



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

Financial Statements

August 31, 2012 and 2011

(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
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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, 2012 and 2011, 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, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

KPMG LLP

December 14, 2012

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

Statements of Financial Position

August 31, 2012 and 2011

Assets	2012	2011
Cash and cash equivalents	\$ 1,053,379	883,118
Contributions receivable, net	42,613	184,281
Due from related entities	102,571	139,856
Prepaid expenses	25,159	12,537
Other assets	11,390	16,222
Property and equipment, net	21,620	34,256
Total assets	<u>\$ 1,256,732</u>	<u>1,270,270</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 86,648	111,755
Accrued pending wish costs	945,698	974,414
Due to related entities	6,740	10,837
Other liabilities	5,274	7,328
Total liabilities	<u>1,044,360</u>	<u>1,104,334</u>
Commitments and contingencies		
Net assets (deficit):		
Unrestricted	141,546	(43,234)
Temporarily restricted	70,826	209,170
Total net assets	<u>212,372</u>	<u>165,936</u>
Total liabilities and net assets	<u>\$ 1,256,732</u>	<u>1,270,270</u>

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

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
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	<u>2,126,901</u>	<u>46,191</u>	<u>2,173,092</u>
Special events	484,694	22,635	507,329
Less direct benefit costs to donor	(58,155)	—	(58,155)
Total special events	<u>426,539</u>	<u>22,635</u>	<u>449,174</u>
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	<u>2,767,746</u>	<u>(138,344)</u>	<u>2,629,402</u>
Expenses:			
Program services:			
Wish granting	2,043,900	—	2,043,900
Total program services	<u>2,043,900</u>	<u>—</u>	<u>2,043,900</u>
Support services:			
Fundraising	372,815	—	372,815
Management and general	166,251	—	166,251
Total support services	<u>539,066</u>	<u>—</u>	<u>539,066</u>
Total expenses and losses	<u>2,582,966</u>	<u>—</u>	<u>2,582,966</u>
Change in net assets (deficit)	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	\$ <u>141,546</u>	<u>70,826</u>	<u>212,372</u>

See accompanying notes to financial statements.

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

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	\$ 1,644,011	184,234	1,828,245
Grants	396,143	12,710	408,853
Total public support	<u>2,040,154</u>	<u>196,944</u>	<u>2,237,098</u>
Special events	459,638	12,226	471,864
Less direct benefit costs to donor	(109,986)	—	(109,986)
Total special events	<u>349,652</u>	<u>12,226</u>	<u>361,878</u>
Interest income	4,919	—	4,919
Other income	4,696	—	4,696
Net assets released from restrictions	125,054	(125,054)	—
Total revenues, gains, and other support	<u>2,524,475</u>	<u>84,116</u>	<u>2,608,591</u>
Expenses:			
Program services:			
Wish granting	2,221,694	—	2,221,694
Total program services	<u>2,221,694</u>	<u>—</u>	<u>2,221,694</u>
Support services:			
Fundraising	479,502	—	479,502
Management and general	221,366	—	221,366
Total support services	<u>700,868</u>	<u>—</u>	<u>700,868</u>
Total expenses and losses	<u>2,922,562</u>	<u>—</u>	<u>2,922,562</u>
Change in net assets (deficit)	(398,087)	84,116	(313,971)
Net assets, beginning of the year	354,853	125,054	479,907
Net assets (deficit), end of the year	\$ <u>(43,234)</u>	<u>209,170</u>	<u>165,936</u>

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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ 46,436	(313,971)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	12,636	7,044
Loss on disposal of property and equipment	—	554
Contributed property and equipment, inventory, and stock	7,180	9,860
Change in pending wish liability due to attrition	(20,588)	(250,332)
Changes in assets and liabilities:		
Contributions receivable	141,668	66,680
Due from related entities	37,285	(2,655)
Prepaid expenses	(12,622)	(837)
Other assets	(2,348)	617
Accounts payable and accrued expenses	(25,107)	(62,185)
Accrued pending wish costs	(8,128)	423,489
Due to related entities	(4,097)	4,796
Other liabilities	—	(4,415)
Net cash provided by (used in) operating activities	<u>172,315</u>	<u>(121,355)</u>
Cash flows from investing activities:		
Purchases of property and equipment	—	(23,625)
Net cash used in investing activities	<u>—</u>	<u>(23,625)</u>
Cash flows from financing activities:		
Principal payments on capital lease obligations	(2,054)	(1,848)
Net cash used in financing activities	<u>(2,054)</u>	<u>(1,848)</u>
Net increase (decrease) in cash and cash equivalents	170,261	(146,828)
Cash and cash equivalents, beginning of year	<u>883,118</u>	<u>1,029,946</u>
Cash and cash equivalents, end of year	<u>\$ 1,053,379</u>	<u>883,118</u>
Supplemental cash flow information:		
Cash paid for interest	\$ 685	893
Contributed services	34	2,094
In-kind contributions	625,319	804,285

