



**MAKE-A-WISH FOUNDATION® OF
GREATER OHIO, KENTUCKY & INDIANA**

Financial Statements

August 31, 2010 and 2009

(With Independent Auditors' Report Thereon)

**MAKE-A-WISH FOUNDATION® OF
GREATER OHIO, KENTUCKY & INDIANA**

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Independent Auditors' Report

The 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, 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 audits 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, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

KPMG LLP

December 21, 2010

**MAKE-A-WISH FOUNDATION® OF
GREATER OHIO, KENTUCKY & INDIANA**

Statements of Financial Position

August 31, 2010 and 2009

Assets	2010	2009
Cash and cash equivalents	\$ 1,796,164	901,868
Investments	492,822	580,638
Due from related entities	190,566	144,133
Prepaid expenses	59,388	33,780
Contributions receivable, net	891,474	978,315
Other assets	88,744	108,320
Investments held for long-term purposes	1,858,317	1,753,611
Property and equipment, net	37,544	33,196
Beneficial interest in assets held by others	300,290	—
Total assets	\$ 5,715,309	4,533,861
Liabilities and Net Assets (Deficit)		
Accounts payable and accrued expenses	\$ 165,499	203,870
Accrued pending wish costs	3,047,098	3,016,566
Due to related entities	21,861	131,571
Other liabilities	79,138	70,417
Total liabilities	3,313,596	3,422,424
Net assets (deficit)		
Unrestricted	1,208,472	(33,821)
Temporarily restricted	958,247	910,264
Permanently restricted	234,994	234,994
Total net assets	2,401,713	1,111,437
Total liabilities and net assets	\$ 5,715,309	4,533,861

See accompanying notes to financial statements.

**MAKE-A-WISH FOUNDATION® OF
GREATER OHIO, KENTUCKY & INDIANA**

Statement of Activities

Year ended August 31, 2010

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains, and other support:				
Public support:				
Contributions	\$ 4,636,758	379,909	—	5,016,667
In-kind contributions	2,408,755	520,118	—	2,928,873
Grants	205,979	52,867	—	258,846
Total public support	<u>7,251,492</u>	<u>952,894</u>	<u>—</u>	<u>8,204,386</u>
Special events	2,435,210	—	—	2,435,210
Less direct benefit costs to donor	(416,013)	—	—	(416,013)
Total special events	<u>2,019,197</u>	<u>—</u>	<u>—</u>	<u>2,019,197</u>
Investment income, net	110,342	5,353	—	115,695
Other income	23,641	—	—	23,641
Net assets released from restrictions	910,264	(910,264)	—	—
Total revenues, gains, and other support	<u>10,314,936</u>	<u>47,983</u>	<u>—</u>	<u>10,362,919</u>
Expenses:				
Program services:				
Wish granting	6,692,337	—	—	6,692,337
Total program services	<u>6,692,337</u>	<u>—</u>	<u>—</u>	<u>6,692,337</u>
Support services:				
Fund raising	1,158,613	—	—	1,158,613
Management and general	1,221,693	—	—	1,221,693
Total support services	<u>2,380,306</u>	<u>—</u>	<u>—</u>	<u>2,380,306</u>
Total expenses	<u>9,072,643</u>	<u>—</u>	<u>—</u>	<u>9,072,643</u>
Change in net assets	1,242,293	47,983	—	1,290,276
Net assets (deficit), beginning of the year	(33,821)	910,264	234,994	1,111,437
Net assets, end of the year	<u>\$ 1,208,472</u>	<u>958,247</u>	<u>234,994</u>	<u>2,401,713</u>

See accompanying notes to financial statements.

