



**MAKE-A-WISH FOUNDATION[®] OF CENTRAL AND
WESTERN NORTH CAROLINA, INC.**

Financial Statements

August 31, 2013 and 2012

(With Independent Auditors' Report Thereon)

**MAKE-A-WISH FOUNDATION® OF CENTRAL AND
WESTERN NORTH CAROLINA, INC.**

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KPMG LLP
Duke Energy Center
Suite 3200
550 South Tryon Street
Charlotte, NC 28202-4214

Independent Auditors' Report

The Board of Directors
Make-A-Wish Foundation® of Central and Western North Carolina, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Make-A-Wish Foundation of Central and Western North Carolina, Inc. (the Foundation), which comprise the statements of financial position as of August 31, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Make-A-Wish Foundation of Central and Western North Carolina, Inc. as of August 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

Charlotte, North Carolina
December 13, 2013

**MAKE-A-WISH FOUNDATION® OF CENTRAL AND
WESTERN NORTH CAROLINA, INC.**

Statements of Financial Position

August 31, 2013 and 2012

Assets	2013	2012
Cash and cash equivalents	\$ 1,279,090	1,053,379
Contributions receivable, net	118,389	42,613
Due from related entities	84,241	102,571
Prepaid expenses	29,752	25,159
Other assets	11,030	11,390
Property and equipment, net	15,694	21,620
Total assets	\$ 1,538,196	1,256,732
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 95,205	86,648
Accrued pending wish costs	1,144,075	945,698
Due to related entities	16,302	6,740
Other liabilities	2,988	5,274
Total liabilities	1,258,570	1,044,360
Commitments and contingencies		
Net assets:		
Unrestricted	142,512	141,546
Temporarily restricted	137,114	70,826
Total net assets	279,626	212,372
Total liabilities and net assets	\$ 1,538,196	1,256,732

See accompanying notes to financial statements.

**MAKE-A-WISH FOUNDATION® OF CENTRAL AND
WESTERN NORTH CAROLINA, INC.**

Statement of Activities

Year ended August 31, 2013

	Unrestricted	Temporarily restricted	Total
Revenues, gains, and other support:			
Public support:			
Contributions	\$ 1,937,277	117,396	2,054,673
Grants	341,209	—	341,209
Total public support	2,278,486	117,396	2,395,882
Internal special events	831,760	14,718	846,478
Less costs of direct benefit to donor	(92,113)	—	(92,113)
Total special events	739,647	14,718	754,365
Interest income	1,749	—	1,749
Other income	4,350	—	4,350
Net assets released from restrictions	65,826	(65,826)	—
Total revenues, gains, and other support	3,090,058	66,288	3,156,346
Expenses:			
Program services:			
Wish granting	2,541,864	—	2,541,864
Support services:			
Fund raising	421,214	—	421,214
Management and general	126,014	—	126,014
Total support services	547,228	—	547,228
Total expenses and losses	3,089,092	—	3,089,092
Change in net assets	966	66,288	67,254
Net assets, beginning of the year	141,546	70,826	212,372
Net assets, end of the year	\$ 142,512	137,114	279,626

See accompanying notes to financial statements.

**MAKE-A-WISH FOUNDATION® OF CENTRAL AND
WESTERN NORTH CAROLINA, INC.**

Statement of Activities

Year ended August 31, 2012

	Unrestricted	Temporarily restricted	Total
Revenues, gains, and other support:			
Public support:			
Contributions	\$ 1,655,612	42,191	1,697,803
Grants	471,289	4,000	475,289
Total public support	2,126,901	46,191	2,173,092
Internal special events	484,694	22,635	507,329
Less costs of direct benefit to donor	(58,155)	—	(58,155)
Total special events	426,539	22,635	449,174
Interest income	2,336	—	2,336
Other income	4,800	—	4,800
Net assets released from restrictions	207,170	(207,170)	—
Total revenues, gains, and other support	2,767,746	(138,344)	2,629,402
Expenses:			
Program services:			
Wish granting	2,043,900	—	2,043,900
Support services:			
Fund raising	372,815	—	372,815
Management and general	166,251	—	166,251
Total support services	539,066	—	539,066
Total expenses and losses	2,582,966	—	2,582,966
Change in net assets	184,780	(138,344)	46,436
Net assets (deficit), beginning of the year	(43,234)	209,170	165,936
Net assets, end of the year	\$ 141,546	70,826	212,372

See accompanying notes to financial statements.

