

Financial Statements and Report of Independent
Certified Public Accountants

**Make-A-Wish Foundation of Greater Ohio,
Kentucky & Indiana**

August 31, 2008 and 2007

Contents

	Page
Report of Independent Certified Public Accountants	3
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	7
Statements of Cash Flows	9
Notes to Financial Statements	10



Grant Thornton

Audit • Tax • Advisory

Grant Thornton LLP
4000 Smith Road, Suite 500
Cincinnati, OH 45209-1967

T 513.762.5000
F 513.241.6125
www.GrantThornton.com

Report of Independent Certified Public Accountants

Board of Directors
Make-A-Wish Foundation of Greater Ohio, Kentucky & Indiana

We have audited the accompanying statements of financial position of Make-A-Wish Foundation of Greater Ohio, Kentucky & Indiana (the "Foundation") as of August 31, 2008 and 2007, and the related statements of activities, functional expenses and cash flows 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 as established by the American Institute of Certified Public Accountants. 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 Greater Ohio, Kentucky & Indiana as of August 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Cincinnati, Ohio
December 9, 2008

Make-A-Wish Foundation of Greater Ohio, Kentucky & Indiana

STATEMENTS OF FINANCIAL POSITION

August 31, 2008 and 2007

ASSETS	2008	2007
Current Assets:		
Cash and cash equivalents	\$ 655,453	\$ 1,505,871
Investments	2,335,202	1,772,040
Contributions receivable, net of allowance of \$5,183 and \$5,015 at August 31, 2008 and 2007, respectively	551,923	542,822
Due from National Organization	239,616	124,606
Prepaid expenses and other assets	30,221	48,656
Total current assets	<u>3,812,415</u>	<u>3,993,995</u>
Restricted investments	234,994	109,994
Furniture and equipment, net	<u>44,731</u>	<u>56,335</u>
Total assets	<u>\$ 4,092,140</u>	<u>\$ 4,160,324</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 598,782	\$ 391,854
Capital lease obligation	-	744
Accrued pending wish costs	1,867,424	1,597,669
Total current liabilities	<u>2,466,206</u>	<u>1,990,267</u>
Deferred rent	<u>68,018</u>	<u>63,203</u>
Total liabilities	<u>2,534,224</u>	<u>2,053,470</u>
Net Assets:		
Unrestricted	987,943	1,538,524
Temporarily restricted	334,979	333,336
Permanently restricted	234,994	234,994
Total net assets	<u>1,557,916</u>	<u>2,106,854</u>
Total liabilities and net assets	<u>\$ 4,092,140</u>	<u>\$ 4,160,324</u>

The accompanying notes are an integral part of these statements.

Make-A-Wish Foundation of Greater Ohio, Kentucky & Indiana

STATEMENT OF ACTIVITIES

For the year ended August 31, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:				
Direct public support	\$ 1,060,647	\$ -	\$ -	\$ 1,060,647
Corporate gifts	2,336,356	-	-	2,336,356
Planned giving	322,463	-	-	322,463
Workplace giving	183,271	-	-	183,271
In-kind donations	2,080,901	331,829	-	2,412,730
Grants	104,600	-	-	104,600
Total public support	<u>6,088,238</u>	<u>331,829</u>	<u>-</u>	<u>6,420,067</u>
External special events	1,007,669	-	-	1,007,669
Internal special events	1,731,421	3,150	-	1,734,571
Less direct benefit to donor	(213,286)	-	-	(213,286)
Internal special events, net	<u>1,518,135</u>	<u>3,150</u>	<u>-</u>	<u>1,521,285</u>
Total special events	2,525,804	3,150	-	2,528,954
Investment income	115,272	-	-	115,272
Realized gain on investments	88,920	-	-	88,920
Unrealized loss on investments	(253,218)	-	-	(253,218)
Other income	10,223	-	-	10,223
Net assets released from restrictions	333,336	(333,336)	-	-
Total revenues, gains, and other support	<u>8,908,575</u>	<u>1,643</u>	<u>-</u>	<u>8,910,218</u>
Expenses:				
Program services:				
Wish granting	7,097,406	-	-	7,097,406
Support services:				
Fundraising	1,149,716	-	-	1,149,716
Management and general	1,212,034	-	-	1,212,034
Total support services	<u>2,361,750</u>	<u>-</u>	<u>-</u>	<u>2,361,750</u>
Total expenses	<u>9,459,156</u>	<u>-</u>	<u>-</u>	<u>9,459,156</u>
Change in net assets	(550,581)	1,643	-	(548,938)
Net assets at beginning of year	1,538,524	333,336	234,994	2,106,854
Net assets at end of year	<u>\$ 987,943</u>	<u>\$ 334,979</u>	<u>\$ 234,994</u>	<u>\$ 1,557,916</u>