**MAKE-A-WISH FOUNDATION® OF
GREATER OHIO, KENTUCKY & INDIANA**

Statement of Activities

Year ended August 31, 2009

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains, and other support:				
Public support:				
Contributions	\$ 4,262,297	536,825	—	4,799,122
In-kind contributions	2,273,958	373,439	—	2,647,397
Grants	34,000	—	—	34,000
Total public support	<u>6,570,255</u>	<u>910,264</u>	<u>—</u>	<u>7,480,519</u>
Special events	2,677,827	—	—	2,677,827
Less direct benefit costs to donor	(498,872)	—	—	(498,872)
Total special events	<u>2,178,955</u>	<u>—</u>	<u>—</u>	<u>2,178,955</u>
Investment loss, net	(110,509)	—	—	(110,509)
Other income	16,915	—	—	16,915
Net assets released from restrictions	493,205	(493,205)	—	—
Total revenues, gains, and other support	<u>9,148,821</u>	<u>417,059</u>	<u>—</u>	<u>9,565,880</u>
Expenses:				
Program services:				
Wish granting	7,674,906	—	—	7,674,906
Total program services	<u>7,674,906</u>	<u>—</u>	<u>—</u>	<u>7,674,906</u>
Support services:				
Fund raising	1,174,882	—	—	1,174,882
Management and general	1,162,571	—	—	1,162,571
Total support services	<u>2,337,453</u>	<u>—</u>	<u>—</u>	<u>2,337,453</u>
Total expenses	<u>10,012,359</u>	<u>—</u>	<u>—</u>	<u>10,012,359</u>
Change in net assets	(863,538)	417,059	—	(446,479)
Net assets, beginning of the year	829,717	493,205	234,994	1,557,916
Net assets (deficit), end of the year	<u>\$ (33,821)</u>	<u>910,264</u>	<u>234,994</u>	<u>1,111,437</u>

See accompanying notes to financial statements.

**MAKE-A-WISH FOUNDATION® OF
GREATER OHIO, KENTUCKY & INDIANA**

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	\$ 1,290,276	(446,479)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	15,024	24,786
Net realized and unrealized (gains) losses on investments	(54,444)	196,301
Loss on sale of property and equipment	—	2,167
Contributed property and equipment, inventory, and stock	(750)	(30,146)
Changes in assets and liabilities:		
Contributions receivable	86,841	(426,392)
Due from related entities	(46,433)	95,483
Prepaid expenses	(25,608)	(19,137)
Other assets	19,576	(92,742)
Accounts payable and accrued expenses	(38,371)	(41,896)
Accrued pending wish costs	30,532	1,149,142
Due to related entities	(109,710)	(132,895)
Other liabilities	8,721	(86,151)
Net cash provided by operating activities	<u>1,175,654</u>	<u>192,041</u>
Cash flows from investing activities:		
Purchases of investments	(807,396)	(354,823)
Proceeds from sales of investments	544,660	411,397
Purchases of property and equipment	(18,622)	(2,200)
Net cash provided by (used in) investing activities	<u>(281,358)</u>	<u>54,374</u>
Net increase in cash and cash equivalents	894,296	246,415
Cash and cash equivalents, beginning of year	<u>901,868</u>	<u>655,453</u>
Cash and cash equivalents, end of year	<u>\$ 1,796,164</u>	<u>901,868</u>
Supplemental cash flow information:		
Donated property and equipment, stock, and inventory	\$ 750	30,146
In-kind contributions	2,965,662	2,617,251

See accompanying notes to financial statements.

**MAKE-A-WISH FOUNDATION® OF
GREATER OHIO, KENTUCKY & INDIANA**

Statement of Functional Expenses

Year ended August 31, 2010

	Program services	Support services		Total
	Wish granting	Fund raising	Management and general	
Direct costs of wishes	\$ 5,601,578	—	—	5,601,578
Salaries, taxes, and benefits	704,174	752,873	912,031	2,369,078
Printing, subscriptions, and publications	1,734	133,066	1,369	136,169
Professional fees	989	855	5,740	7,584
Rent and utilities	104,313	97,208	113,647	315,168
Postage and delivery	10,490	9,256	18,124	37,870
Travel	1,614	21,322	3,973	26,909
Meetings and conferences	10,050	27,357	13,215	50,622
Office supplies	11,446	10,237	23,708	45,391
Communications	37,794	42,653	46,481	126,928
Advertising and media (in-kind)	—	9,452	—	9,452
Repairs and maintenance	719	864	20,682	22,265
National partnership dues	185,935	44,624	17,354	247,913
Miscellaneous	16,263	4,353	40,076	60,692
Depreciation and amortization	5,238	4,493	5,293	15,024
	<u>\$ 6,692,337</u>	<u>1,158,613</u>	<u>1,221,693</u>	<u>9,072,643</u>

See accompanying notes to financial statements.