**MAKE-A-WISH FOUNDATION® OF CENTRAL AND
WESTERN NORTH CAROLINA, INC.**

Statements of Cash Flows

Years ended August 31, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Change in net assets	\$ 67,254	46,436
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	13,426	12,636
Contributed property and equipment, inventory, and stock	—	7,180
Change in attrition on pending wish liability	182,825	(20,588)
Changes in assets and liabilities:		
Contributions receivable	(75,776)	141,668
Due from related entities	18,330	37,285
Prepaid expenses	(4,593)	(12,622)
Other assets	360	(2,348)
Accounts payable and accrued expenses	8,557	(25,107)
Accrued pending wish costs	15,552	(8,128)
Due to related entities	9,562	(4,097)
Net cash provided by operating activities	235,497	172,315
Cash flows from investing activities:		
Purchases of property and equipment	(7,500)	—
Net cash used in investing activities	(7,500)	—
Cash flows from financing activities:		
Principal payments on capital lease obligations	(2,286)	(2,054)
Net cash used in financing activities	(2,286)	(2,054)
Net increase in cash and cash equivalents	225,711	170,261
Cash and cash equivalents, beginning of year	1,053,379	883,118
Cash and cash equivalents, end of year	\$ 1,279,090	1,053,379
Supplemental cash flow information:		
Cash paid for interest	\$ 454	685
In-kind contributions	1,075,453	618,173
Contributed property and equipment, inventory, and stock	—	7,180

See accompanying notes to financial statements.

**MAKE-A-WISH FOUNDATION® OF CENTRAL AND
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Statement of Functional Expenses

Year ended August 31, 2013

	Program services	Support services			Total
	Wish granting	Fund raising	Management and general	Total support services	
Direct costs of wishes	\$ 2,056,464	—	—	—	2,056,464
Salaries, taxes, and benefits	225,304	274,465	95,768	370,233	595,537
Printing, subscriptions, and publications	4,307	9,587	158	9,745	14,052
Professional fees	7,302	8,303	4,096	12,399	19,701
Rent and utilities	45,203	45,902	13,678	59,580	104,783
Postage and delivery	878	1,829	38	1,867	2,745
Travel	5,140	13,768	541	14,309	19,449
Meetings and conferences	121,621	3,571	174	3,745	125,366
Office supplies	2,452	2,815	638	3,453	5,905
Communications	5,036	5,125	1,290	6,415	11,451
Advertising and media (cash)	—	8,723	—	8,723	8,723
Advertising and media (in-kind)	—	8,100	—	8,100	8,100
Repairs and maintenance	1,444	1,478	437	1,915	3,359
Membership dues	—	667	217	884	884
National partnership dues	59,320	9,011	6,758	15,769	75,089
Miscellaneous	1,620	21,962	476	22,438	24,058
Depreciation and amortization	5,773	5,908	1,745	7,653	13,426
	<u>\$ 2,541,864</u>	<u>421,214</u>	<u>126,014</u>	<u>547,228</u>	<u>3,089,092</u>

See accompanying notes to financial statements.

**MAKE-A-WISH FOUNDATION® OF CENTRAL AND
WESTERN NORTH CAROLINA, INC.**

Statement of Functional Expenses

Year ended August 31, 2012

	Program services	Support services			Total
	Wish granting	Fund raising	Management and general	Total support services	
Direct costs of wishes	\$ 1,559,075	—	—	—	1,559,075
Salaries, taxes, and benefits	248,059	236,470	126,411	362,881	610,940
Printing, subscriptions, and publications	2,064	20,287	128	20,415	22,479
Professional fees	7,933	15,236	5,252	20,488	28,421
Rent and utilities	38,965	37,314	16,287	53,601	92,566
Postage and delivery	2,325	3,599	801	4,400	6,725
Travel	2,580	18,926	2,109	21,035	23,615
Meetings and conferences	117,631	4,714	561	5,275	122,906
Office supplies	2,269	4,274	579	4,853	7,122
Communications	9,919	7,017	3,104	10,121	20,040
Advertising and media (cash)	—	533	—	533	533
Repairs and maintenance	1,144	1,089	490	1,579	2,723
Membership dues	—	1,968	433	2,401	2,401
National partnership dues	43,299	7,310	5,623	12,933	56,232
Miscellaneous	3,329	9,024	2,199	11,223	14,552
Depreciation and amortization	5,308	5,054	2,274	7,328	12,636
	<u>\$ 2,043,900</u>	<u>372,815</u>	<u>166,251</u>	<u>539,066</u>	<u>2,582,966</u>

See accompanying notes to financial statements.