The accompanying notes are an integral part of this statement.

Make-A-Wish Foundation of Greater Ohio, Kentucky & Indiana

STATEMENT OF ACTIVITIES

For the year ended August 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains and other support:				
Direct public support	\$ 1,161,426	\$ -	\$ 125,000	\$ 1,286,426
Corporate gifts	1,700,615	-	-	1,700,615
Planned giving	224,469	-	-	224,469
Workplace giving	222,874	-	-	222,874
In-kind donations	2,053,932	333,336	-	2,387,268
Grants	117,747	-	-	117,747
Program services grant revenue	154,988	-	-	154,988
Total public support	<u>5,636,051</u>	<u>333,336</u>	<u>125,000</u>	<u>6,094,387</u>
External special events	1,263,611	-	-	1,263,611
Internal special events	1,866,762	-	-	1,866,762
Less direct benefit to donor	<u>(244,422)</u>	<u>-</u>	<u>-</u>	<u>(244,422)</u>
Internal special events, net	<u>1,622,340</u>	<u>-</u>	<u>-</u>	<u>1,622,340</u>
Total special events	2,885,951	-	-	2,885,951
Investment income	105,945	-	-	105,945
Realized gain on investments	26,653	-	-	26,653
Unrealized gain on investments	90,946	-	-	90,946
Other income	10,290	-	-	10,290
Net assets released from restrictions	<u>381,469</u>	<u>(381,469)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>9,137,305</u>	<u>(48,133)</u>	<u>125,000</u>	<u>9,214,172</u>
Expenses:				
Program services:				
Wish granting	<u>7,087,851</u>	<u>-</u>	<u>-</u>	<u>7,087,851</u>
Support services:				
Fundraising	1,397,934	-	-	1,397,934
Management and general	420,724	-	-	420,724
Total support services	<u>1,818,658</u>	<u>-</u>	<u>-</u>	<u>1,818,658</u>
Total expenses	<u>8,906,509</u>	<u>-</u>	<u>-</u>	<u>8,906,509</u>
Change in net assets	230,796	(48,133)	125,000	307,663
Net assets at beginning of year	<u>1,307,728</u>	<u>381,469</u>	<u>109,994</u>	<u>1,799,191</u>
Net assets at end of year	<u>\$ 1,538,524</u>	<u>\$ 333,336</u>	<u>\$ 234,994</u>	<u>\$ 2,106,854</u>

The accompanying notes are an integral part of this statement.

Make-A-Wish Foundation of Greater Ohio, Kentucky & Indiana

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended August 31, 2008

	Program services		Support services		Totals
	Wish granting	Fundraising	Fundraising	Management and general	
Direct costs of wishes	\$ 5,606,086	\$ -	\$ -	\$ -	\$ 5,606,086
Volunteer services	11,732	-	-	-	11,732
Fundraising, including printing and publications	2,708	173,819	-	-	176,527
Salaries, taxes and benefits	993,257	721,168	927,216	-	2,641,641
Office rent and utilities	119,806	86,986	111,840	-	318,632
Telecommunications and IT	47,202	34,271	44,063	-	125,536
Office supplies	23,286	16,908	21,738	-	61,932
Equipment lease, repair and maintenance	4,697	3,410	4,385	-	12,492
Postage/delivery	17,074	12,397	15,938	-	45,409
Professional fees and affiliations	25,603	18,589	23,900	-	68,092
Travel	9,745	7,075	9,097	-	25,917
Depreciation and amortization	12,995	9,435	12,131	-	34,561
Meetings, conferences, and training	17,767	12,900	16,586	-	47,253
National assessment	198,349	47,604	18,513	-	264,466
Miscellaneous	7,099	5,154	6,627	-	18,880
	\$ 7,097,406	\$ 1,149,716	\$ 1,212,034	\$ -	\$ 9,459,156

The accompanying notes are an integral part of this statement.

