on September 1, 2008 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.

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, 2010 and 2009:

<b>Description</b>	<b>August 31, 2010</b>	<b>Fair value measurements at August 31, 2010 using</b>	
		<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>
Cash and cash equivalents	\$ 732,133	732,133	—
Investments:			
Mutual funds:			
Domestic equity	\$ 21,507	21,507	—
International equity	6,128	6,128	—
Real estate	1,614	1,614	—
Commodities	1,637	1,637	—
Bonds	21,346	21,346	—
Certificates of deposit	100,000	—	100,000
Total investments	<u>\$ 152,232</u>	<u>52,232</u>	<u>100,000</u>

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

Notes to Financial Statements

August 31, 2010 and 2009

Description	August 31, 2009	Fair value measurements at August 31, 2009 using	
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Cash and cash equivalents	\$ 745,506	745,506	—
Investments:			
Mutual funds:			
Domestic equity	\$ 25,015	25,015	—
International equity	4,100	4,100	—
Real estate	1,590	1,590	—
Bonds	17,565	17,565	—
Certificates of deposit	100,000	—	100,000
Total investments	\$ 148,270	48,270	100,000

The Foundation has no cash and cash equivalents and investments that use Level 3 inputs.

Total investment income, gains, and losses for the years ended August 31, 2010 and 2009 consist of the following:

	2010	2009
Interest and dividend income	\$ 6,460	9,674
Realized and unrealized gains (losses), net	2,794	(5,562)
Less investment expenses	(520)	(432)
Investment income, net	\$ 8,734	3,680

**(4) Contributions Receivable**

Contributions receivable are expected to be received within one year.

**(5) Transactions with Related Entities**

The Foundation pays the National Organization annual dues, which were \$38,668 and \$33,014 for the years ended August 31, 2010 and 2009, respectively. The National Organization supports the Foundation by providing funding and other support for the granting of wishes.

As part of the National Organization's Wish Fulfillment Fund, chapters may apply for funds that have been donated by other chapters to underwrite the costs of wishes. Under this program, the Foundation received support from the Wish Fulfillment Fund with receipts during the years ended August 31, 2010 and 2009, totaling \$0 and \$50,000, respectively, which is recorded as grants in the accompanying statements of activities.

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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 \$450 and \$600 for the years ended August 31, 2010 and 2009, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

	<u>2010</u>	<u>2009</u>
Balance at August 31:		
Due from National Organization	\$ 25,370	34,305
Due from other chapters	1,100	1,188
Total due from related entities	<u>\$ 26,470</u>	<u>35,493</u>
Due to National Organization	\$ 1,569	—

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.

During 2010 and 2009, the Foundation received contributions, both cash and in-kind, from board members totaling \$3,750 and \$3,250, respectively. Amounts paid to related parties for goods and services used in the Foundation’s operations totaled \$23,267 and \$23,040 in 2010 and 2009, respectively. In July 2005, the Foundation relocated to a new office location, which is partially owned by the President of the Foundation’s board of directors for the 2009 fiscal year. Rent expense for this location was \$23,040 for the year ended August 31, 2009.

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

Property and equipment as of August 31, 2010 and 2009 consist of the following:

	<u>2010</u>	<u>2009</u>
Computer equipment and software	\$ 11,740	1,600
Office furniture	47,241	40,728
Other equipment	23,430	23,430
	82,411	65,758
Less accumulated depreciation and amortization	<u>(51,223)</u>	<u>(45,223)</u>
	<u>\$ 31,188</u>	<u>20,535</u>

Depreciation and amortization expense totaled \$6,000 and \$5,793 for the years ended August 31, 2010 and 2009, respectively.



# MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA

## Notes to Financial Statements

August 31, 2010 and 2009

### (7) 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 both August 31, 2010 and 2009, the Foundation had approximately 63 reportable pending wishes.

### (8) Leases

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through March 31, 2015. Total rent expense for all operating leases for the years ended August 31, 2010 and 2009 totaled \$32,014 and \$23,791, respectively.

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

	<b>Operating leases</b>
Year ending August 31:	
2011	\$ 28,632
2012	26,823
2013	25,875
2014	25,875
2015	237
	<hr/>
Total minimum lease payments	\$ <u>107,442</u>

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

Notes to Financial Statements

August 31, 2010 and 2009

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

Temporarily restricted net assets are available for the following purposes for the years ended August 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Wish granting	\$ 34,221	27,911
Time restrictions	37,483	19,122
Total temporarily restricted net assets	<u>\$ 71,704</u>	<u>47,033</u>

For the years ended August 31, 2010 and 2009, there were no permanently restricted net assets.

**(10) 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, 2010 and 2009 were \$3,809 and \$3,674, respectively.

**(11) 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.

**(12) Subsequent Events**

The Foundation has evaluated subsequent events from the statement of financial position date through February 15, 2011, the date at which the financial statements were available to be issued.