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

	<u>Program services</u>		<u>Support services</u>		<u>Total</u>
	<u>Wish granting</u>	<u>Fundraising</u>	<u>Management and general</u>	<u>Total support services</u>	
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 WESTERN NORTH CAROLINA, INC.

Statement of Functional Expenses

Year ended August 31, 2011

	<u>Program services</u>		<u>Support services</u>		<u>Total</u>
	<u>Wish granting</u>	<u>Fundraising</u>	<u>Management and general</u>	<u>Total support services</u>	
Direct costs of wishes	\$ 1,717,849	—	—	—	1,717,849
Salaries, taxes, and benefits	229,711	309,860	171,815	481,675	711,386
Printing, subscriptions, and publications	5,522	21,317	995	22,312	27,834
Professional fees	7,651	18,069	8,936	27,005	34,656
Rent and utilities	35,667	42,644	16,771	59,415	95,082
Postage and delivery	4,246	5,300	1,117	6,417	10,663
Travel	9,844	22,312	4,174	26,486	36,330
Meetings and conferences	137,657	21,975	1,019	22,994	160,651
Office supplies	2,921	3,812	2,199	6,011	8,932
Communications	9,107	7,517	2,674	10,191	19,298
Advertising and media (cash)	—	1,567	—	1,567	1,567
Advertising and media (in-kind)	—	1,500	—	1,500	1,500
Repairs and maintenance	1,515	1,701	660	2,361	3,876
Membership dues	1,724	3,191	811	4,002	5,726
National partnership dues	50,265	8,486	6,528	15,014	65,279
Miscellaneous	5,409	7,081	2,399	9,480	14,889
Depreciation and amortization	2,606	3,170	1,268	4,438	7,044
	<u>\$ 2,221,694</u>	<u>479,502</u>	<u>221,366</u>	<u>700,868</u>	<u>2,922,562</u>

See accompanying notes to financial statements.

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

August 31, 2012 and 2011

(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 fundraising 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 money market deposit accounts and certificates of deposit with no penalty for early withdrawal to be cash equivalents. Cash and cash equivalents at August 31, 2012 and 2011 include certificates of deposits of \$9,436 and \$9,411, respectively, with an initial term of less than three months. Also included in cash and cash equivalents at August 31, 2012 and 2011 are \$879,838 and \$737,538, 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.

(d) Property and Equipment, Net

Property and equipment having a unit cost greater than \$1,000 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 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 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

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Notes to Financial Statements

August 31, 2012 and 2011

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.

(e) 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 liability) 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.
- 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 has adopted 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.

(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.

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- **Temporarily restricted net assets** – Net assets subject to restrictions imposed by donor or law that may be met either by actions of the Foundation or the passage of time.
- **Unrestricted net assets** – Net assets that are not subject to donor-imposed restrictions or law.

(g) Revenue Recognition

Unconditional promises to give are recorded as contributions revenue when the promise is received. Conditional promises are recorded as revenue once the conditions are substantially met. Contributions, grants, and bequests are recognized as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. When restrictions are met in the same period as the contribution is received, the Foundation records the contribution and the expense as unrestricted. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Foundation received in-kind contributions of assets and services that are included in the accompanying statements of activities. Such in-kind contributions were reported as follows:

	<u>2012</u>	<u>2011</u>
Wish related	\$ 494,584	646,374
Professional services	34	594
Advertising and media	—	1,500
Internal special events	20	3,600
Property and equipment	—	500
Use of facilities	130,652	151,828
Other	63	1,983
Total	<u>\$ 625,353</u>	<u>806,379</u>

An internal special event is a fundraising event coordinated and staffed by chapter personnel rather than a separate support group or organization. It is designed to attract donors and involves large numbers 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.

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Notes to Financial Statements

August 31, 2012 and 2011

(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 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 derecognition, classification, interest and penalties, disclosure, and transition. Management believes that no such uncertain tax position exists for the Foundation at August 31, 2012 or 2011.

