



MAKE-A-WISH FOUNDATION[®] OF MIDDLE TENNESSEE, INC.

Financial Statements

August 31, 2011 and 2010

(With Independent Auditors' Report Thereon)

MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE, INC.

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Independent Auditors' Report

The Board of Directors
Make-A-Wish Foundation® of Middle Tennessee, Inc.:

We have audited the accompanying statements of financial position of Make-A-Wish Foundation® of Middle Tennessee, Inc. (the Foundation) as of August 31, 2011 and 2010, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Foundation® of Middle Tennessee, Inc. as of August 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

December 19, 2011

MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE, INC.

Statements of Financial Position

August 31, 2011 and 2010

Assets	2011	2010
Cash and cash equivalents	\$ 478,466	483,098
Due from related entities	33,783	23,134
Contributions receivable, net	74,599	79,430
Prepaid expenses	1,779	—
Property and equipment, net	12,746	17,034
Total assets	<u>\$ 601,373</u>	<u>602,696</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 34,020	23,673
Accrued pending wish costs	159,659	130,000
Capital lease obligations	845	3,884
Deferred rent	4,215	—
Total liabilities	<u>198,739</u>	<u>157,557</u>
Net assets:		
Unrestricted	304,536	323,699
Temporarily restricted	98,098	121,440
Total net assets	<u>402,634</u>	<u>445,139</u>
Total liabilities and net assets	<u>\$ 601,373</u>	<u>602,696</u>

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE, 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	\$ 780,221	42,350	822,571
In-kind contributions	282,375	55,748	338,123
Grants	80,275	—	80,275
Total public support	<u>1,142,871</u>	<u>98,098</u>	<u>1,240,969</u>
Special events	41,432	—	41,432
Less direct benefit costs to donors	<u>(4,102)</u>	<u>—</u>	<u>(4,102)</u>
Total special events	<u>37,330</u>	<u>—</u>	<u>37,330</u>
Investment income, net	4,771	—	4,771
Other income	5,876	—	5,876
Net assets released from restrictions	<u>121,440</u>	<u>(121,440)</u>	<u>—</u>
Total revenues, gains, and other support	<u>1,312,288</u>	<u>(23,342)</u>	<u>1,288,946</u>
Expenses:			
Program services:			
Wish granting	<u>993,095</u>	<u>—</u>	<u>993,095</u>
Support services:			
Fund-raising	186,992	—	186,992
Management and general	<u>151,364</u>	<u>—</u>	<u>151,364</u>
Total support services	<u>338,356</u>	<u>—</u>	<u>338,356</u>
Total expenses	<u>1,331,451</u>	<u>—</u>	<u>1,331,451</u>
Change in net assets	<u>(19,163)</u>	<u>(23,342)</u>	<u>(42,505)</u>
Net assets, beginning of year	<u>323,699</u>	<u>121,440</u>	<u>445,139</u>
Net assets, end of year	<u><u>\$ 304,536</u></u>	<u><u>98,098</u></u>	<u><u>402,634</u></u>

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE, INC.

Statement of Activities

Year ended August 31, 2010

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenues, gains, and other support:			
Public support:			
Contributions	\$ 687,412	12,010	699,422
In-kind contributions	221,109	64,430	285,539
Grants	27,088	40,000	67,088
Total public support	<u>935,609</u>	<u>116,440</u>	<u>1,052,049</u>
Special events	80,289	—	80,289
Less direct benefit costs to donors	<u>(3,374)</u>	<u>—</u>	<u>(3,374)</u>
Total special events	76,915	—	76,915
Investment income, net	5,938	—	5,938
Other income	4,265	—	4,265
Net assets released from restrictions	<u>79,560</u>	<u>(79,560)</u>	<u>—</u>
Total revenues, gains, and other support	<u>1,102,287</u>	<u>36,880</u>	<u>1,139,167</u>
Expenses:			
Program services:			
Wish granting	<u>808,263</u>	<u>—</u>	<u>808,263</u>
Support services:			
Fund-raising	130,364	—	130,364
Management and general	<u>95,557</u>	<u>—</u>	<u>95,557</u>
Total support services	<u>225,921</u>	<u>—</u>	<u>225,921</u>
Total expenses	<u>1,034,184</u>	<u>—</u>	<u>1,034,184</u>
Change in net assets	68,103	36,880	104,983
Net assets, beginning of year	<u>255,596</u>	<u>84,560</u>	<u>340,156</u>
Net assets, end of year	<u>\$ 323,699</u>	<u>121,440</u>	<u>445,139</u>

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE, INC.