**MAKE-A-WISH FOUNDATION® OF CENTRAL AND
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Notes to Financial Statements

August 31, 2013 and 2012

(1) Organization

Make-A-Wish Foundation® of Central and Western 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 (GAAP).

(b) Cash and Cash Equivalents

The Foundation considers money market deposit accounts and certificates of deposit with no penalty for early withdrawal to be cash equivalents. Included in cash and cash equivalents as of August 31, 2013 and 2012 are \$9,458 and \$9,436, respectively, of certificates of deposit with an initial term of less than three months and \$1,080,502 and \$879,838, respectively, of money market mutual funds.

(c) 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. Contributions receivable are discounted using fair value rates. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy. Contributions are written off when deemed uncollectible.

(d) Property and Equipment, Net

Property and equipment having a useful life of more than one year are capitalized at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt 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 three to five 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.

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 indicate a long-lived asset may be impaired, the asset value will be reduced to fair

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value. Fair value is determined through various valuation techniques including quoted market prices and third-party independent appraisals, as considered necessary.

(e) Fair Value Measurements

The Foundation follows the provisions of Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Foundation determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets (or liabilities) that the reporting entity has the ability to access at the measurement date.
- Level 2 Inputs: Prices for a similar asset (or liability), other than quoted prices included in Level 1 inputs, that are observable for the asset (or liability), either directly or indirectly. If the asset (or liability) has a specified term, a Level 2 input must be observable for substantially the full term of the asset (or liability).
- Level 3 Inputs: Unobservable inputs for the asset (or liability) used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset (or liability) at measurement date.

See additional information in note 3.

(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 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.

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Notes to Financial Statements

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(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 as follows:

	2013	2012
Contributions:		
Wish related	\$ 917,647	494,584
Professional services	—	34
Advertising and media	8,100	—
Use of facilities	148,278	130,652
Other	303	63
Total	\$ 1,074,328	625,333
Special event revenue:		
Internal special events	\$ 9,528	20

An internal special event is a fund raising event coordinated and staffed by Foundation personnel rather than a third-party support group or organization. It is designed to attract people for the purpose of raising mission awareness, for increasing funding from existing donors, and the cultivation of future donors. Internal special event in-kind amounts are donated items recorded at fair value that are used in facilitating the event. Examples of such donated items are generally food, beverage, facility costs, and auction items.

Program or supporting services expenses were recorded at fair value totaling \$917,647 and \$494,618 in 2013 and 2012, respectively, with the difference recorded as receivable for pledged facilities and other assets representing inventory.

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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 contributions revenue when received and fund raising or public information 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.

(h) *Income Taxes*

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

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

(i) *Functional Expenses*

The Foundation performs three functions: wish granting, 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.

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, 2013 and 2012, the Foundation incurred no significant joint costs for activities that include fund raising appeals.

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Notes to Financial Statements

August 31, 2013 and 2012

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 recordkeeping, 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.

(j) 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 results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of property and equipment, valuation of contributions receivable, accrued pending wish costs, net of attrition on accrued pending wish costs and whether an allowance for uncollectible contributions receivable is required. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

(3) Fair Value Measurements

(a) Fair Value of Financial Instruments

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of the financial instruments shown in the following tables as of August 31, 2013 and 2012 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, and available observable and unobservable inputs.

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

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Notes to Financial Statements

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(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 as of August 31, 2013 and 2012:

Description	August 31, 2013	Fair value measurements at August 31, 2013 using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Recurring:				
Cash and cash equivalents	\$ 1,089,960	1,089,960	—	—
Nonrecurring:				
Contributions receivable	118,389	—	—	118,839
Total	\$ 1,208,349	1,089,960	—	118,839

Description	August 31, 2012	Fair value measurements at August 31, 2012 using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Recurring:				
Cash and cash equivalents	\$ 889,274	889,274	—	—
Nonrecurring:				
Contributions receivable	42,613	—	—	42,613
Total	\$ 931,887	889,274	—	42,613

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(4) Contributions Receivable

The following is a summary of the Foundation's contributions receivable as of August 31, 2013 and 2012:

	2013	2012
Total amounts due in:		
One year	\$ 118,389	42,613
Gross contributions receivable	118,389	42,613
Less allowance for doubtful accounts	—	—
Contributions receivable, net	\$ 118,389	42,613

(5) Transactions with Related Entities

The National Organization conducts national fund raising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail donations, amounts for internal grants, travel and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues. During the years ended August 31, 2013 and 2012, the Foundation received \$616,672 and \$637,043, respectively, from these national revenue streams.

