KPMG

MAKE-A-WISH FOUNDATION® OF THE RIO GRANDE VALLEY

Financial Statements

August 31, 2012 and 2011

(With Independent Auditors' Report Thereon)

MAKE-A-WISH FOUNDATION® OF THE RIO GRANDE VALLEY CHAPTER

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Independent Auditors' Report

The Board of Directors
Make-A-Wish Foundation® of the Rio Grande Valley:

We have audited the accompanying statements of financial position of Make-A-Wish Foundation® of the Rio Grande Valley (the Foundation) as of August 31, 2012 and 2011, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit 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 the Rio Grande Valley as of August 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

December 18, 2012

MAKE-A-WISH FOUNDATION® OF THE RIO GRANDE VALLEY CHAPTER

Statements of Financial Position

August 31, 2012 and 2011

Assets		2012	2011
Cash and cash equivalents	$	455,237	480,203
Investments		961,597	914,393
Due from related entities		11,778	21,586
Prepaid expenses		1,174	—
Contributions receivable, net		51,899	46,550
Other assets		34,989	26,489
Property and equipment, net		3,813	7,102
Total assets	$	1,520,487	1,496,323
Liabilities and Net Assets			
Accounts payable and accrued expenses	$	16,047	34,484
Accrued pending wish costs		236,460	180,231
Due to related entities		1,000	3,453
Other liabilities		12,500	—
Total liabilities		266,007	218,168
Commitments and contingencies			
Net assets:			
Unrestricted		1,227,028	1,272,175
Temporarily restricted		27,452	5,980
Total net assets		1,254,480	1,278,155
Total liabilities and net assets	$	1,520,487	1,496,323

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF THE RIO GRANDE VALLEY CHAPTER

Statement of Activities

Year ended August 31, 2012

	Unrestricted	Temporarily restricted	Total
Revenues, gains, and other support:			
Public support:			
Contributions	$ 321,467	27,452	348,919
Total public support	321,467	27,452	348,919
Special events	26,897	—	26,897
Less direct benefit costs to donor	(1,603)	—	(1,603)
Total special events	25,294	—	25,294
Investment income, net	74,261	—	74,261
Other income	174,794	—	174,794
Net assets released from restrictions	5,980	(5,980)	—
Total revenues, gains, and other support	601,796	21,472	623,268
Expenses:			
Program services – Wish granting	573,760	—	573,760
Support services:			
Fund-raising	6,685	—	6,685
Management and general	66,498	—	66,498
Total support services	73,183	—	73,183
Total program and support services expenses	646,943	—	646,943
Total expenses and losses	646,943	—	646,943
Change in net assets	(45,147)	21,472	(23,675)
Net assets, beginning of year	1,272,175	5,980	1,278,155
Net assets, end of year	$ 1,227,028	27,452	1,254,480

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF THE RIO GRANDE VALLEY CHAPTER

Statement of Activities

Year ended August 31, 2011

	Unrestricted	Temporarily restricted	Total
Revenues, gains, and other support:			
Public support:			
Contributions	$ 339,724	5,980	345,704
Total public support	339,724	5,980	345,704
Special events	125,680	—	125,680
Less direct benefit costs to donor	(24,821)	—	(24,821)
Total special events	100,859	—	100,859
Investment income, net	17,444	—	17,444
Other income	34,419	—	34,419
Net assets released from restrictions	3,932	(3,932)	—
Total revenues, gains, and other support	496,378	2,048	498,426
Expenses:			
Program services – Wish granting	571,274	—	571,274
Support services:			
Fund-raising	5,963	—	5,963
Management and general	67,944	—	67,944
Total support services	73,907	—	73,907
Total program and support services expenses	645,181	—	645,181
Total expenses and losses	645,181	—	645,181
Change in net assets	(148,803)	2,048	(146,755)
Net assets, beginning of year	1,420,978	3,932	1,424,910
Net assets, end of year	$ 1,272,175	5,980	1,278,155

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF THE RIO GRANDE VALLEY CHAPTER