Statements of Cash Flows

Years ended August 31, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Change in net assets	\$ (42,505)	104,983
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,451	9,589
Bad debt expense	5,000	—
Loss on sale of property and equipment	—	1,598
Changes in assets and liabilities:		
Contributions receivable	(169)	(20,870)
Due from related entities	(10,649)	(5,075)
Prepaid expenses	(1,779)	2,141
Accounts payable and accrued expenses	10,347	5,436
Accrued pending wish costs	29,659	(30,720)
Deferred Rent	4,215	
Due to related entities	—	(1,917)
Net cash provided by operating activities	<u>3,570</u>	<u>65,165</u>
Cash flows from investing activities:		
Proceeds from sales of investments	—	150,000
Purchases of property and equipment	<u>(5,163)</u>	<u>(8,166)</u>
Net cash (used in) provided by investing activities	<u>(5,163)</u>	<u>141,834</u>
Cash flows from financing activity:		
Principal repayments on capital lease obligations	<u>(3,039)</u>	<u>(2,738)</u>
Net (decrease) increase in cash and cash equivalents	(4,632)	204,261
Cash and cash equivalents, beginning of year	<u>483,098</u>	<u>278,837</u>
Cash and cash equivalents, end of year	\$ <u><u>478,466</u></u>	\$ <u><u>483,098</u></u>
Supplemental cash flow information:		
Cash paid for interest	\$ 430	1,018
In-kind contributions	338,123	285,539

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE, INC.

Statement of Functional Expenses

Year ended August 31, 2011

	Program services		Support services		
	Wish granting	Fund raising	Management and general	Total support services	Total
Direct costs of wishes	\$ 776,977	—	—	—	776,977
Salaries, taxes, and benefits	134,180	106,177	113,809	219,986	354,166
Printing, subscriptions, and publications	2,572	8,546	1,091	9,637	12,209
Professional fees	526	303	1,389	1,692	2,218
Rent and utilities	24,868	13,173	14,909	28,082	52,950
Postage and delivery	1,068	2,122	732	2,854	3,922
Travel	5,530	5,293	656	5,949	11,479
Meetings and conferences	3,275	5,755	2,724	8,479	11,754
Information technology	1,950	998	1,061	2,059	4,009
Office supplies	2,070	1,068	1,138	2,206	4,276
Communications	3,527	1,831	1,399	3,230	6,757
Advertising and media (cash)	—	10,500	—	10,500	10,500
Advertising and media (in-kind)	—	10,500	—	10,500	10,500
Repairs and maintenance	1,520	736	676	1,412	2,932
Insurance	2,286	5,723	1,377	7,100	9,386
Membership dues	351	150	448	598	949
National partnership dues	25,430	4,293	3,303	7,596	33,026
Bad debt expense	—	5,000	—	5,000	5,000
Miscellaneous	2,353	2,170	3,595	5,765	8,118
Depreciation	4,612	2,654	3,057	5,711	10,323
	<u>\$ 993,095</u>	<u>186,992</u>	<u>151,364</u>	<u>338,356</u>	<u>1,331,451</u>

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE, INC.

Statement of Functional Expenses

Year ended August 31, 2010

	Program services		Support services		
	Wish granting	Fund raising	Management and general	Total support services	Total
Direct costs of wishes	\$ 548,028	—	—	—	548,028
Salaries, taxes, and benefits	186,204	63,042	57,369	120,411	306,615
Printing, subscriptions, and publications	2,108	9,085	360	9,445	11,553
Professional fees	675	313	11,237	11,550	12,225
Rent and utilities	22,962	10,641	9,061	19,702	42,664
Postage and delivery	811	1,144	449	1,593	2,404
Travel	2,488	2,728	1,902	4,630	7,118
Meetings and conferences	1,866	3,770	3,146	6,916	8,782
Information technology	1,417	710	531	1,241	2,658
Office supplies	2,436	971	1,011	1,982	4,418
Communications	3,663	1,845	958	2,803	6,466
Advertising and media (cash)	—	12,600	—	12,600	12,600
Advertising and media (in-kind)	—	12,600	—	12,600	12,600
Repairs and maintenance	1,944	968	549	1,517	3,461
Insurance	1,048	486	407	893	1,941
Membership dues	299	90	75	165	464
National partnership dues	24,478	4,831	2,899	7,730	32,208
Bad debt expense	—	—	—	—	—
Miscellaneous	2,657	2,140	3,593	5,733	8,390
Depreciation	5,179	2,400	2,010	4,410	9,589
	<u>\$ 808,263</u>	<u>130,364</u>	<u>95,557</u>	<u>225,921</u>	<u>1,034,184</u>

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE, INC.