Make-A-Wish Foundation of Greater Ohio, Kentucky & Indiana

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended August 31, 2007

	Program services		Support services		Totals
	Wish granting	Fundraising	Fundraising	Management and general	
Direct costs of wishes	\$ 4,974,622	\$ -	\$ -	-	\$ 4,974,622
Volunteer services	14,606	-	-	-	14,606
Fundraising, including printing and publications	-	215,918	-	-	215,918
Salaries, taxes and benefits	1,475,331	856,902	-	323,297	2,655,530
Office rent and utilities	175,751	111,661	-	32,037	319,449
Telecommunications and IT	73,090	46,437	-	13,323	132,850
Office supplies	37,876	24,064	-	6,904	68,844
Equipment lease, repair and maintenance	7,990	5,076	-	1,457	14,523
Postage/delivery	29,147	18,518	-	5,313	52,978
Professional fees and affiliations	42,875	27,240	-	7,815	77,930
Travel	25,935	16,477	-	4,728	47,140
Depreciation and amortization	21,907	13,918	-	3,993	39,818
Meetings, conferences, and training	26,294	16,706	-	4,793	47,793
National assessment	169,416	40,660	-	15,812	225,888
Miscellaneous	13,011	4,357	-	1,252	18,620
	\$ 7,087,851	\$ 1,397,934	\$ 420,724	\$ -	\$ 8,906,509

The accompanying notes are an integral part of this statement.

Make-A-Wish Foundation of Greater Ohio, Kentucky & Indiana

STATEMENTS OF CASH FLOWS

For the years ended August 31, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Change in net assets	\$ (548,938)	\$ 307,663
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	34,561	39,819
Net unrealized and realized gain on investments	223,271	(86,021)
Donated investments	(42,266)	(236,315)
Loss on disposal of fixed assets	530	-
Increase (decrease) in cash resulting from changes in:		
Contributions receivable	(9,101)	407,381
Due from National Organization	(115,010)	234,967
Prepaid expenses and other assets	18,435	19,900
Accounts payable and accrued expenses	206,928	98,088
Accrued pending wish costs	269,755	(15,212)
Deferred rent	4,815	31,258
	42,980	801,528
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchases of investments	(1,393,012)	(970,000)
Sales of investments	523,845	423,000
Purchases of furniture and equipment	(23,487)	(11,704)
	(892,654)	(558,704)
Net cash used in investing activities		
Cash flows from financing activities:		
Repayment of capital lease obligation	(744)	(4,290)
	(744)	(4,290)
Increase (decrease) in cash and cash equivalents	(850,418)	238,534
Cash and cash equivalents at beginning of year	1,505,871	1,267,337
Cash and cash equivalents at end of year	\$ 655,453	\$ 1,505,871

The accompanying notes are an integral part of these statements.

Make-A-Wish Foundation of Greater Ohio, Kentucky & Indiana

NOTES TO FINANCIAL STATEMENTS

August 31, 2008 and 2007

NOTE A - SUMMARY OF ACCOUNTING POLICIES

1. Organization

Make-A-Wish Foundation of Greater Ohio, Kentucky & Indiana (the "Foundation") is an Ohio not-for-profit organization, 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 is obligated 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 the National Organization's bylaws, chapter agreement and such guidelines, resolutions and policies as may be adopted by the national board.

The Foundation granted its first wish in 1984 and has granted a total of 7,216 wishes through August 31, 2008. For the year ended August 31, 2008, the Foundation granted 742 wishes at an average cost per wish of approximately \$7,200. For the year ended August 31, 2007, the Foundation granted 759 wishes at an average cost per wish of approximately \$6,500. As of August 31, 2008 and 2007, the Foundation had 266 and 261 reportable pending wishes, respectively, recorded in the statements of financial position.