**MAKE-A-WISH FOUNDATION® OF
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Statement of Functional Expenses

Year ended August 31, 2009

	Program services	Support services		Total
	Wish granting	Fund raising	Management and general	
Direct costs of wishes	\$ 6,423,198	—	—	6,423,198
Salaries, taxes, and benefits	814,850	765,465	888,928	2,469,243
Printing, subscriptions, and publications	—	142,665	—	142,665
Professional fees	17,630	16,561	19,233	53,424
Rent and utilities	102,116	95,927	111,400	309,443
Postage and delivery	16,060	15,086	17,520	48,666
Travel	7,072	6,643	7,715	21,430
Meetings and conferences	10,087	9,476	11,004	30,567
Office supplies	17,706	16,632	19,315	53,653
Communications	44,754	42,042	48,822	135,618
Repairs and maintenance	6,361	5,976	6,940	19,277
National partnership dues	194,928	46,783	18,193	259,904
Miscellaneous	11,965	3,942	4,578	20,485
Depreciation and amortization	8,179	7,684	8,923	24,786
	<u>\$ 7,674,906</u>	<u>1,174,882</u>	<u>1,162,571</u>	<u>10,012,359</u>

See accompanying notes to financial statements.

**MAKE-A-WISH FOUNDATION® OF
GREATER OHIO, KENTUCKY & INDIANA**

Notes to Financial Statements

August 31, 2010 and 2009

(1) Organization

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

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

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

(b) Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Also included in cash and cash equivalents at August 31, 2010 and 2009 are \$183,374 and \$68,551, 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.

(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. For pledges received beginning September 1, 2008, pledges are discounted using fair value rates.

(e) Property and Equipment, Net

Property and equipment having a unit cost greater than \$500 and a useful life of more than one year are stated at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt 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

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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. Statement 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 (Statement 157) 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.
- **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

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August 31, 2010 and 2009

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

The Foundation received contributions of assets other than cash that are included in the accompanying statements of activities as in-kind contributions and special events revenue of \$2,928,873 and \$37,539, respectively in 2010 and \$2,647,397 and \$0, respectively in 2009. Program or supporting services expenses were recorded at fair value totaling \$2,937,575 and \$2,634,169 in 2010 and 2009, respectively, with the difference representing donations of property and equipment or special event direct benefit costs to donor. In-kind contributions consisted of the following:

	<u>2010</u>	<u>2009</u>
Advertising and media	\$ 9,452	—
Computer equipment, games, and toys	23,029	21,179
Cruises	40,502	39,711
Lodging	403,800	383,873
Theme parks	1,258,839	1,073,819
Transportation	972,346	881,582
Other wish-related donations	229,607	217,087
Property and equipment	750	30,146
Professional services and other donations	28,087	—
Total	<u>\$ 2,966,412</u>	<u>2,647,397</u>

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

(i) Income Taxes

The Foundation is a not-for-profit organization exempt from federal income and Ohio taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 5733.01 of the Ohio Revised Code, respectively. However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

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

(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 generate 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 accounting principles generally accepted in the United States of America 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 life of property and equipment, investments, valuation of property and equipment, and accrued pending wish costs. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

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Notes to Financial Statements

August 31, 2010 and 2009

(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. 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 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:

<u>Description</u>	<u>August 31, 2010</u>	<u>Fair value measurements at August 31, 2010 using</u>	
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>
Cash and cash equivalents	\$ 1,796,164	1,796,164	—
Investments:			
Mutual funds:			
Equities	930,422	930,422	—
Money market funds	101,824	101,824	—
Fixed Income	826,071	826,071	—
Certificates of deposit	492,822	—	492,822
Total investments	\$ 2,351,139	1,858,317	492,822
Beneficial interest in assets held by National	\$ 300,290	300,290	—

**MAKE-A-WISH FOUNDATION® OF
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August 31, 2010 and 2009

<u>Description</u>	<u>August 31, 2009</u>	<u>Fair value measurements at August 31, 2009 using</u>	
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>
Cash and cash equivalents	\$ 901,868	901,868	—
Investments:			
Mutual funds:			
Equities	911,526	911,526	—
Money market funds	59,822	59,822	—
Fixed Income	782,263	782,263	—
Certificates of deposit	580,638	—	580,638
Total investments	\$ 2,334,249	1,753,611	580,638

For the valuation of certificates of deposit at August 31, 2010 and 2009, the Foundation used significant other observable inputs, particularly dealer market prices, for comparable investments as of the valuation date (Level 2).

The Foundation has no cash and cash equivalents or investments that use Level 3 inputs.