Notes to Financial Statements

August 31, 2011 and 2010

(1) Organization

Make-A-Wish Foundation® of Middle Tennessee, Inc. (the Foundation) is a Tennessee not-for-profit corporation, organized for the purpose of granting wishes to children with life-threatening medical conditions. The Foundation is an independently operating local chapter of Make-A-Wish Foundation® of America (the National Organization), which operates to develop and implement national programs in public relations and fund-raising for the benefit of all local chapters. In addition, the local chapter is obligated to comply with a chapter agreement with the National Organization and such guidelines, resolutions, and policies as may be adopted by the National Organization's board of directors.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

(b) Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Also included in cash and cash equivalents at August 31, 2011 and 2010 are \$352,661 and \$427,661, respectively of money market mutual funds.

(c) Investments

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decreases in unrestricted net assets unless its use is limited by donor-imposed restrictions or law. The Foundation did not hold any investments at August 31, 2011 or 2010.

(d) Contributions Receivable

Contributions receivable are unconditional promises to give. Such promises that are expected to be collected within one year are recorded at expected net realizable value when the promise is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Risk-free rates are used to discount pledges received prior to September 1, 2008. Pledges received beginning September 1, 2008 are discounted using fair value rates.

(e) Property and Equipment, Net

Property and equipment having a unit cost greater than \$100 and 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 3 to 5 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining term of the

MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE, INC.

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underlying lease. 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 to 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) *Fair Value Measurements*

The Foundation applies the provisions of Financial Accounting Standards Board (FASB) Statement No. 157, *Fair Value Measurements* (Statement 157), (included in 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 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

On September 1, 2009, the Foundation adopted the provisions of ASC Topic 820 for fair value measurements of nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis.

(g) *Net Assets*

The Foundation's net assets and changes therein are classified and reported as follows:

- **Permanently restricted net assets** – Net assets subject to donor-imposed restrictions stipulating 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. The Foundation currently has no permanently restricted net assets.
- **Temporarily restricted net assets** – Net assets subject to restrictions imposed by donor or law that may be met either by actions of the Foundation or the passage of time.
- **Unrestricted net assets** – Net assets that are not subject to donor-imposed restrictions or law.

(h) *Revenue Recognition*

Unconditional promises to give are recorded as contribution 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

MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE, INC.

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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 net assets. 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 program supporting services expense at fair value of \$338,123 and \$285,539 in 2011 and 2010, respectively, which consisted of the following:

	<u>2011</u>	<u>2010</u>
Advertising and media	\$ 10,500	12,600
Cruises	9,316	5,140
Lodging	6,234	10,174
Theme parks	158,698	140,327
Transportation	24,534	21,869
Other wish-related donations	126,960	95,429
Other	1,881	—
Total	<u>\$ 338,123</u>	<u>285,539</u>

Advertising and media is used to communicate the Foundation's 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 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.

(i) *Income Taxes*

The Foundation is a not-for-profit organization exempt from federal and state income taxes under the provisions of Internal Revenue Code Section 501(c)(3). 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 during 2011 or 2010 as the net income, if any, from any unrelated trade or business, is not material to the financial statements taken as a whole.

ASC Topic 740, *Income Taxes*, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, disclosure,

MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE, INC.

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August 31, 2011 and 2010

and transition. Management believes that no such uncertain tax provisions exist for the Foundation at August 31, 2011 and 2010.

(j) 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 operate funds and/or resources to support its programs and operations. During the fiscal years ended August 31, 2011 and 2010, the Foundation incurred no significant joint costs for activities that include fund-raising appeals.

Management and General

All costs not identifiable with a single program or fund-raising activity, but indispensable to the conduct of such programs and activities and to the Foundation's existence, are included as management and general expenses. This includes expenses for the overall direction of the Foundation, business management, general record-keeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other expenses.

Expenses that benefit more than one function of the Foundation are allocated among the functions based generally on the amount of time spent by employees on each function.

(k) Management Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual 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 and property and equipment, and recognition and valuation of accrued pending wish costs. The current economic environment has increased the degree of uncertainty inherent in many of those estimates and assumptions.

(l) Reclassification

Certain reclassifications have been made to the 2010 financial statement information to conform to the 2011 financial statement presentation. There was no impact on the previously reported change in net assets of the Foundation.

MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE, INC.

Notes to Financial Statements

August 31, 2011 and 2010

(3) Fair Value Measurements

The Foundation applies ASC Topic 820 (Statement 157) to its fair value measurements. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.
- Level 2 – inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.
- Level 3 – inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The Foundation records its cash and cash equivalents at fair value and considers these financial instruments to be valued using Level 1 inputs as of August 31, 2011 and 2010.