Statements of Cash Flows

Years ended August 31, 2012 and 2011

		2012	2011
Cash flows from operating activities:			
Change in net assets	$	(23,675)	(146,755)
Adjustments to reconcile change in net assets to net cash from operating activities:			
Depreciation and amortization		3,289	3,221
Net realized and unrealized (gains) losses on investments		(40,317)	15,903
Changes in assets and liabilities:			
Contributions receivable		(5,349)	(12,618)
Due from related entities		9,808	4,037
Prepaid expenses		(1,174)	—
Other assets		(8,500)	3,247
Accounts payable and accrued expenses		(18,437)	(3,304)
Accrued pending wish costs		56,229	45,427
Due to related entities		(2,453)	3,453
Other liabilities		12,500	—
Net cash from operating activities		(18,079)	(87,389)
Cash flows from investing activities:			
Purchases of investments		(26,887)	(930,295)
Proceeds from sales of investments		20,000	69,998
Purchases of property and equipment		—	(6,749)
Net cash from investing activities		(6,887)	(867,046)
Net decrease in cash and cash equivalents		(24,966)	(954,435)
Cash and cash equivalents, beginning of year		480,203	1,434,638
Cash and cash equivalents, end of year	$	455,237	480,203
Supplemental cash flow information:			
In-kind contributions	$	188,055	175,446

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF THE RIO GRANDE VALLEY CHAPTER

Statement of Functional Expenses

Year ended August 31, 2012

	Program services	Support services			
	Wish granting	Fund-raising	Management and general	Total support services	Total
Direct costs of wishes	$ 421,955	—	—	—	421,955
Salaries, taxes, and benefits	102,144	3,730	31,461	35,191	137,335
Professional fees	—	—	19,374	19,374	19,374
Rent and utilities	22,205	617	8,018	8,635	30,840
Postage and delivery	214	20	86	106	320
Travel	6,196	172	2,238	2,410	8,606
Meetings and conferences	2,019	56	729	785	2,804
Office supplies	1,015	28	367	395	1,410
Communications	1,895	53	684	737	2,632
Repairs and maintenance	360	10	130	140	500
National partnership dues	11,066	1,868	1,437	3,305	14,371
Miscellaneous	2,322	65	1,120	1,185	3,507
Depreciation and amortization	2,369	66	854	920	3,289
	$ 573,760	6,685	66,498	73,183	646,943

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF THE RIO GRANDE VALLEY CHAPTER

Statement of Functional Expenses

Year ended August 31, 2011

	Program services	Support services			
	Wish granting	Fund-raising	Management and general	Total support services	Total
Direct costs of wishes	$ 428,118	—	—	—	428,118
Salaries, taxes, and benefits	87,172	2,421	48,786	51,207	138,379
Professional fees	5,702	158	2,059	2,217	7,919
Rent and utilities	22,205	617	8,018	8,635	30,840
Postage and delivery	211	6	76	82	293
Travel	6,380	177	2,304	2,481	8,861
Meetings and conferences	4,102	114	1,481	1,595	5,697
Office supplies	1,388	39	501	540	1,928
Communications	2,207	61	797	858	3,065
Repairs and maintenance	1,069	30	386	416	1,485
National partnership dues	9,486	1,602	1,232	2,834	12,320
Miscellaneous	915	674	1,466	2,140	3,055
Depreciation and amortization	2,319	64	838	902	3,221
	$ 571,274	5,963	67,944	73,907	645,181

See accompanying notes to financial statements.

(1) Organization

Make-A-Wish Foundation® of the Rio Grande Valley Chapter (the Foundation) is a Texas 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. Cash and cash equivalents at August 31, 2012 and 2011 include $455,237 and $480,203, respectively, of cash and 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.

(e) Property and Equipment, Net

Property and equipment having 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 over time in an amount equivalent to annual depreciation. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally three to seven years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the lease. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

(Continued)

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Foundation first compares undiscounted cash flows expected to be generated by that asset to its carrying value. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary.

(f) Fair Value Measurements

The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Foundation determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets the reporting entity has the ability to access at the measurement date.
- Level 2 Inputs: Prices for a similar asset other than quoted prices included in Level 1 inputs, that are observable for the asset, either directly or indirectly. If the asset has a specified term, a Level 2 input must be observable for substantially the full term of the asset.
- Level 3 Inputs: Unobservable inputs for the asset used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at measurement date.

