



**MAKE-A-WISH FOUNDATION<sup>®</sup> OF EASTERN NORTH CAROLINA**

Financial Statements

August 31, 2011 and 2010

(With Independent Auditors' Report Thereon)

# MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA

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**KPMG LLP**  
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## **Independent Auditors' Report**

The Board of Directors  
Make-A-Wish Foundation<sup>®</sup> of Eastern North Carolina, Inc.:

We have audited the accompanying statements of financial position of Make-A-Wish Foundation<sup>®</sup> of Eastern North Carolina, Inc. (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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 Eastern North Carolina, Inc. 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 accounting principles generally accepted in the United States of America.

**KPMG LLP**

December 20, 2011

**MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA**

Statements of Financial Position

August 31, 2011 and 2010

<b>Assets</b>	<b>2011</b>	<b>2010</b>
Cash and cash equivalents	\$ 100,094	45,792
Investments	245,639	424,854
Due from related entities	32,989	22,622
Prepaid expenses	28,609	10,435
Contributions receivable, net	273,076	308,642
Other assets	8,177	9,901
Property and equipment, net	25,974	38,149
Total assets	<u>\$ 714,558</u>	<u>860,395</u>
<b>Liabilities and Net Assets (Deficit)</b>		
Accounts payable and accrued expenses	\$ 44,037	56,668
Accrued pending wish costs	591,187	508,685
Due to related entities	9,126	2,542
Other liabilities	28,662	16,831
Total liabilities	<u>673,012</u>	<u>584,726</u>
Commitments and contingencies		
Net assets (deficit):		
Unrestricted	(209,060)	(11,843)
Temporarily restricted	250,606	287,512
Total net assets	<u>41,546</u>	<u>275,669</u>
Total liabilities and net assets	<u>\$ 714,558</u>	<u>860,395</u>

See accompanying notes to financial statements.

**MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA**

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	\$ 1,197,093	150,606	1,347,699
Grants	57,833	—	57,833
Total public support	<u>1,254,926</u>	<u>150,606</u>	<u>1,405,532</u>
Special events	241,946		241,946
Less direct benefit costs to donor	(89,650)	—	(89,650)
Total special events	<u>152,296</u>	<u>—</u>	<u>152,296</u>
Investment income, net	4,748	—	4,748
Other income	6,287	—	6,287
Net assets released from restrictions	187,512	(187,512)	—
Total revenues, gains, and other support	<u>1,605,769</u>	<u>(36,906)</u>	<u>1,568,863</u>
Expenses:			
Program services:			
Wish granting	1,198,138	—	1,198,138
Program-related support	220,287	—	220,287
Total program services	<u>1,418,425</u>	<u>—</u>	<u>1,418,425</u>
Support services:			
Fund raising	230,818	—	230,818
Management and general	153,743	—	153,743
Total support services	<u>384,561</u>	<u>—</u>	<u>384,561</u>
Total expenses and losses	<u>1,802,986</u>	<u>—</u>	<u>1,802,986</u>
Change in net assets (deficit)	(197,217)	(36,906)	(234,123)
Net assets (deficit), beginning of the year	<u>(11,843)</u>	<u>287,512</u>	<u>275,669</u>
Net assets (deficit), end of the year	\$ <u>(209,060)</u>	<u>250,606</u>	<u>41,546</u>

See accompanying notes to financial statements.

**MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA**

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	\$ 1,285,412	287,512	1,572,924
Grants	107,861	—	107,861
Total public support	<u>1,393,273</u>	<u>287,512</u>	<u>1,680,785</u>
Special events	213,497	—	213,497
Less direct benefit costs to donor	(74,300)	—	(74,300)
Total special events	<u>139,197</u>	<u>—</u>	<u>139,197</u>
Investment income, net	27,483	—	27,483
Other income	8,100	—	8,100
Net assets released from restrictions	116,323	(116,323)	—
Total revenues, gains, and other support	<u>1,684,376</u>	<u>171,189</u>	<u>1,855,565</u>
Expenses:			
Program services:			
Wish granting	1,231,261	—	1,231,261
Program-related support	243,757	—	243,757
Total program services	<u>1,475,018</u>	<u>—</u>	<u>1,475,018</u>
Support services:			
Fund raising	231,725	—	231,725
Management and general	209,423	—	209,423
Total support services	<u>441,148</u>	<u>—</u>	<u>441,148</u>
Total expenses and losses	<u>1,916,166</u>	<u>—</u>	<u>1,916,166</u>
Change in net assets (deficit)	(231,790)	171,189	(60,601)
Net assets, beginning of the year	219,947	116,323	336,270
Net assets (deficit), end of the year	\$ <u>(11,843)</u>	<u>287,512</u>	<u>275,669</u>

See accompanying notes to financial statements.

**MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA**

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	\$ (234,123)	(60,601)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	12,175	11,286
Bad debt expense	—	(5,412)
Net realized and unrealized (gains) losses on investments	2,264	(16,010)
Contributed property and equipment, inventory, and stock	—	(11,300)
Change in discount to present value of contributions receivable	1,975	5,489
Changes in assets and liabilities:		
Contributions receivable	33,591	(184,542)
Due from related entities	(10,367)	8,118
Prepaid expenses	(18,174)	(5,541)
Other assets	1,724	(564)
Accounts payable and accrued expenses	(12,631)	6,805
Accrued pending wish costs	82,502	48,889
Due to related entities	6,584	(1,491)
Other liabilities	11,831	16,831
Net cash used in operating activities	<u>(122,649)</u>	<u>(188,043)</u>
Cash flows from investing activities:		
Purchases of investments	(281,871)	(13,083)
Proceeds from sales of investments	458,822	—
Purchases of property and equipment	—	(33,143)
Net cash provided by (used in) investing activities	<u>176,951</u>	<u>(46,226)</u>
Net increase (decrease) in cash and cash equivalents	54,302	(234,269)
Cash and cash equivalents, beginning of year	<u>45,792</u>	<u>280,061</u>
Cash and cash equivalents, end of year	<u>\$ 100,094</u>	<u>45,792</u>
Supplemental cash flow information:		
Donated property and equipment, stock, and inventory	\$ —	11,300
Contributed services	128,719	186,099
In-kind contributions	379,925	437,537

See accompanying notes to financial statements.

**MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA**

Statement of Functional Expenses

Year ended August 31, 2011

	Program services			Support services			Total
	Wish granting	Program-related support	Total program services	Fund raising	Management and general	Total support services	
Direct costs of wishes	\$ 1,198,138	—	1,198,138	—	—	—	1,198,138
Salaries, taxes, and benefits	—	143,352	143,352	158,256	101,592	259,848	403,200
Professional fees	—	4,722	4,722	3,895	20,935	24,830	29,552
Rent and utilities	—	27,038	27,038	22,122	12,290	34,412	61,450
Postage and delivery	—	2,144	2,144	4,124	986	5,110	7,254
Travel	—	200	200	5,329	2,342	7,671	7,871
Meetings and conferences	—	244	244	2,295	1,053	3,348	3,592
Office supplies	—	2,123	2,123	4,818	2,559	7,377	9,500
Communications	—	3,168	3,168	2,304	1,589	3,893	7,061
Advertising and media (cash)	—	354	354	7,430	1,168	8,598	8,952
Repairs and maintenance	—	2,421	2,421	1,981	1,101	3,082	5,503
Membership dues	—	—	—	250	170	420	420
National partnership dues	—	27,571	27,571	4,654	3,581	8,235	35,806
Miscellaneous	—	1,593	1,593	8,977	1,942	10,919	12,512
Depreciation and amortization	—	5,357	5,357	4,383	2,435	6,818	12,175
	\$ <u>1,198,138</u>	<u>220,287</u>	<u>1,418,425</u>	<u>230,818</u>	<u>153,743</u>	<u>384,561</u>	<u>1,802,986</u>

See accompanying notes to financial statements.



**MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA**

Statement of Functional Expenses

Year ended August 31, 2010

	Program services			Support services			Total
	Wish granting	Program-related support	Total program services	Fund raising	Management and general	Total support services	
Direct costs of wishes	\$ 1,231,261	—	1,231,261	—	—	—	1,231,261
Salaries, taxes, and benefits	—	156,891	156,891	154,901	140,707	295,608	452,499
Professional fees	—	7,149	7,149	10,883	28,767	39,650	46,799
Rent and utilities	—	29,544	29,544	18,395	17,735	36,130	65,674
Postage and delivery	—	1,884	1,884	9,056	1,259	10,315	12,199
Travel	—	470	470	1,325	2,199	3,524	3,994
Meetings and conferences	—	1,064	1,064	779	2,087	2,866	3,930
Office supplies	—	2,637	2,637	3,853	2,579	6,432	9,069
Communications	—	3,075	3,075	1,705	1,784	3,489	6,564
Advertising and media (cash)	—	793	793	12,829	133	12,962	13,755
Repairs and maintenance	—	2,019	2,019	1,258	1,888	3,146	5,165
National partnership dues	—	30,681	30,681	6,056	3,633	9,689	40,370
Miscellaneous	—	2,471	2,471	7,525	3,605	11,130	13,601
Depreciation and amortization	—	5,079	5,079	3,160	3,047	6,207	11,286
	\$ <u>1,231,261</u>	<u>243,757</u>	<u>1,475,018</u>	<u>231,725</u>	<u>209,423</u>	<u>441,148</u>	<u>1,916,166</u>

See accompanying notes to financial statements.

# MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA

## Notes to Financial Statements

August 31, 2011 and 2010

### (1) Organization

Make-A-Wish Foundation® of Eastern North Carolina (the Foundation) is a North Carolina 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 \$77,423 and \$9,756, 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 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. Pledges are discounted using fair value rates.

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

Property and equipment having a unit cost greater than \$500 and a useful life of more than one year are stated at cost when purchased. Donated 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. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 5 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the lease(s). 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 EASTERN NORTH CAROLINA

## Notes to Financial Statements

August 31, 2011 and 2010

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Foundation first compares undiscounted cash flows expected to be generated by that asset to its carrying value. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary.

### (f) *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 note 3 to the financial statements.

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.

### (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 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.

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August 31, 2011 and 2010

- **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 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>
Wish related items	\$ 326,779	399,977
Wish related services, including theme park tickets, lodging, transportation	134,578	180,921
Internal special events	39,341	27,270
Office supplies and marketing items	669	1,590
Property and equipment	—	11,300
Professional services and other donations	<u>7,277</u>	<u>13,878</u>
	<u>\$ 508,644</u>	<u>634,936</u>

An internal special event is a fundraising event coordinated and staffed by chapter personnel rather than a separate support group organization. It is designed to attract donors and involves a large number of people for the purpose of raising awareness, additional funding, and cultivating future donors. Internal Special event in-kind amounts are donated items recorded at fair value that are used in facilitating the event. Examples of such donated items are generally food, beverage, facility costs, and auction items.

**(i) Income Taxes**

The Foundation is a not-for-profit organization exempt from federal income and North Carolina taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Chapter 55A of the General Statutes of North Carolina. 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

# MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA

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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. Management asserts that no such uncertain tax position exists for the Foundation at August 31, 2011.

### (j) *Functional Expenses*

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

#### **Wish Granting**

Activities performed by the Foundation that grant wishes to children with life-threatening medical conditions.

#### **Program-Related Support**

Activities performed by the Foundation related to the wish program including 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, 2011 and 2010, the Foundation incurred no significant joint costs for activities that include 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 reporting period. Actual

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August 31, 2011 and 2010

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.

**(l) Reclassifications**

Certain reclassifications have been made to the 2010 financial data to conform with the 2011 presentation. The reclassifications had no impact on previously reported net assets.

**(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, 2011 and 2010 represent the amounts that would be expected to be received to sell those assets or that would be expected to 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, available observable and unobservable inputs.

**(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, 2011 and 2010:

<u>Description</u>	<u>August 31,</u> <u>2011</u>	<u>Fair value measurements at</u> <u>August 31, 2011</u>	
		<u>Quoted</u> <u>prices in active</u> <u>markets for</u> <u>identical assets</u> <u>(Level 1)</u>	<u>Significant</u> <u>other</u> <u>observable</u> <u>inputs</u> <u>(Level 2)</u>
Cash and cash equivalents	\$ 100,094	100,094	—
Investments:			
Mutual domestic equity funds	3,859	3,859	—
Certificates of deposit	241,780	—	241,780
Total	\$ 345,733	103,953	241,780

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Notes to Financial Statements

August 31, 2011 and 2010

Description	August 31, 2010	Fair value measurements at August 31, 2010	
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Cash and cash equivalents	\$ 45,792	45,792	—
Investments:			
Mutual funds:			
Domestic equity	\$ 290,995	290,995	—
Bonds	78,829	78,829	—
Certificates of deposit	55,030	—	55,030
Total	\$ 424,854	369,824	55,030

There were no fair value measurements as of August 31, 2011 and 2010 based upon significant unobservable (Level 3) inputs.

