



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

Financial Statements

August 31, 2010 and 2009

(With Independent Auditors' Report Thereon)

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

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KPMG LLP
Suite 1200
150 Fayetteville Street
Raleigh, NC 27601

Independent Auditors' Report

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

We have audited the accompanying statements of financial position of Make-A-Wish Foundation[®] of Central and Western North Carolina, Inc. (the Foundation) as of August 31, 2010 and 2009, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit 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[®] of Central and Western North Carolina, Inc. as of August 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

January 6, 2011

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

Statements of Financial Position

August 31, 2010 and 2009

Assets	2010	2009
Cash and cash equivalents	\$ 1,029,946	1,130,589
Contributions and other receivables, net	260,620	182,266
Due from related entities	137,201	103,497
Prepaid expenses	11,700	18,289
Other assets	17,040	—
Property and equipment, net	18,229	3,832
Total assets	\$ 1,474,736	1,438,473
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 173,940	101,152
Accrued pending wish costs	801,257	869,762
Due to related entities	6,041	300
Other liabilities	13,591	1,189
Total liabilities	994,829	972,403
Commitments and contingencies		
Net assets:		
Unrestricted	354,853	338,275
Temporarily restricted	125,054	127,795
Total net assets	479,907	466,070
Total liabilities and net assets	\$ 1,474,736	1,438,473

See accompanying notes to financial statements.

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

Statement of Activities

Year ended August 31, 2010

	Unrestricted	Temporarily restricted	Total
Revenues, gains, and other support:			
Public support:			
Contributions	\$ 1,048,158	—	1,048,158
In-kind contributions	729,209	103,150	832,359
Grants	39,481	—	39,481
Total public support	1,816,848	103,150	1,919,998
Special events	1,059,636	21,904	1,081,540
Less direct benefit costs to donor	(111,352)	—	(111,352)
Total special events	948,284	21,904	970,188
Investment income, net	10,245	—	10,245
Other income	3,734	—	3,734
Net assets released from restrictions	127,795	(127,795)	—
Total revenues, gains, and other support	2,906,906	(2,741)	2,904,165
Expenses:			
Program services:			
Wish granting	2,243,029	—	2,243,029
Total program services	2,243,029	—	2,243,029
Support services:			
Fund raising	433,422	—	433,422
Management and general	213,877	—	213,877
Total support services	647,299	—	647,299
Total program and support services expenses	2,890,328	—	2,890,328
Change in net assets	16,578	(2,741)	13,837
Net assets, beginning of the year	338,275	127,795	466,070
Net assets, end of the year	\$ 354,853	125,054	479,907

See accompanying notes to financial statements.

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

Year ended August 31, 2009

	Unrestricted	Temporarily restricted	Total
Revenues, gains, and other support:			
Public support:			
Contributions	\$ 980,181	—	980,181
In-kind contributions	658,492	116,880	775,372
Grants	70,000	—	70,000
Total public support	1,708,673	116,880	1,825,553
Special events	871,456	10,915	882,371
Less direct benefit costs to donor	(110,502)	—	(110,502)
Total special events	760,954	10,915	771,869
Investment income, net	27,993	—	27,993
Other income	3,750	—	3,750
Net assets released from restrictions	78,245	(78,245)	—
Total revenues, gains, and other support	2,579,615	49,550	2,629,165
Expenses:			
Program services:			
Wish granting	2,297,046	—	2,297,046
Total program services	2,297,046	—	2,297,046
Support services:			
Fund raising	398,359	—	398,359
Management and general	196,865	—	196,865
Total support services	595,224	—	595,224
Total program and support services expenses	2,892,270	—	2,892,270
Change in net assets	(312,655)	49,550	(263,105)
Net assets, beginning of the year	650,930	78,245	729,175
Net assets, end of the year	\$ 338,275	127,795	466,070