2. Basis of Presentation

The Foundation presents its accounts in accordance with the American Institute of Certified Public Accountants *Audit and Accounting Guide for Not-for-Profit Organizations* ("Audit Guide"). Under the Audit Guide, not-for-profit organizations are required to provide a statement of financial position, a statement of activities, a statement of cash flows, and a statement of functional expenses which are prepared to focus on the organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

The Foundation maintains its accounts on the accrual basis of accounting. Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that require the assets be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Foundation and/or the passage of time.

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Make-A-Wish Foundation of Greater Ohio, Kentucky & Indiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2008 and 2007

NOTE A - SUMMARY OF ACCOUNTING POLICIES (continued)

2. Basis of Presentation (continued)

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets, i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed, are reported as reclassifications between the applicable classes of net assets.

The Foundation follows the provisions of AICPA Statement of Position 98-2, *Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Governmental Entities that Include Fund Raising* ("SOP 98-2"). The statement requires that if the criteria of purpose, audience, and content as defined by SOP 98-2 are met, the costs of joint activities that are identifiable with a particular function should be charged to that function and joint costs should be allocated between fund raising and the appropriate program or management and general function.

3. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and net assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains and other support and expenses during the reporting period. Actual results could differ from those estimates.

4. Cash and Cash Equivalents

The Foundation considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

5. Investments

Investments in equity and bond mutual funds and common stock are recorded at fair value, based on quoted market prices. Investments in certificates of deposit are recorded at cost. Investments received by gift are recorded at fair value on the date the gift is received. Investment income or loss (including realized and unrealized gains and losses on investments and interest and dividends) are recognized in the statements of activities.

Make-A-Wish Foundation of Greater Ohio, Kentucky & Indiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2008 and 2007

NOTE A - SUMMARY OF ACCOUNTING POLICIES (continued)

6. Contributions

Contributions are recognized as either temporarily or permanently restricted support 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. 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 which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Foundation received service and material donations included in the accompanying statements of activities at an estimated fair value of approximately \$2,413,000 and \$2,387,000 in fiscal years ended August 31, 2008 and 2007, respectively.

7. Investment Income

Income and net gains on investments of endowment and similar funds are reported as follows:

- as increases in permanently restricted net assets if the terms of the gift or the Foundation's interpretation of relevant state law require that they be added to the principal of a permanent endowment fund;
- as increases in temporarily restricted net assets if the terms of the gift impose restrictions on the use of the income; or
- as increases in unrestricted net assets in all other cases.

8. Temporarily Restricted Net Assets

The Foundation has adopted the following optional accounting policies with respect to temporarily restricted net assets:

Contributions with Restrictions Met in the Same Year - Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of unrestricted net assets.

Release of Restrictions on Net Assets for Acquisition of Land, Building, and Equipment - Contributions of land, building, and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of unrestricted net assets. Contributions of cash or other assets to be used to acquire land, building, and equipment with donor stipulations are reported as revenues of temporarily restricted net assets; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Make-A-Wish Foundation of Greater Ohio, Kentucky & Indiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2008 and 2007

NOTE A - SUMMARY OF ACCOUNTING POLICIES (continued)

9. Contributions Receivable

Contributions receivable represent contributions acknowledged in writing from third parties prior to August 31, but not transmitted to the Foundation until after that date. The Foundation's contributions receivable are generally collected within one year.

The Foundation determines the allowance for doubtful accounts by considering a number of factors, including the length of time contributions receivable are past due, the Foundation's previous loss history, the donor's current ability to pay its obligations to the Foundation, and the condition of the general economy as a whole. The Foundation writes off contributions receivable as a charge to the allowance for doubtful accounts when they become uncollectible and payments subsequently received are credited to the allowance for doubtful accounts.

10. Due from National Organization

Due from National Organization represents contributions received by the National Organization on behalf of the Foundation that had not yet been paid to the Foundation at August 31.

