



**MAKE-A-WISH FOUNDATION<sup>®</sup> OF MIDDLE TENNESSEE, INC.**

Financial Statements

August 31, 2010 and 2009

(With Independent Auditors' Report Thereon)

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

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**KPMG LLP**  
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Atlanta, GA 30308-3210

## **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, 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 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, 2010 and 2009, 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**

January 27, 2011

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

Statements of Financial Position

August 31, 2010 and 2009

<b>Assets</b>	<b>2010</b>	<b>2009</b>
Cash and cash equivalents	\$ 483,098	278,837
Investments	—	150,000
Due from related entities	23,134	18,059
Contributions receivable, net	79,430	58,560
Other assets	—	2,141
Property and equipment, net	17,034	20,055
Total assets	<u>\$ 602,696</u>	<u>527,652</u>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 23,673	18,237
Accrued pending wish costs	130,000	160,720
Due to related entities	—	1,917
Capital lease obligations	3,884	6,622
Total liabilities	<u>157,557</u>	<u>187,496</u>
Net assets:		
Unrestricted	323,699	255,596
Temporarily restricted	121,440	84,560
Total net assets	<u>445,139</u>	<u>340,156</u>
Total liabilities and net assets	<u>\$ 602,696</u>	<u>527,652</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	\$ 435,298	12,010	447,308
In-kind contributions	221,109	64,430	285,539
Grants	27,088	40,000	67,088
Total public support	<u>683,495</u>	<u>116,440</u>	<u>799,935</u>
Special events	332,403	—	332,403
Less direct benefit costs to donor	<u>(3,374)</u>	<u>—</u>	<u>(3,374)</u>
Total special events	329,029	—	329,029
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 the year	<u>255,596</u>	<u>84,560</u>	<u>340,156</u>
Net assets, end of the 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.**

Statement of Activities

Year ended August 31, 2009

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenues, gains, and other support:			
Public support:			
Contributions	\$ 418,799	5,000	423,799
In-kind contributions	276,803	43,810	320,613
Grants	12,560	35,000	47,560
Total public support	<u>708,162</u>	<u>83,810</u>	<u>791,972</u>
Special events	363,004	—	363,004
Less direct benefit costs to donor	<u>(10,284)</u>	<u>—</u>	<u>(10,284)</u>
Total special events	352,720	—	352,720
Investment income, net	8,054	—	8,054
Other income	4,151	—	4,151
Net assets released from restrictions	<u>43,363</u>	<u>(43,363)</u>	<u>—</u>
Total revenues, gains, and other support	<u>1,116,450</u>	<u>40,447</u>	<u>1,156,897</u>
Expenses:			
Program services:			
Wish granting	<u>914,918</u>	<u>—</u>	<u>914,918</u>
Support services:			
Fund raising	127,720	—	127,720
Management and general	<u>79,171</u>	<u>—</u>	<u>79,171</u>
Total support services	<u>206,891</u>	<u>—</u>	<u>206,891</u>
Total expenses	<u>1,121,809</u>	<u>—</u>	<u>1,121,809</u>
Change in net assets	(5,359)	40,447	35,088
Net assets, beginning of the year	<u>260,955</u>	<u>44,113</u>	<u>305,068</u>
Net assets, end of the year	<u>\$ 255,596</u>	<u>84,560</u>	<u>340,156</u>

See accompanying notes to financial statements.

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

## Statements of Cash Flows

Years ended August 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ 104,983	35,088
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	9,589	7,507
Bad debt expense	—	69
Loss on sale of property and equipment	1,598	—
Changes in assets and liabilities:		
Contributions receivable	(20,870)	488
Due from related entities	(5,075)	13,580
Other assets	2,141	2,711
Accounts payable and accrued expenses	5,436	(15,377)
Accrued pending wish costs	(30,720)	(21,348)
Due to related entities	(1,917)	1,917
Other liabilities	—	(560)
Net cash provided by operating activities	<u>65,165</u>	<u>24,075</u>
Cash flows from investing activities:		
Purchases of investments	—	(150,000)
Proceeds from sales of investments	150,000	250,000
Purchases of property and equipment	(8,166)	(8,913)
Net cash provided by investing activities	<u>141,834</u>	<u>91,087</u>
Cash flows from financing activities:		
Principal payments on capital lease obligations	(2,738)	(1,994)
Net cash used in financing activities	<u>(2,738)</u>	<u>(1,994)</u>
Net increase in cash and cash equivalents	204,261	113,168
Cash and cash equivalents, beginning of year	<u>278,837</u>	<u>165,669</u>
Cash and cash equivalents, end of year	<u>\$ 483,098</u>	<u>278,837</u>
Supplemental cash flow information:		
Cash paid for interest	\$ 1,018	1,186
In-kind contributions	285,539	320,613

See accompanying notes to financial statements.