Total investment income from cash and cash equivalents for the years ended August 31, 2011 and 2010 consist of the following:

	<u>2011</u>	<u>2010</u>
Interest and dividend income	\$ <u>4,771</u>	<u>5,938</u>

(4) Contributions Receivable

The Foundation's contributions receivable totaling \$74,599 and \$79,430 at August 31, 2011 and 2010, respectively, were all due within one year of the financial reporting date. The Foundation incurred \$5,000 of bad debt expense related to contributions receivable during 2011. The Foundation had \$0 allowance for bad debt on contributions receivable at August 31, 2011 and 2010.

(5) Transactions with Related Entities

The Foundation pays the National Organization annual partnership dues, which were \$33,026 and \$32,208 for the years ended August 31, 2011 and 2010, respectively. The National Organization supports the Foundation by providing funding and other support for the granting of wishes.

As part of the National Organization's Wish Fulfillment Fund, local chapters may apply for funds that have been donated by other local chapters to underwrite the costs of wishes. The Foundation did not participate in this program during 2011 and 2010.

Chapters assisting with the organization and granting of wishes from other local chapters are paid a "fee for service" commonly referred to as the wish assist fee. Under this program, the Foundation received

MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE, INC.

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\$5,876 and \$2,625 for the years ended August 31, 2011 and 2010, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from related entities as of August 31, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Balance at August 31:		
Due from National Organization	\$ 31,959	20,823
Due from other chapters	1,824	2,311
Total due from related entities	<u>\$ 33,783</u>	<u>23,134</u>

Amounts due from the National Organization represent contributions remitted to the National Organization that are identified for the Foundation's use but were not yet transferred to the Foundation as of year-end. Amounts due from other chapters represent amounts paid in assisting other chapters with their wish granting.

During 2011 and 2010, the Foundation received contributions, both cash and in-kind, from board members totaling approximately \$25,000 and \$30,000, respectively.

(6) Property and Equipment, Net

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

	<u>2011</u>	<u>2010</u>
Computer equipment and software	\$ 29,554	25,091
Office furniture	5,579	4,879
Other equipment	16,036	16,036
	<u>51,169</u>	<u>46,006</u>
Less accumulated depreciation and amortization	<u>(38,423)</u>	<u>(28,972)</u>
Property and equipment, net	<u>\$ 12,746</u>	<u>17,034</u>

Depreciation expense totaled \$9,451 and \$9,589 for the years ended August 31, 2011 and 2010, respectively.

(7) Accrued Pending Wish Costs

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

1. Receiving a referral,

MAKE-A-WISH FOUNDATION® OF MIDDLE TENNESSEE, INC.

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

As of August 31, 2011 and 2010, the Foundation had approximately 34 and 23 reportable pending wishes, respectively.

(8) Leases

The Foundation is obligated under various capital and operating leases for office space and equipment, which expire at various dates through 2016. As of both August 31, 2011 and 2010, the cost of leased property and equipment under capital lease was \$11,795 and accumulated depreciation was \$11,205 and \$8,846 at August 31, 2011 and 2010, respectively. Total rent expense for all operating leases for the years ended August 31, 2011 and 2010 totaled \$39,051 and \$28,497, 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:		
2012	\$ 43,140	867
2013	44,464	—
2014	45,796	—
2015	47,180	—
2016	32,072	—
Total minimum lease payments	<u>\$ 212,652</u>	867
Less amounts representing interest		<u>(22)</u>
Present value of net minimum lease payments		<u>\$ 845</u>

(9) Temporarily Restricted Net Asset

Temporarily restricted net assets totaling \$98,098 and \$121,440, respectively, are time restricted for the years ended August 31, 2011 and 2010.

(10) Retirement Plan

The Foundation has a defined contribution retirement plan (the Plan) that became effective January 1, 2010. Employees are eligible for participation in the Plan after reaching 21 years of age and earning \$5,000 of compensation. Under the provisions of the Plan, eligible employees may elect to defer a percentage of

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their salary subject to certain IRC limitations. The Foundation matches employee contributions up to 3% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2011 and 2010 totaled \$7,349 and \$4,718, respectively.

(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.

In-kind contributions totaling \$155,081 and \$138,896 were received from a single donor for the years ended August 31, 2011 and 2010, respectively, which represents 12% and 13%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

(12) Litigation and Claims

The Foundation is involved in various other claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Foundation's financial position, change in net assets, or liquidity.

(13) Subsequent Events

The Foundation has evaluated subsequent events from the financial reporting date through December 19, 2011, the date on which the financial statements were available to be issued.