11. Furniture and Equipment

The Foundation's policy is to capitalize furniture and equipment having a cost in excess of \$500. These items are recorded at cost when purchased or fair market value at the date of gift, if contributed, and are depreciated using the straight-line method over three to five years.

12. Accrued Pending Wish Costs

The Chapter accrues for the estimated costs of reportable pending wishes when five certain, measurable wish criteria are met. Reportable pending wish criteria as of August 31, 2007 include receiving a referral, obtaining the medical eligibility form, contact with the wish family to determine the wish, approval by the local Chapter through its normal process, and that the wish is expected to be granted within the next fiscal year.

Reportable pending wish criteria as of August 31, 2008 are the same with the exception of the criterion for approval by the local Chapter through its normal process. During 2008, the Foundation provided more specific guidance on the intent of this criterion. The criteria change ensures that wishes fall within the Foundation's wish granting policy rather than focusing on approval processes that vary across chapters.

13. Income Taxes

The Foundation received a tax determination letter indicating that it qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Foundation is also exempt from State of Ohio taxation.

Make-A-Wish Foundation of Greater Ohio, Kentucky & Indiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2008 and 2007

NOTE A - SUMMARY OF ACCOUNTING POLICIES (continued)

14. 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 which fulfills wishes of children with diagnosed life threatening medical conditions.

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, 2008 and 2007, the Foundation incurred no joint costs for activities that include fundraising 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. This includes expenses for the overall direction of the Foundation, business management, general recordkeeping, budgeting, financial reporting, and activities relating to these functions such as salaries, rent, supplies, equipment, and other general overhead.

Expenses which 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. This allocation fluctuates from period to period based on the activities performed by the employees.

NOTE B - INVESTMENTS

Investments at August 31, 2008 are summarized as follows:

	Cost	Unrealized gains (losses)	Market value
Certificates of Deposit	\$ 665,000	\$ -	\$ 665,000
Common Stock	6,158	(178)	5,980
Equity Mutual Funds	1,014,860	84,755	1,099,615
Bond Mutual Funds	<u>840,644</u>	<u>(41,043)</u>	<u>799,601</u>
	<u>\$2,526,662</u>	<u>\$ 43,534</u>	<u>\$2,570,196</u>

Make-A-Wish Foundation of Greater Ohio, Kentucky & Indiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2008 and 2007

NOTE B – INVESTMENTS (continued)

Investments at August 31, 2007 are summarized as follows:

	Cost	Unrealized gains (losses)	Market value
Certificates of Deposit	\$ 380,000	\$ -	\$ 380,000
Equity Mutual Funds	617,490	298,210	915,700
Bond Mutual Funds	<u>587,734</u>	<u>(1,400)</u>	<u>586,334</u>
	<u>\$1,585,224</u>	<u>\$296,810</u>	<u>\$1,882,034</u>

NOTE C - FURNITURE AND EQUIPMENT

A summary of furniture and equipment as of August 31, 2008 and 2007 follows:

	2008	2007
Computer equipment and software	\$ 105,519	\$ 112,664
Office furniture and equipment	137,402	126,303
Vehicle	<u>15,683</u>	<u>15,683</u>
	258,604	254,650
Less accumulated depreciation and amortization	<u>(213,873)</u>	<u>(198,315)</u>
Furniture and equipment, net	<u>\$ 44,731</u>	<u>\$ 56,335</u>

NOTE D - TRANSACTIONS WITH THE NATIONAL ORGANIZATION

The Foundation pays the National Organization an annual assessment fee, which was \$264,466 and \$225,888 for the years ended August 31, 2008 and 2007, respectively. At August 31, 2008, the fee amount of \$264,466 was included in accounts payable and accrued expenses on the statement of financial position. The entire fee amount had been paid at August 31, 2007.

The due from National Organization balances of \$239,616 and \$124,606 at August 31, 2008 and 2007, respectively, represent contributions received by the National Organization on behalf of the Foundation and are due to be paid to the Foundation within one year.