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

Statement of Functional Expenses

Year ended August 31, 2010

	<b>Program services</b>		<b>Support services</b>		
	<b>Wish granting</b>	<b>Fund raising</b>	<b>Management and general</b>	<b>Total support services</b>	<b>Total</b>
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
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
Miscellaneous	4,074	2,850	4,124	6,974	11,048
Depreciation and amortization	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.**

Statement of Functional Expenses

Year ended August 31, 2009

	<b>Program services</b>		<b>Support services</b>		
	<b>Wish granting</b>	<b>Fund raising</b>	<b>Management and general</b>	<b>Total support services</b>	<b>Total</b>
Direct costs of wishes	\$ 652,792	—	—	—	652,792
Salaries, taxes, and benefits	189,792	59,758	50,100	109,858	299,650
Printing, subscriptions, and publications	1,582	4,153	382	4,535	6,117
Professional fees	520	241	3,192	3,433	3,953
Rent and utilities	21,595	9,986	8,380	18,366	39,961
Postage and delivery	1,385	1,638	529	2,167	3,552
Travel	564	5,324	404	5,728	6,292
Meetings and conferences	2,549	3,355	3,395	6,750	9,299
Office supplies	2,452	1,303	792	2,095	4,547
Communications	3,231	1,699	870	2,569	5,800
Advertising and media (cash)	—	12,600	—	12,600	12,600
Advertising and media (in-kind)	—	12,995	—	12,995	12,995
Repairs and maintenance	1,990	968	796	1,764	3,754
Insurance	1,128	523	438	961	2,089
Bad debt expense	—	69	—	69	69
Membership dues	230	175	300	475	705
National partnership dues	26,283	6,308	2,453	8,761	35,044
Miscellaneous	4,770	4,746	5,567	10,313	15,083
Depreciation and amortization	4,055	1,879	1,573	3,452	7,507
	<u>\$ 914,918</u>	<u>127,720</u>	<u>79,171</u>	<u>206,891</u>	<u>1,121,809</u>

See accompanying notes to financial statements.

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

## **Notes to Financial Statements**

August 31, 2010 and 2009

### **(1) Organization**

Make-A-Wish Foundation® of Middle Tennessee (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 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. Cash and cash equivalents at August 31, 2009 include \$125,000 of certificates of deposit with an initial term of less than three months. Also included in cash and cash equivalents at August 31, 2010 are \$427,661 of money market mutual funds.

#### **(c) Investments**

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decreases in unrestricted net assets unless its use is limited by donor-imposed restrictions or law.

#### **(d) Contributions Receivable**

Contributions receivable are unconditional promises to give. Such promises that are expected to be collected within one year are recorded at expected net realizable value when the promise is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. 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 stated at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 5 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the

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

## Notes to Financial Statements

August 31, 2010 and 2009

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) *Fair Value Measurements*

On September 1, 2008, the Foundation adopted 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.

### (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 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. 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 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

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

## Notes to Financial Statements

August 31, 2010 and 2009

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 at fair value of \$285,539 and \$320,613 in 2010 and 2009, respectively, which consisted of the following:

	<b>2010</b>	<b>2009</b>
Advertising and media	\$ 12,600	12,995
Cruises	5,140	4,000
Lodging	10,174	14,998
Theme parks	140,327	184,062
Transportation	21,869	42,539
Other wish-related donations	95,429	62,019
Total	<u>\$ 285,539</u>	<u>320,613</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 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 income and Tennessee 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 2010 or 2009 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.

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 remaining provisions of ASC 740 for the year ended August 31, 2010. Management believes that no such uncertain tax provisions exist for the Foundation at August 31, 2010.

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

## **Notes to Financial Statements**

August 31, 2010 and 2009

### **(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, 2010 and 2009, 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 period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of property and equipment, fair value of investments, 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.

