



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

Financial Statements

August 31, 2011 and 2010

(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, 2011 and 2010, 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, 2011 and 2010, 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 27, 2012

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

Statements of Financial Position

August 31, 2011 and 2010

<b>Assets</b>	<b>2011</b>	<b>2010</b>
Cash and cash equivalents	\$ 1,020,164	732,133
Investments	58,188	152,232
Due from related entities	14,593	26,470
Prepaid expenses	5,618	3,842
Contributions receivable, net	18,452	37,483
Other assets	3,643	9,269
Property and equipment, net	21,356	31,188
Total assets	<u>\$ 1,142,014</u>	<u>992,617</u>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 73,656	42,928
Accrued pending wish costs	307,614	411,821
Due to related entities	14,002	1,569
Total liabilities	<u>395,272</u>	<u>456,318</u>
Commitments and contingencies		
Net assets		
Unrestricted	736,352	464,595
Temporarily restricted	10,390	71,704
Total net assets	<u>746,742</u>	<u>536,299</u>
Total liabilities and net assets	<u>\$ 1,142,014</u>	<u>992,617</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	\$ 637,051	10,390	647,441
Grants	10,500	—	10,500
Total public support	<u>647,551</u>	<u>10,390</u>	<u>657,941</u>
Special events	587,838		587,838
Less costs of direct benefits to donors	<u>(44,571)</u>	<u>—</u>	<u>(44,571)</u>
Total special events	543,267	—	543,267
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	736,090	—	736,090
Support services:			
Fund raising	197,966	—	197,966
Management and general	<u>99,845</u>	<u>—</u>	<u>99,845</u>
Total support services	297,811	—	297,811
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**

Statement of Activities

Year ended August 31, 2010

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains, and other support:				
Public support:				
Contributions	\$ 529,411	71,704	—	601,115
Grants	4,000	—	—	4,000
Total public support	<u>533,411</u>	<u>71,704</u>	<u>—</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>—</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	<u>47,033</u>	<u>(47,033)</u>	<u>—</u>	<u>—</u>
Total revenues, gains, and other support	<u>1,008,349</u>	<u>24,671</u>	<u>—</u>	<u>1,033,020</u>
Expenses:				
Program services:				
Wish granting and program-related support	<u>797,495</u>	<u>—</u>	<u>—</u>	<u>797,495</u>
Total program services	<u>797,495</u>	<u>—</u>	<u>—</u>	<u>797,495</u>
Support services:				
Fund raising	137,836	—	—	137,836
Management and general	<u>147,742</u>	<u>—</u>	<u>—</u>	<u>147,742</u>
Total support services	<u>285,578</u>	<u>—</u>	<u>—</u>	<u>285,578</u>
Total program and support services expenses	<u>1,083,073</u>	<u>—</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>—</u>	<u>586,352</u>
Net assets, end of the year	<u>\$ 464,595</u>	<u>71,704</u>	<u>—</u>	<u>536,299</u>

See accompanying notes to financial statements.

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

Statements of Cash Flows

Years ended August 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ 210,444	(50,053)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	10,111	6,000
Net realized and unrealized gains on investments	(5,647)	(2,794)
Loss on disposal of property and equipment	1,700	—
Changes in assets and liabilities:		
Contributions receivable	19,031	(18,361)
Due from related entities	11,877	9,023
Prepaid expenses	(1,776)	(2,974)
Other assets	5,626	(6,479)
Accounts payable and accrued expenses	30,728	14,482
Accrued pending wish costs	(104,207)	54,035
Due to related entities	12,433	1,569
Net cash provided by operating activities	<u>190,320</u>	<u>4,448</u>
Cash flows from investing activities:		
Purchases of investments	(1,584)	(232,923)
Proceeds from sales of investments	101,274	231,755
Purchases of property and equipment	(1,979)	(16,653)
Net cash provided by (used in) investing activities	<u>97,711</u>	<u>(17,821)</u>
Net increase in cash and cash equivalents	288,031	(13,373)
Cash and cash equivalents, beginning of year	<u>732,133</u>	<u>745,506</u>
Cash and cash equivalents, end of year	\$ <u><u>1,020,164</u></u>	\$ <u><u>732,133</u></u>
Supplemental cash flow information:		
In-kind contributions	\$ 182,794	179,554
Contributed services	2,187	12,335

See accompanying notes to financial statements.

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

Statement of Functional Expenses

Year ended August 31, 2011

	<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	\$ 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**

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

## Notes to Financial Statements

August 31, 2011 and 2010

### (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, 2011 and 2010 include \$200,000 and \$400,000, 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 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, 2011 and 2010 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. 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.

# MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA

## Notes to Financial Statements

August 31, 2011 and 2010

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. There were no events or circumstances during the years ended August 31, 2011 and 2010 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>2011</u>	<u>2010</u>
Professional services and other donations	\$ 2,187	12,335
Wish-related	182,794	179,554
Total	\$ <u>184,981</u>	<u>191,889</u>

In-kind contributions of program or supporting services expenses were recorded at fair value totaling \$184,981 and \$191,889 in 2011 and 2010, respectively.

# MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA

## Notes to Financial Statements

August 31, 2011 and 2010

### (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.

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 de-recognition, 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, 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, 2011 and 2010, 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, 2011 and 2010

(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 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.

(k) ***Reclassifications***

Certain reclassifications have been made to the 2010 financial statement information to conform to the 2011 financial statement presentation.

(3) **Fair Value Measurements**

The Foundation follows ASC Topic 820 (Statement 157) 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, 2011 and 2010

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, 2011 and 2010:

Description	August 31, 2011	Fair value measurements at August 31, 2011 using Quoted prices in active markets for identical assets (Level 1)
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

Description	August 31, 2010	Fair value measurements at August 31, 2010 using Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
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	\$ 152,232	52,232	100,000

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

Notes to Financial Statements

August 31, 2011 and 2010

For the valuation of certificates of deposit at August 31, 2010, the Foundation used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

The Foundation held no cash and cash equivalents or investments that required valuation using significant unobservable inputs (Level 3) at August 31, 2011 and 2010.

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 year ended August 31, 2011.

Total investment income, gains, and losses for the years ended August 31, 2011 and 2010 consist of the following:

	<u>2011</u>	<u>2010</u>
Interest and dividend income	\$ 2,481	6,460
Realized and unrealized gains, net	5,647	2,794
Less investment expenses	<u>(592)</u>	<u>(520)</u>
Investment income, net	<u>\$ 7,536</u>	<u>8,734</u>

**(4) Transactions with Related Entities**

The Foundation pays the National Organization annual dues, which were \$34,393 and \$38,668 for the years ended August 31, 2011 and 2010, respectively. The National Organization supports the Foundation by providing funding and other support for the granting of wishes.

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 \$450 for the years ended August 31, 2011 and 2010, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

	<u>2011</u>	<u>2010</u>
Balance at August 31:		
Due from National Organization	\$ 14,452	25,370
Due from other chapters	141	1,100
Total due from related entities	<u>\$ 14,593</u>	<u>26,470</u>
Due to National Organization	\$ —	1,569
Due to other chapters	14,002	—
Total due to related entities	<u>\$ 14,002</u>	<u>1,569</u>

# MAKE-A-WISH FOUNDATION® OF CENTRAL CALIFORNIA

## Notes to Financial Statements

August 31, 2011 and 2010

The National Organization distributes support, on a monthly basis, to the Foundation. The support is the result of various direct mail campaigns, corporate programs, and other support received from the National Organization, a portion of which is distributed to the Foundation and recorded as contributions. During 2011 and 2010, the Foundation received support totaling \$226,301 and \$125,034, respectively. 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 2011 and 2010, the Foundation received contributions, both cash and in-kind, from board members totaling \$3,750 and \$3,750, respectively. Amounts paid to related parties for goods and services used in the Foundation's operations totaled \$1,920 and \$23,267 in 2011 and 2010, respectively. Ending September 2011, the Foundation maintained a building lease in an office location that was partially owned by the President of the Foundation's board of directors. Rent expense for this location was \$1,920 and \$22,309 for the years ended August 31, 2011 and 2010.

### (5) Property and Equipment, Net

Property and equipment as of August 31, 2011 and 2010 consist of the following:

	<u>2011</u>	<u>2010</u>
Computer equipment and software	\$ 11,740	11,740
Office furniture	43,065	47,241
Other equipment	8,893	23,430
	<u>63,698</u>	<u>82,411</u>
Less accumulated depreciation and amortization	<u>(42,342)</u>	<u>(51,223)</u>
	<u>\$ 21,356</u>	<u>31,188</u>

Depreciation and amortization expense totaled \$10,111 and \$6,000 for the years ended August 31, 2011 and 2010, 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



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

Notes to Financial Statements

August 31, 2011 and 2010

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

As of August 31, 2011 and 2010, the Foundation had 66 and 63 reportable pending wishes, respectively.

**(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, 2011 and 2010 totaled \$28,811 and \$32,014, 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:	
2012	\$ 26,333
2013	26,333
2014	13,683
2015	<u>258</u>
Total minimum lease payments	<u>\$ 66,607</u>

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

Temporarily restricted net assets are available for the following purposes for the years ended August 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Wish granting	\$ 10,390	34,221
Time restrictions	<u>—</u>	<u>37,483</u>
Total temporarily restricted net assets	<u>\$ 10,390</u>	<u>71,704</u>

For the years ended August 31, 2011 and 2010, there were no permanently restricted net assets.

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

Notes to Financial Statements

August 31, 2011 and 2010

**(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, 2011 and 2010 were \$3,363 and \$3,809, respectively.

**(10) Concentrations of Credit Risk**

In-kind contributions totaling \$18,452 and \$37,483 were received from a single donor for the years ended August 31, 2011 and 2010, respectively, which represents 2.7% and 6.2%, respectively, of total public support.

**(11) Subsequent Events**

The Foundation has evaluated subsequent events from the statement of financial position date through February 27, 2012, the date at which the financial statements were available to be issued.