Conversely, the Foundation pays amounts to the National Organization for annual dues, insurance, and other miscellaneous ancillary expenses that Make-A-Wish Foundation of America pays on behalf of the Foundation. Amounts totaling \$146,654 and \$129,600 were paid from the Foundation to Make-A-Wish Foundation of America for the years ended August 31, 2013 and 2012, respectively.

Chapters who assist with the organization and granting of wishes from other chapters are paid a "fee for service" called the wish assist fee. Under this program, the Foundation received \$4,350 and \$4,800 for the years ended August 31, 2013 and 2012, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

	2013	2012
Balance as of August 31:		
Due from National Organization	\$ 77,993	91,467
Due from other chapters	6,248	11,104
Total due from related entities	\$ 84,241	102,571
Due to National Organization	\$ —	8
Due to other chapters	16,302	6,732
Total due to related entities	\$ 16,302	6,740

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Notes to Financial Statements

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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 2013 and 2012, the Foundation received contributions, both cash and in-kind, from board members totaling \$48,913 and \$27,746, respectively. There were no amounts due from board members in 2013 and 2012. No amounts were paid to related parties for goods and services used in the Foundation's operations in 2013 and 2012.

(6) Property and Equipment, Net

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

	2013	2012
Computer equipment and software	\$ 54,034	46,534
Other equipment	16,571	16,571
	70,605	63,105
Less accumulated depreciation and amortization	(54,911)	(41,485)
Property and equipment, net	\$ 15,694	21,620

Depreciation and amortization expense totaled \$13,426 and \$12,636 for the years ended August 31, 2013 and 2012, 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.

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Notes to Financial Statements

August 31, 2013 and 2012

The Foundation, as part of its estimate of accrued pending wish costs, also considers attrition on pending wish costs. An attrition rate is calculated by the Foundation by analyzing the trend of wishes that have been accrued for using the five criteria discussed above that have not been able to be completed within the past twelve months due to factors outside of the control of the chapter, such as the death of a child, the move of the family out of the chapter's territory, or loss of contact with the family. As of August 31, 2013 and 2012, the Foundation had 152 and 149 reportable pending wishes, respectively.

(8) Leases

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through October 15, 2014. As of August 31, 2013 and 2012, the cost of leased property and equipment under capital lease was \$16,571, and accumulated depreciation was \$12,696 and \$9,384, respectively. Total rent expense for all operating leases for the years ended August 31, 2013 and 2012 totaled \$60,539 and \$59,569, respectively.

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

	Operating leases	Capital leases
Year ending August 31:		
2014	\$ 38,724	2,740
2015	—	452
Total minimum lease payments	\$ 38,724	3,192
Less amounts representing interest		(204)
Present value of net minimum lease payments		\$ 2,988

(9) Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes for the years ended August 31, 2013 and 2012:

	2013	2012
Purpose restriction	\$ 122,396	6,000
Time restrictions	14,718	64,826
Total temporarily restricted net assets	\$ 137,114	70,826

**MAKE-A-WISH FOUNDATION® OF CENTRAL AND
WESTERN NORTH CAROLINA, INC.**

Notes to Financial Statements

August 31, 2013 and 2012

(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 month of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. Effective April 2, 2009, the Foundation suspended the matching of employee contributions to the Plan.

(11) Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash and cash equivalents. The Foundation places its cash 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.

In-kind contributions totaling \$535,519 and \$442,876 were received from a single donor for the years ended August 31, 2013 and 2012, respectively, which represents 22% and 20%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

(12) Litigation and Claims

The Foundation is not involved in any litigation and claims.

(13) Subsequent Events

The Foundation has evaluated subsequent events from the statement of financial position date through December 13, 2013, the date at which the financial statements were available to be issued, and determined that there are no items to disclose.