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	\$ 61,251	85,792
Realized and unrealized gains (losses), net	54,444	(196,301)
Investment income (loss), net	\$ 115,695	(110,509)

(4) Contributions Receivable

The following is a summary of the Foundation's contributions receivable at August 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Total amounts due in:		
One year	\$ 898,540	983,128
Gross contributions receivable	898,540	983,128
Less allowance for doubtful accounts	(7,066)	(4,813)
Contributions receivable, net	\$ 891,474	978,315

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Notes to Financial Statements

August 31, 2010 and 2009

(5) Beneficial Interest in Assets Held by National

In May 2010, the Foundation transferred \$150,000 to the Wishes Forever endowment fund held by the National Organization. The Foundation transferred another \$150,000 to this fund in August 2010. Distributions of income earned will be made at least annually and such distributions will be used to grant wishes within the Greater Ohio, Kentucky and Indiana chapter.

(6) Transactions with Related Entities

The Foundation pays the National Organization annual dues, which were \$247,913 and \$259,904 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. Under this program, the Foundation received support from the Wish Fulfillment Fund with receipts during the years ended August 31, 2010 and 2009, totaling \$50,000 and \$50,000, respectively, which is recorded as contributions.

Chapters who assist with the organization and granting of wishes from other chapters are paid a “fee for service” called the wish assist fee. Under this program, the Foundation received \$10,996 and \$4,050 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 are as follows:

	2010	2009
Balance at August 31:		
Due from National Organization	\$ 181,735	139,388
Due from other chapters	8,831	4,745
Total due from related entities	\$ 190,566	144,133
Due to National Organization	\$ —	125,000
Due to other chapters	21,861	6,571
Total due to related entities	\$ 21,861	131,571

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

During 2010 and 2009, the Foundation received contributions, both cash and in-kind, from board members totaling \$209,573 and \$177,746, respectively. In 2010 and 2009, amounts due from board members totaled

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\$4,400 and \$7,500, respectively, and are included in contributions receivable in the accompanying statements of financial position. The Foundation did not make any payments to companies owned by board members (or related parties) for goods and services provided to the Foundation.

(7) Property and Equipment, Net

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

	2010	2009
Computer equipment and software	\$ 126,784	112,313
Office furniture	110,266	110,266
Other equipment	35,056	35,056
	272,106	257,635
Less accumulated depreciation and amortization	(234,562)	(224,439)
Property and equipment, net	\$ 37,544	33,196

Depreciation and amortization expense totaled \$15,024 and \$24,786 for the years ended August 31, 2010 and 2009, respectively.

(8) 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 413 and 407 reportable pending wishes, respectively.

(9) Leases

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through November, 2015. Total rent expense for all operating leases for the years ended August 31, 2010 and 2009 totaled \$292,648 and \$294,672, respectively.

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

	Operating leases
Year ending August 31:	
2011	\$ 264,911
2012	220,117
2013	203,477
2014	160,368
2015	161,830
2016 – 2019	12,886
Total minimum lease payments	\$ 1,023,589

(10) Endowments

The Foundation adopted the provisions of ASC 958, Section 205-50 (FSP 117-1), *Reporting Endowment Funds*. FSP 117-1 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and also required disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The Foundation's endowment consists of two individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Ohio UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund

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2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Endowment net asset composition by type of fund as of August 31, 2010 and 2009 is as follows:

		2010			
		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	\$	—	5,353	234,994	240,347
Board-designated endowment funds		1,617,970	—	—	1,617,970
Board-designated endowment funds held by National		300,290	—	—	300,290
Total funds	\$	<u>1,918,260</u>	<u>5,353</u>	<u>234,994</u>	<u>2,158,607</u>
		2009			
		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	\$	(22,851)	—	234,994	212,143
Board-designated endowment funds		1,541,468	—	—	1,541,468
Total funds	\$	<u>1,518,617</u>	<u>—</u>	<u>234,994</u>	<u>1,753,611</u>

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Changes in endowment net assets for the years ended August 31, 2010 and 2009 are as follows:

	2010			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	\$ 1,518,617	—	234,994	1,753,611
Investment return:				
Investment income	40,340	2,141	—	42,481
Net appreciation (realized and unrealized)	59,303	3,212	—	62,515
Total investment return	99,643	5,353	—	104,996
Contributions	300,000	—	—	300,000
Endowment net assets, end of year	<u>\$ 1,918,260</u>	<u>5,353</u>	<u>234,994</u>	<u>2,158,607</u>
	2009			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	\$ 1,666,093	—	234,994	1,901,087
Investment return:				
Investment income	57,952	—	—	57,952
Net appreciation (realized and unrealized)	(205,428)	—	—	(205,428)
Total investment return	(147,476)	—	—	(147,476)
Endowment net assets, end of year	<u>\$ 1,518,617</u>	<u>—</u>	<u>234,994</u>	<u>1,753,611</u>