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

	2011	2010
Interest and dividend income	\$ 7,012	11,473
Realized and unrealized gains (losses), net	(2,264)	16,010
Investment income, net	\$ 4,748	27,483

**(4) Contributions Receivable**

Contributions receivable includes a pledge that has been discounted at August 31, 2011 and 2010, respectively. The following is a summary of the Foundation's contributions receivable at August 31, 2011 and 2010:

	2011	2010
Total amounts due in:		
One year	\$ 230,025	221,486
Two to five years	50,000	100,000
Gross contributions receivable	280,025	321,486
Less allowance for doubtful accounts	(3,435)	(7,355)
Less discount to present value	(3,514)	(5,489)
Contributions receivable, net	\$ 273,076	308,642

# MAKE-A-WISH FOUNDATION® OF EASTERN NORTH CAROLINA

## Notes to Financial Statements

August 31, 2011 and 2010

### (5) Transactions with Related Entities

The Foundation pays the National Organization annual dues, which were \$35,806 and \$40,370 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.

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 did not receive funding from the Wish Fulfillment Fund during the year ended August 31, 2011. During the year ended August 31, 2010, the Foundation received funding of \$52,815 which is recorded as contributions.

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 \$2,400 and \$3,300 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	\$ 32,359	21,841
Due from other chapters	630	781
Total due from related entities	<u>\$ 32,989</u>	<u>22,622</u>
Due to other chapters	<u>\$ 9,126</u>	<u>2,542</u>
Total due to related entities	<u>\$ 9,126</u>	<u>2,542</u>

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.

During 2011 and 2010, the Foundation received contributions, both cash and in-kind, from board members totaling \$35,925 and \$41,315, respectively. In 2011 and 2010, amounts due from board members totaled \$5,060 and \$8,000, respectively, and are included in contributions receivable, net in the accompanying statements of financial position.



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August 31, 2011 and 2010

**(6) 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	\$ 55,755	55,755
Office furniture and equipment	33,368	33,368
Leasehold improvements	3,800	3,800
	<u>92,923</u>	<u>92,923</u>
Less accumulated depreciation and amortization	<u>(66,949)</u>	<u>(54,774)</u>
Property and equipment, net	<u>\$ 25,974</u>	<u>38,149</u>

Depreciation and amortization expense totaled \$12,175 and \$11,286 for the years ended August 31, 2011 and 2010, respectively.

**(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 August 31, 2011 and 2010, the Foundation had approximately 95 and 81 reportable pending wishes, respectively.

**(8) Leases**

The Foundation is obligated under a lease which expires November 30, 2017. Total rent expense for the years ended August 31, 2011 and 2010 totaled \$61,450 and \$65,674, respectively. The Foundation has no capital leases.

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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:	
2012	\$ 61,118
2013	62,862
2014	64,742
2015	66,698
2016	68,704
Thereafter	88,602
Total minimum lease payments	\$ 412,726

**(9) Temporarily Restricted Net Assets**

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

	<b>2011</b>	<b>2010</b>
Wish granting	\$ 5,000	57,508
Time restrictions	245,606	230,004
Total temporarily restricted net assets	\$ 250,606	287,512

**(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, 2011 and 2010 were \$6,100 and \$7,525, respectively.

**(11) Concentrations of Credit Risk**

In-kind contributions totaling \$331,990 and \$415,137 were received from a single donor for the years ended August 31, 2011 and 2010, respectively, which represents 24% and 25%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

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**(12) Litigation and Claims**

The Foundation is not involved in litigation and claims arising in the ordinary course of business.

**(13) Subsequent Events**

The Foundation has evaluated subsequent events from the statement of financial position date through December 20, 2011, the date at which the financial statements were available to be issued. There were no additional matters requiring disclosures as of this date.