NOTE E - RELATED PARTY TRANSACTIONS

At August 31, 2008 and 2007, the Foundation owed \$21,250 and \$12,202, respectively, to other Make-A-Wish chapters for costs related to wish assists. These amounts are included in accounts payable and accrued expenses on the statements of financial position.

Make-A-Wish Foundation of Greater Ohio, Kentucky & Indiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2008 and 2007

NOTE E - RELATED PARTY TRANSACTIONS (continued)

As part of the National Organization's wish brokering program, chapters may apply for funds, which have been donated by other chapters, to underwrite the cost of a wish. Under this program, the Foundation received \$154,988 for the year ended August 31, 2007, which is recorded as program services grant revenue on the statement of activities. The Foundation did not participate in the wish brokering program during the year ended August 31, 2008.

Members of the Foundation's Board of Directors and senior management may, from time to time, be associated, either directly or through interlocking board memberships, with entities doing business with the Foundation. The Foundation employs a conflict of interest policy that requires any such associations to be disclosed in writing. When such associations exist, measures are taken to mitigate any actual or perceived conflict, including recusal of the board member from any decisions involving the entity doing business with the Foundation. The transactions with entities associated with board members or senior management are not considered to be significant.

NOTE F - OPERATING LEASES

The Foundation leases office facilities and equipment under several noncancelable operating leases which expire at various dates through May, 2013. Several of these leases include escalation clauses and the future payments are reflected in the maturity schedule below. At August 31, 2008 and 2007, the Foundation has deferred rent totaling \$68,018 and \$63,203, respectively, resulting from the recognition of rent expense on a straight line basis. Rent expense for the years ended August 31, 2008 and 2007 was \$304,002 and \$300,501, respectively.

Future minimum lease payments under the noncancelable operating leases are as follows:

For the year ending August 31:

2009	\$ 314,062
2010	321,140
2011	323,618
2012	107,181
2013	43,100

NOTE G - RESTRICTED NET ASSETS

At August 31, 2008 and 2007, temporarily restricted net assets are restricted for specific wish restrictions.

At August 31, 2008 and 2007, permanently restricted net assets are restricted to investments in perpetuity, the income from which is expendable to grant wishes.

Make-A-Wish Foundation of Greater Ohio, Kentucky & Indiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2008 and 2007

NOTE H - NET ASSETS RELEASED FROM RESTRICTIONS

During the year ended August 31, 2008 and 2007, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes for specific wishes.

NOTE I - EMPLOYEE RETIREMENT PLAN

The Foundation has a profit-sharing retirement plan offered to all full-time employees who are 21 years of age or older. Discretionary matching contributions are currently 25% of any eligible employee's contribution up to 3% of said employee's gross annual salary, subject to Internal Revenue Service limitations. Contributions were \$28,600 and \$27,700 for the years ended August 31, 2008 and 2007, respectively.

NOTE J - RISKS AND UNCERTAINTIES

Financial instruments that potentially subject the Foundation to concentrations 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 to the amount in excess of the FDIC insurance coverage limit. From time to time throughout the year, the Foundation's cash balances may exceed the amount of the FDIC insurance coverage. The amount of uninsured cash was \$552,002 and \$1,428,224 at August 31, 2008 and 2007, respectively.

The Foundation invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, overall market volatility and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the chapter's account balances and the amounts reported in the statements of financial position.

Subsequent to year-end, the credit and liquidity crisis in the United States and throughout the global financial system has resulted in substantial volatility in world financial markets and the banking system. Several large banking and financial institutions have been: acquired by the federal government; granted government loan guarantees; taken over by federal regulators; sold in overnight auctions; or, have initiated bankruptcy proceedings. These and other events have had a significant negative impact on foreign and domestic financial markets. As a result, the Foundation's investment portfolio has incurred a significant decline and volatility in fair value since August 31, 2008. However, because the values of the Foundation's individual investments have and will fluctuate in response to changing market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

Of the total receivable balances at August 31, 2008 and 2007, \$239,616 and \$124,606, respectively, is due from the National Organization (30% and 19%, respectively, of the total balances), which represents a concentration of credit risk.