(i) *Functional Expenses*

The Foundation performs three functions: wish granting, fundraising, 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.

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations. During the fiscal years ended August 31, 2012 and 2011, the Foundation incurred no significant joint costs for activities that include fundraising appeals.

Management and General

All costs not identifiable with a single program or fundraising 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.

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Notes to Financial Statements

August 31, 2012 and 2011

(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, 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.

(k) Reclassifications

Certain reclassifications have been made to the 2011 data to conform with the 2012 presentation. There was no impact on the previously reported change in net assets.

(3) Fair Value Measurements

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 Foundation has no investments as of August 31, 2012 and 2011. Certificates of deposit at August 31, 2012 and 2011 include \$9,436 and \$9,411, respectively. 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 \$2,336 and \$4,919 in 2012 and 2011, respectively.

(4) Contributions Receivable

The following is a summary of the Foundation's contributions receivable at August 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Total amounts due in:		
One year	\$ 42,613	184,281
Gross contributions receivable	42,613	184,281
Less allowance for doubtful accounts	—	—
Contributions receivable, net	<u>\$ 42,613</u>	<u>184,281</u>

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Notes to Financial Statements

August 31, 2012 and 2011

(5) Transactions with Related Entities

The Foundation receives funds from the Make-A-Wish Foundation of America on a monthly basis. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and whitemail 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, 2012 and 2011, the Foundation received amounts totaling \$637,043 and \$572,904, respectively, from these national revenue streams. Conversely, the chapter pays amounts to the Make-A-Wish Foundation of America for partnership dues, insurance, and other miscellaneous ancillary expenses that Make-A-Wish Foundation of America pays on behalf of the Foundation. Amounts totaling \$129,600 and \$139,262 were paid from the Foundation to Make-A-Wish Foundation of America for the years ended August 31, 2012 and 2011, 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 \$4,800 and \$5,250 for the years ended August 31, 2012 and 2011, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

	2012	2011
Balance at August 31:		
Due from National Organization	\$ 91,467	132,229
Due from other chapters	11,104	7,627
Total due from related entities	\$ 102,571	139,856
Due to National Organization	\$ 8	6,885
Due to other chapters	6,732	3,952
Total due to related entities	\$ 6,740	10,837

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 2012 and 2011, the Foundation received contributions, both cash and in-kind, from board members totaling \$27,746 and \$90,355, respectively. No amounts were paid to related parties for goods and services used in the Foundation’s operations in 2012. Amounts paid to related parties for goods and services used in the Foundation’s operations totaled \$1,585 in 2011.

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(6) Property and Equipment, Net

Property and equipment as of August 31, 2012 and 2011 consist of the following:

	2012	2011
Computer equipment and software	\$ 46,534	47,177
Other equipment	16,571	21,708
	63,105	68,885
Less accumulated depreciation and amortization	(41,485)	(34,629)
Property and equipment, net	\$ 21,620	34,256

Depreciation and amortization expense totaled \$12,636 and \$7,044 for the years ended August 31, 2012 and 2011, 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, 2012 and 2011, the Foundation had 149 and 159 reportable pending wishes, respectively.

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 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, and the delay of a wish without a known date due to the family's circumstances or the child's hospitalization or illness.

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(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, 2012 and 2011, the cost of leased property and equipment under capital lease was \$16,571, and accumulated depreciation was \$9,384 and \$6,072, respectively. Total rent expense for all operating leases for the years ended August 31, 2012 and 2011 totaled \$59,569 and \$58,824, 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:		
2013	\$ 60,539	2,740
2014	38,724	2,740
2015	—	452
Total minimum lease payments	\$ 99,263	5,932
Less amounts representing interest		(658)
Present value of net minimum lease payments		\$ 5,274

(9) Temporarily Net Assets

Temporarily restricted net assets are available for the following purposes for the years ended August 31, 2012 and 2011:

	2012	2011
Purpose restriction	\$ 6,000	11,710
Time restrictions	64,826	197,460
Total temporarily restricted net assets	\$ 70,826	209,170

(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.

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

Notes to Financial Statements

August 31, 2012 and 2011

(11) Concentrations of Credit Risk

In-kind contributions totaling \$442,876 and \$350,410 were received from a single donor for the years ended August 31, 2012 and 2011, respectively, which represents 20% and 16%, 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 14, 2012, the date at which the financial statements were available to be issued, and determined that there are no other items to disclose.