See note 3 to the financial statements.

The Foundation has adopted the provisions of Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

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

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

		2012	2011
Wish related	$	147,329	135,785
Professional services		1,200	4,800
Other		39,526	34,861
Total	$	188,055	175,446

An internal special event is an event organized by the chapter that generates income from fund-raising functions designed to attract donors and involves large numbers of people for the purpose of raising awareness, additional funding, and cultivating future donors. Internal special event in-kind amounts are donated items recorded at fair market value that are used in facilitating the event. Examples of such donated items are generally food, beverage, facility costs, and auction items.

Program or supporting services expenses were recorded at fair value totaling $188,055 and $175,446 in 2012 and 2011, respectively.

Advertising and media are used to help the Foundation communicate its message or mission and include 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 or public information 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.

The Foundation was the recipient of an interest in an oil and gas lease donation and began receiving royalty payments during the year ended August 31, 2011. The Foundation records these royalty payments as other income at the time of receipt and recognized $174,794 and $33,220 for the years ended August 31, 2012 and 2011, respectively, in the accompanying statements of activities.

(i) Income Taxes

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

The Foundation has adopted ASC Topic 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, disclosure, and transition. Management believes that no such uncertain tax position exists for the Foundation at August 31, 2012 or 2011. The Foundation files income tax returns in the U.S. federal jurisdiction. The Foundation is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2008.

(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, 2012 and 2011, the Foundation incurred no significant joint costs for activities that include fund-raising appeals.

Management and General

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

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

(k) Management Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of property and equipment, investments, valuation of contributions receivable, accrued pending wish costs and whether an allowance for uncollectible contributions receivable is required. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

(l) Reclassifications

Certain reclassifications have been made to the 2011 financial statement information to conform to the 2012 financial statement presentation. There was no impact on the previously reported change in net assets of the Foundation.

(3) Fair Value Measurements

(a) Fair Value of Financial Instruments

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of the financial instruments shown in the following table as of August 31, 2012 and 2011 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation’s own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, available observable and unobservable inputs.

The Foundation has adopted ASC Topic 820 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. See note 2 to the financial statements.

(b) *Fair Value Hierarchy*

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, 2012 and 2011:

		Fair value measurements at August 31, 2012 using		
Description	**August 31, 2012**	**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	$ 455,237	455,237	—	—
Investments:				
Mutual funds:				
Domestic equity	$ 93,077	93,077	—	—
International equity	110,030	110,030	—	—
Real estate	19,285	19,285	—	—
Commodities	22,285	22,285	—	—
Bonds	301,847	301,847	—	—
Exchange-traded funds:				
Domestic equity	161,303	161,303	—	—
International equity	15,144	15,144	—	—
Equity securities:				
U.S. corporate equity securities	6,538	6,538	—	—
Foreign equity securities	21,960	21,960	—	—
Debt securities – Corporate	82,718	82,718	—	—
Unit investment trusts	127,410	127,410	—	—
Total investments	$ 961,597	961,597	—	—

Description		August 31, 2011	Fair value measurements at August 31, 2011 using: 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	$	480,203	480,203	—	—
Investments:					
Mutual funds:					
Domestic equity	$	81,986	81,986	—	—
International equity		108,729	108,729	—	—
Real estate		16,390	16,390	—	—
Commodities		24,450	24,450	—	—
Bonds		282,866	282,866	—	—
Exchange-traded funds:					
U.S. corporate equity securities		145,343	145,343	—	—
Foreign equity securities		15,340	15,340	—	—
Equity securities:					
U.S. corporate equity securities		7,784	7,784	—	—
Foreign equity securities		21,780	21,780	—	—
Debt securities – Corporate		95,725	95,725	—	—
Unit investment trusts		114,000	114,000	—	—
Total investments	$	914,393	914,393	—	—

The Foundation's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no significant transfers into or out of Level 1, Level 2, or Level 3 for the year ended August 31, 2012.