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, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Change in net assets	\$ 13,837	(263,105)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	6,081	5,230
Bad debt (recovery) expense	(20,000)	1,000
Loss on disposal of property and equipment	468	—
Contributed property and equipment and inventory	(18,084)	—
Changes in assets and liabilities:		
Contributions receivable	(58,354)	(57,939)
Due from related entities	(33,704)	(6,977)
Prepaid expenses	6,589	(2,350)
Other assets	—	1,050
Accounts payable and accrued expenses	72,788	(24,686)
Accrued pending wish costs	(68,505)	202,143
Due to related entities	5,741	(22,643)
Other liabilities	4,416	—
Net cash used in operating activities	(88,727)	(168,277)
Cash flows from investing activities:		
Proceeds transfers of investments	—	706,869
Purchases of property and equipment	(9,331)	—
Net cash provided by (used in) investing activities	(9,331)	706,869
Cash flows from financing activities:		
Principal payments on capital lease obligations	(2,585)	(3,284)
Net cash used in financing activities	(2,585)	(3,284)
Net increase (decrease) in cash and cash equivalents	(100,643)	535,308
Cash and cash equivalents, beginning of year	1,130,589	595,281
Cash and cash equivalents, end of year	\$ 1,029,946	1,130,589
Supplemental cash flow information:		
Cash paid for interest	\$ 911	333
In-kind contributions	778,346	751,985
Acquisition of equipment with capital lease agreement	10,571	—
Contributed property and equipment and inventory	18,084	15,425
Contributed services	43,216	10,652

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, 2010

	<u>Program services</u>		<u>Support services</u>			<u>Total</u>
	<u>Wish granting</u>	<u>Total program services</u>	<u>Fund raising</u>	<u>Management and general</u>	<u>Total support services</u>	
Direct costs of wishes	\$ 1,689,040	1,689,040	—	—	—	1,689,040
Salaries, taxes, and benefits	288,409	288,409	213,111	150,937	364,048	652,457
Printing, subscriptions, and publications	3,912	3,912	14,528	1,207	15,735	19,647
Professional fees	4,850	4,850	15,241	43,521	58,762	63,612
Rent and utilities	31,840	31,840	34,566	15,267	49,833	81,673
Postage and delivery	3,055	3,055	6,518	1,644	8,162	11,217
Travel	8,461	8,461	21,663	3,580	25,243	33,704
Meetings and conferences	147,998	147,998	44,761	905	45,666	193,664
Office supplies	5,994	5,994	10,272	3,857	14,129	20,123
Communications	7,661	7,661	6,147	2,568	8,715	16,376
Advertising and media (cash)	—	—	8,158	—	8,158	8,158
Advertising and media (in-kind)	—	—	32,829	—	32,829	32,829
Repairs and maintenance	1,718	1,718	1,988	823	2,811	4,529
Insurance	1,673	1,673	1,073	877	1,950	3,623
Bad debt recovery	—	—	—	(20,000)	(20,000)	(20,000)
Membership dues	1,686	1,686	2,181	936	3,117	4,803
National partnership dues	42,975	42,975	8,482	5,089	13,571	56,546
Miscellaneous	1,387	1,387	9,326	1,533	10,859	12,246
Depreciation and amortization	2,370	2,370	2,578	1,133	3,711	6,081
	<u>\$ 2,243,029</u>	<u>2,243,029</u>	<u>433,422</u>	<u>213,877</u>	<u>647,299</u>	<u>2,890,328</u>

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, 2009

	Program services		Support services			Total
	Wish granting	Total program services	Fund raising	Management and general	Total support services	
Direct costs of wishes	\$ 1,705,169	1,705,169	—	—	—	1,705,169
Salaries, taxes, and benefits	309,461	309,461	254,431	144,966	399,397	708,858
Printing, subscriptions, and publications	4,484	4,484	7,101	768	7,869	12,353
Professional fees	7,107	7,107	6,276	7,758	14,034	21,141
Rent and utilities	36,124	36,124	29,885	17,058	46,943	83,067
Postage and delivery	3,622	3,622	3,718	1,767	5,485	9,107
Travel	7,403	7,403	10,656	4,903	15,559	22,962
Meetings and conferences	135,412	135,412	46,830	1,333	48,163	183,575
Office supplies	3,018	3,018	3,044	2,399	5,443	8,461
Communications	11,042	11,042	6,676	3,772	10,448	21,490
Repairs and maintenance	2,193	2,193	1,789	1,032	2,821	5,014
Insurance	2,132	2,132	1,718	996	2,714	4,846
Bad debt expense	—	—	1,000	—	1,000	1,000
Membership dues	1,839	1,839	1,540	867	2,407	4,246
National partnership dues	64,812	64,812	15,555	6,049	21,604	86,416
Miscellaneous	953	953	6,257	2,125	8,382	9,335
Depreciation and amortization	2,275	2,275	1,883	1,072	2,955	5,230
	<u>\$ 2,297,046</u>	<u>2,297,046</u>	<u>398,359</u>	<u>196,865</u>	<u>595,224</u>	<u>2,892,270</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

August 31, 2010 and 2009

(1) Organization

Make-A-Wish Foundation[®] of Central and Western North Carolina, Inc. (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) Fair Value Measurements