### **(3) Fair Value Measurements**

The Foundation adopted ASC Topic 820 (Statement 157) on September 1, 2008 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, and on September 1, 2009 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. 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

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

## Notes to Financial Statements

August 31, 2010 and 2009

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 following table presents the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis at August 31, 2010 and 2009:

		Fair value measurements at August 31, 2010 using		
Description	August 31, 2010	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash and cash equivalents	\$ 483,098	483,098	—	—

		Fair value measurements at August 31, 2009 using		
Description	August 31, 2009	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash and cash equivalents	\$ 278,837	278,837	—	—
Investments:				
Certificates of deposit	\$ 150,000	—	150,000	—

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

Notes to Financial Statements

August 31, 2010 and 2009

Total investment income, gains, and losses for the years ended August 31, 2010 and 2009 consist of the following:

	<u>2010</u>	<u>2009</u>
Interest and dividend income	\$ <u>5,938</u>	<u>8,054</u>

**(4) Contributions Receivable**

The Foundation's contributions receivable totaling \$79,430 and \$58,560 at August 31, 2010 and 2009, respectively, were all due in one year.

**(5) Transactions with Related Entities**

The Foundation pays the National Organization annual partnership dues, which were \$32,208 and \$35,044 for the years ended August 31, 2010 and 2009, 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. The Foundation does not participate in this program.

Chapters who assist with the organization and granting of wishes from other chapters are paid a "fee for service" commonly referred to as the wish assist fee. Under this program, the Foundation received \$2,625 and \$4,051 for the years ended August 31, 2010 and 2009, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities as of August 31, 2010 and August 31, 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Balance at August 31:		
Due from National Organization	\$ 20,823	15,375
Due from other chapters	<u>2,311</u>	<u>2,684</u>
Total due from related entities	\$ <u>23,134</u>	<u>18,059</u>
Due to National Organization	\$ <u>—</u>	<u>1,917</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 2010 and 2009, the Foundation received contributions, both cash and in-kind, from board members totaling \$29,567 and \$9,950, respectively.

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

Notes to Financial Statements

August 31, 2010 and 2009

**(6) Property and Equipment, Net**

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

	<b>2010</b>	<b>2009</b>
Computer equipment and software	\$ 25,091	21,716
Office furniture	4,879	3,679
Other equipment	16,036	15,489
	<u>46,006</u>	<u>40,884</u>
Less accumulated depreciation and amortization	<u>(28,972)</u>	<u>(20,829)</u>
Property and equipment, net	<u>\$ 17,034</u>	<u>20,055</u>

Depreciation expense totaled \$9,589 and \$7,507 for the years ended August 31, 2010 and 2009, 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, 2010 and 2009, the Foundation had approximately 23 and 28 reportable pending wishes, respectively.

**(8) Leases**

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through November, 2011. As of both August 31, 2010 and 2009, the cost of leased property and equipment under capital lease was \$11,795 and accumulated depreciation was \$8,846 and \$6,487 at August 31, 2010 and 2009, respectively. Total rent expense for all operating leases for the years ended August 31, 2010 and 2009 totaled \$28,497 and \$28,600, respectively.



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

## Notes to Financial Statements

August 31, 2010 and 2009

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

	<u>Operating leases</u>	<u>Capital leases</u>
Year ending August 31:		
2011	\$ 29,298	3,468
2012	—	867
Total minimum lease payments	<u>\$ 29,298</u>	<u>4,335</u>
Less amounts representing interest		<u>(451)</u>
Present value of net minimum lease payments		<u>\$ 3,884</u>

### (9) Temporarily Restricted Net Asset

Temporarily restricted net assets are available for time restrictions for the years ended August 31, 2010 and 2009 totaling \$121,440 and \$84,560, respectively.

### (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 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 year ended August 31, 2010 totaled \$4,718.

### (11) Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash, cash equivalents, and investments. The Foundation places its cash and investments 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 \$138,896 and \$184,062 were received from a single donor for the years ended August 31, 2010 and 2009, respectively, which represents 17% and 23%, 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.

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

Notes to Financial Statements

August 31, 2010 and 2009

**(13) Subsequent Events**

The Foundation has evaluated subsequent events from the statement of financial position date through January 27, 2011, the date at which the financial statements were available to be issued.