The unit investment trusts (Trusts) invest in diversified portfolios containing 1) dividend producing stocks, 2) closed-end funds investing in convertible securities and non-convertible income securities, and 3) dividend paying stocks and REITs as well as closed-end funds which invest in senior loan floating rate securities and convertible securities. At August 31, 2012 and 2011, the Trusts mature from September 2012 through February 2013.

Total investment income, net for the years ended August 31, 2012 and 2011 consists of the following:

		2012	2011
Interest and dividend income	$	40,644	33,465
Realized and unrealized gains (losses), net		40,317	(15,903)
Less investment expenses		(6,700)	(118)
Investment income, net	$	74,261	17,444

(4) Contributions Receivable

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

		2012	2011
Total amounts due in:			
One year	$	32,452	46,550
Two to five years		19,880	—
Gross contributions receivable		52,332	46,550
Less allowance for doubtful accounts		—	—
Less discount to present value		(433)	—
Contributions receivable, net	$	51,899	46,550

(5) Transactions with Related Entities

The Foundation receives funds from the Make-A-Wish Foundation of America on a monthly basis. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and whitemail donations, amounts for internal grants, travel and training scholarships, amounts to fund the Adopt-A-Wish® program, and other miscellaneous revenues.

During the years ended August 31, 2012 and 2011, the Foundation received $60,470 and $52,011, respectively, from these national revenue streams. Conversely, the chapter pays amounts to the Make-A-Wish Foundation of America for partnership dues, insurance, and other miscellaneous ancillary expenses that Make-A-Wish Foundation of America pays on behalf of the Foundation. Amounts totaling $14,371 and $12,320 were paid from the Foundation to Make-A-Wish Foundation of America during the years ended August 31, 2012 and 2011, respectively.

Chapters who assist with the organization and granting of wishes from other chapters are paid a "fee for service" called the wish assist fee. Under this program, the Foundation received $0 and $1,200 for the years ended August 31, 2012 and 2011, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

		2012	2011
Balance at August 31:			
Due from National Organization	$	11,778	15,940
Due from other chapters		—	5,646
Total due from related entities	$	11,778	21,586
Due to National Organization	$	1,000	2,000
Due to other chapters		—	1,453
Total due to related entities	$	1,000	3,453

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 the National Organization represent amounts payable for 990 tax return preparation and assistance with accounting system conversion. Amounts due to other chapters represent amounts owed to other chapters who have assisted in the granting of wishes for the Foundation.

During 2012 and 2011, the Foundation received contributions, both cash and in-kind, from board members totaling $7,345 and $36,218, respectively. In 2012 and 2011, amounts due from board members totaled $24,447 and $30,000, respectively, and are included in contributions receivable, net in the accompanying statements of financial position.

(6) Property and Equipment, Net

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

		2012	2011
Computer equipment and software	$	9,449	9,644
Office furniture		6,884	7,034
Other equipment		2,179	5,241
		18,512	21,919
Less accumulated depreciation and amortization		(14,699)	(14,817)
Property and equipment, net	$	3,813	7,102

Depreciation and amortization expense totaled $3,289 and $3,221 for the years ended August 31, 2012 and 2011, respectively.

(Continued)

(7) Accrued Pending Wish Costs

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

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

As of August 31, 2012 and 2011, the Foundation had 33 and 23 reportable pending wishes, respectively.

(8) Leases

The Foundation is the beneficiary of donated office space, which expires on September 30, 2014. The Foundation recognizes in-kind rent income as well as in-kind rent expense on a monthly basis. Total in-kind rent expense for the years ended August 31, 2012 and 2011 was $30,840 and $30,840, respectively.

(9) Temporarily Restricted Net Assets

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

		2012	2011
Wish granting	$	27,452	5,980
Total temporarily restricted net assets	$	27,452	5,980

(10) 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 $104,352 and $94,025 were received from a single donor for the years ended August 31, 2012 and 2011, respectively, which represents 30% and 27%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

(11) Litigation and Claims

The Foundation is not aware of any pending or threatened claims or legal actions arising in the ordinary course of business during the year ended August 31, 2012 or 2011.

(12) Subsequent Events

The Foundation has evaluated subsequent events from the statement of financial position date through December 18, 2012, the date at which the financial statements were available to be issued.