Fair value measurements of financial assets and financial liabilities and fair value measurements of nonfinancial items that are recognized at fair value in the financial statements on a recurring basis are determined in accordance with provisions of Financial Accounting Standards Board (FASB) Statement No. 157 (SFAS No. 157), *Fair Value Measurements*, (Statement 157), (included in Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*). SFAS No. 157 defines fair value as the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS No. 157 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

(c) Cash and Cash Equivalents

The Foundation considers money market deposit accounts and certificates of deposits with no penalty for early withdrawal to be cash equivalents. Cash and cash equivalents at August 31, 2010 and 2009 include \$732,902 and \$727,806, respectively, of money market accounts. Also included in cash and cash equivalents at August 31, 2010 and 2009 are \$161,054 and \$159,805, respectively, of certificates of deposit with no penalty for early withdrawal.

(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. Unconditional promises to

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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.

(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. 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 leases. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

Long-lived assets, such as property, plant, and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be 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 or asset group 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) 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 donor-imposed restrictions 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.

(g) Revenue Recognition

Unconditional promises to give are recorded as contributions revenue when the promises are 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 statement of activities as net assets released from restrictions. When restrictions are

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Notes to Financial Statements

August 31, 2010 and 2009

met in the same period as the contribution is received, the Foundation records the contribution and the expense as unrestricted. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

The Foundation received contributions of assets other than cash that are included in the accompanying statements of activities as in-kind contributions and special events revenue of \$832,359 and \$7,287, respectively, in 2010 and \$775,372 and \$2,690, respectively, in 2009. Program or supporting services expenses were recorded at fair value totaling \$821,562 and \$776,422 in 2010 and 2009, respectively, with the difference in 2010 recorded as other assets representing inventory items received and not yet used and donated property and equipment. In-kind contributions consisted of the following:

	<u>2010</u>	<u>2009</u>
Advertising and media	\$ 32,829	—
Computer equipment, games, and toys	17,040	10,934
Cruises	270	373
Lodging	119,314	125,588
Theme parks	383,780	358,452
Transportation	83,164	65,395
Other wish-related donations	191,818	206,668
Property and equipment	1,044	—
Professional services and other donations	10,387	10,652
Total	<u>\$ 839,646</u>	<u>778,062</u>

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

(h) 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 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.

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ASC Topic 740, *Income Taxes*, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, disclosure, and transition. The Foundation has adopted the deferral and disclosure provisions of ASC 740 for its August 31, 2009 financial statements and has adopted the provisions of ASC 740 for the year ended August 31, 2010. Management asserts that no such uncertain tax position exists for the Foundation at August 31, 2010.

(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.

Fund Raising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations. During the fiscal year ended August 31, 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.

(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. Actual results could differ from those estimates. Significant items subject such estimates and assumptions include the useful lives of property and equipment, investments, valuation of contributions receivable, property and equipment, and accrued pending wish costs. The current economic environment has increased the degree of uncertainty inherent to those estimates and assumptions.

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Notes to Financial Statements

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(3) Fair Value Measurements

The Foundation follows the provision of 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 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 liability, either directly or indirectly.
- Level 3 – inputs are unobservable inputs for the asset or liability.

The Foundation has no investments as of August 31, 2010 and 2009. Certificates of deposit at August 31, 2010 and 2009 include \$161,054 and \$159,805, respectively, which are considered to be cash equivalents because they contain no penalty for early withdrawal. For the valuation of these certificates of deposit, the Foundation used significant other observable inputs (Level 2), as applicable. Interest earned on cash and cash equivalents and certificates of deposit was \$10,245 in 2010 and \$27,993 in 2009.

(4) Contributions and Other Receivables

The following is a summary of the Foundation’s contributions and other receivables at August 31, 2010:

	<u>2010</u>	<u>2009</u>
Total amounts due in:		
One year	\$ 260,620	202,266
Gross receivables	260,620	202,266
Less allowance for doubtful accounts	—	(20,000)
Receivables, net	\$ <u>260,620</u>	<u>182,266</u>

(5) Transactions with Related Entities

The Foundation pays the National Organization annual dues. The annual dues for the years ended August 31, 2010 and 2009 was \$56,546 and \$86,416, respectively. The National Organization supports the Foundation by providing funding and other support for the granting of wishes.

As part of the National Organization’s Wish Fulfillment fund, chapters may apply for funds that have been donated by other chapters to underwrite the costs of wishes. Under this program, the Foundation received support from the Wish Fulfillment Fund with receipts during the years ended August 31, 2010 and 2009 totaling \$7,595 and \$50,000, respectively, which is recorded as grants.