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Description of amounts classified as permanently restricted net assets and temporarily restricted net assets (endowment only):

Permanently restricted net assets:

(1) The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	\$ <u>234,994</u>
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Temporarily restricted net assets:

The portion of perpetual endowment funds subject to a time restriction under UPMIFA Without purpose restrictions	5,353
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Total endowment funds classified as temporarily restricted net assets	\$ <u>5,353</u>
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(b) Fund Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$15,537 and \$22,851 as of August 31, 2010 and 2009, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the board of directors.

(c) Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 6% annually. Actual returns in any given year may vary from this amount.

(d) Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent constraints.

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(e) Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 3% of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

(11) Temporarily and Permanently Restricted Net Assets

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

	2010	2009
Wish granting	\$ 84,203	33,747
Time restrictions	874,044	876,517
Total temporarily restricted net assets	\$ 958,247	910,264

For the years ended August 31, 2010 and 2009, permanently restricted net assets are restricted to:

	2010	2009
Investments in perpetuity, the income from which is expendable:		
To support any activities of the Foundation	\$ 109,994	109,994
To grant wishes in the Southern Ohio region	125,000	125,000
	\$ 234,994	234,994

(12) Retirement Plan

The Foundation has a defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after reaching 21 years of age. 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 25% of employee contributions up to a maximum match equal to 3% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2010 and 2009 were \$20,666 and \$23,087, respectively.

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(13) 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 \$1,361,323 and \$1,321,025 were received from a single donor for the years ended August 31, 2010 and 2009, respectively, which represents 17% and 18%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

(14) 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.

(15) Subsequent Events

The Foundation has evaluated subsequent events from the statement of financial position date through December 21, 2010, the date at which the financial statements were available to be issued.

Pursuant to a Memorandum of Understanding entered into on October 2, 2009, among the Foundation, the Make-A-Wish Foundation of Northwest Ohio ("MAW Northwest Ohio") and Make-A-Wish Foundation of America ("MAWFA"), the Foundation agreed to assume responsibility for all operating and wish-related expenses incurred in 21 counties in Northwest, Ohio (the "NW Ohio Territory") on and after September 1, 2010. The NW Ohio Territory was previously assigned to and operated by MAW Northwest Ohio.

As part of implementing the Memorandum of Understanding, in May 2010, MAWFA's Chapter Performance Committee voted to reassign the NW Ohio Territory to the Foundation and to permit the Foundation to change its name from "Make-A-Wish Foundation of Greater Ohio, Kentucky and Indiana" to "Make-A-Wish Foundation of Ohio, Kentucky and Indiana" effective September 1, 2010.

Through later evaluations, the Foundation and MAW Northwest Ohio decided it would be in the best interests of both corporations and members, and would best serve the interests of eligible children throughout both corporations' territories, to merge their corporations with the Foundation being the surviving entity. Pursuant to an Agreement of Merger entered into on July 28, 2010, between the Foundation and MAW Northwest Ohio, the Foundation agreed to become the owner of all the rights and property of MAW Northwest Ohio and to assume responsibility for all the debts and liabilities of MAW Northwest Ohio as of September 1, 2010. No consideration was transferred as part of the merger and there were no contingencies to the merger. A Certificate of Merger with Certificate of Amendment was filed with the State of Ohio and a Certificate of Merger dated September 1, 2010 was issued for the Foundation and a Certificate of Merged Out of Existence dated September 1, 2010 was issued for MAW Northwest Ohio.

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At the date of this report, the final accounting for the merger is incomplete, pending the completion of the final audit of MAW Northwest Ohio. It is anticipated, however, that the Foundation will acquire the following assets and liabilities at the below estimated fair value as of August 31, 2010:

	(Unaudited) Estimated as of August 31, 2010
Cash and cash equivalents	\$ 315,000
Contributions receivable, net	71,000
Investments	372,000
Other assets	136,000
Total assets	<u>\$ 894,000</u>
Accrued pending wish costs	\$ 56,000
Other liabilities	9,000
Total liabilities	<u>65,000</u>
Excess of assets acquired over liabilities assumed	<u>\$ 829,000</u>