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Chapters who assist with the organization and granting of wishes from other chapters are paid a “fee for service” called the wish assist fee. Under this program, the Foundation received \$3,600 in 2010 and \$3,750 in 2009 which is recorded in the accompanying statement of activities as other income.

The Foundation rented office space from a related party for a total cost of \$700 in 2010 and \$600 in 2009.

Amounts due from and to related entities are as follows:

	2010	2009
Balance at August 31:		
Due from National Organization	\$ 134,334	101,086
Due from other chapters	2,867	2,411
Total due from related entities	\$ 137,201	103,497
Due to other chapters	\$ 6,041	300
Total due to related entities	\$ 6,041	300

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 amount to be received from other chapters with their wish granting. Amounts due to the other chapters represent amounts owed to other chapters who have assisted in the granting of wishes for the Foundation.

During 2010 and 2009, the Foundation received contributions from board members totaling \$31,945 and \$29,140, respectively. These amounts are included in contributions or special events in the accompanying statements of activities. As of August 31, 2010 and 2009, there were no amounts due from board members.

(6) Property and Equipment, Net

Fixed assets as of August 31, 2010 and 2009 consist of the following:

	2010	2009
Computer equipment and software	\$ 24,497	21,693
Office equipment	21,708	16,638
	46,205	38,331
Less accumulated depreciation and amortization	(27,976)	(34,499)
Property and equipment, net	\$ 18,229	3,832

Depreciation and amortization expense totaled \$6,081 in 2010 and \$5,230 in 2009.

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Notes to Financial Statements

August 31, 2010 and 2009

(7) Accrued Pending Wish Costs

The Foundation accrues for estimated costs of reportable pending wishes as unconditional promises to give when five certain, measurable wish criteria are met. Prior to meeting these five criteria, the wish is considered a conditional promise to give due to the inherent uncertainties surrounding these criteria and is therefore not accrued as a pending wish liability. Reportable pending wish criteria include:

1. Receiving a referral,
2. Obtaining the required medical eligibility form,
3. Contact with the wish family has occurred to determine the prospective wish,
4. Determination that the wish falls within the National Organization's wish granting policy, and
5. The wish is expected to be granted within the next 12 months.

Reportable pending wishes for the Foundation as of August 31, 2010 and 2009 included 115 and 111, respectively.

(8) Leases

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through 2015. As of August 31, 2010 and 2009, the cost of leased property and equipment under capital lease was \$16,571 and \$11,500, respectively and accumulated depreciation was \$2,760 and \$10,552, respectively. Total rent expense for all operating leases for the year ended August 31, 2010 and 2009 totaled \$58,601 and \$57,366, respectively.

Future minimum lease payments under operating and capital leases as of August 31, 2010, are as follows:

	Operating leases	Capital leases
Years ending August 31:		
2011	\$ 60,672	1,847
2012	60,512	2,055
2013	61,510	2,286
2014	38,989	2,543
2015	—	444
Total minimum lease payments	\$ 221,683	9,175
Less amounts representing interest		(893)
Present value of net minimum lease payments		\$ 8,282

Capital lease obligations are included in other liabilities in the statements of financial position.

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Notes to Financial Statements

August 31, 2010 and 2009

(9) Temporarily Restricted Net Assets

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

	<u>2010</u>	<u>2009</u>
Wish granting	\$ 21,904	10,915
Time restrictions	103,150	116,880
Total temporarily restricted net assets	<u>\$ 125,054</u>	<u>127,795</u>

Net assets released from purpose restrictions for the years ended August 31, 2010 and 2009 included \$127,795 and \$78,245, respectively.

(10) Retirement Plan

The Foundation has a defined contribution retirement 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. The Foundation matched employee contributions up to 5% of the employee's salary through August 31, 2009. Effective April 2, 2009, the foundation suspended the matching of employee contributions to the plan. There were no contributions to the plan for the year ended August 31, 2010. Foundation contributions to the Plan for the year ended August 31, 2009 were \$15,210.

(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 and cash equivalents with high credit quality financial institutions and generally limits the amount of credit exposure not to exceed the FDIC insurance coverage limit of \$250,000. From time to time throughout the year, the Foundation's cash balances may exceed the amount of the FDIC insurance coverage.

(12) Subsequent Events

Subsequent events have been evaluated through January 6, 2011, which is the date the financial statements were available to be issued, and determined there are no other items to disclose.