



MAKE-A-WISH FOUNDATION[®] OF COLORADO

Financial Statements

August 31, 2011 and 2010

(With Independent Auditors' Report Thereon)

MAKE-A-WISH FOUNDATION[®] OF COLORADO

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KPMG LLP
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Independent Auditors' Report

The Board of Directors
Make-A-Wish Foundation® of Colorado:

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

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

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

KPMG LLP

December 15, 2011

MAKE-A-WISH FOUNDATION® OF COLORADO

Statements of Financial Position

August 31, 2011 and 2010

Assets	2011	2010
Cash and cash equivalents	\$ —	173,271
Investments	1,384,532	1,308,277
Due from related entities	68,151	17,557
Prepaid expenses	9,645	9,645
Contributions receivable	165,677	219,804
Property and equipment, net	—	3,763
Total assets	<u>\$ 1,628,005</u>	<u>1,732,317</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 317,474	191,530
Accrued pending wish costs	352,550	315,570
Due to related entities	4,223	9,733
Other liabilities	35,024	42,801
Total liabilities	<u>709,271</u>	<u>559,634</u>
Net assets:		
Unrestricted	684,906	883,706
Temporarily restricted	233,828	288,977
Total net assets	<u>918,734</u>	<u>1,172,683</u>
Total liabilities and net assets	<u>\$ 1,628,005</u>	<u>1,732,317</u>

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF COLORADO

Statement of Activities

Year ended August 31, 2011

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenues, gains, and other support:			
Public support:			
Contributions	\$ 1,129,400	68,151	1,197,551
In-kind contributions	495,193	72,530	567,723
Grants	288,547	—	288,547
Total public support	<u>1,913,140</u>	<u>140,681</u>	<u>2,053,821</u>
Special events	528,350	93,147	621,497
Less direct benefit costs to donor	<u>(73,415)</u>	<u>—</u>	<u>(73,415)</u>
Total special events	454,935	93,147	548,082
Investment income, net	(4,481)	—	(4,481)
Other income	10,319	—	10,319
Net assets released from restrictions	<u>288,977</u>	<u>(288,977)</u>	<u>—</u>
Total revenues, gains, and other support	<u>2,662,890</u>	<u>(55,149)</u>	<u>2,607,741</u>
Expenses:			
Program services:			
Wish granting	2,205,390	—	2,205,390
Program-related support	10,331	—	10,331
Public information	51,146	—	51,146
Total program services	<u>2,266,867</u>	<u>—</u>	<u>2,266,867</u>
Support services:			
Fund raising	341,285	—	341,285
Management and general	253,538	—	253,538
Total support services	<u>594,823</u>	<u>—</u>	<u>594,823</u>
Total program and support services expenses	<u>2,861,690</u>	<u>—</u>	<u>2,861,690</u>
Change in net assets	(198,800)	(55,149)	(253,949)
Net assets, beginning of the year	<u>883,706</u>	<u>288,977</u>	<u>1,172,683</u>
Net assets, end of the year	<u>\$ 684,906</u>	<u>233,828</u>	<u>918,734</u>

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF COLORADO

Statement of Activities

Year ended August 31, 2010

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenues, gains, and other support:			
Public support:			
Contributions	\$ 1,679,972	42,520	1,722,492
In-kind contributions	508,677	65,999	574,676
Grants	211,987	—	211,987
Total public support	<u>2,400,636</u>	<u>108,519</u>	<u>2,509,155</u>
Special events	352,225	180,258	532,483
Less direct benefit costs to donor	<u>(70,923)</u>	<u>—</u>	<u>(70,923)</u>
Total special events	281,302	180,258	461,560
Investment income, net	98,592	—	98,592
Other income	5,061	200	5,261
Net assets released from restrictions	<u>213,802</u>	<u>(213,802)</u>	<u>—</u>
Total revenues, gains, and other support	<u>2,999,393</u>	<u>75,175</u>	<u>3,074,568</u>
Expenses:			
Program services:			
Wish granting	1,946,171	—	1,946,171
Program-related support	15,066	—	15,066
Public information	68,234	—	68,234
Total program services	<u>2,029,471</u>	<u>—</u>	<u>2,029,471</u>
Support services:			
Fund raising	418,968	—	418,968
Management and general	214,493	—	214,493
Total support services	<u>633,461</u>	<u>—</u>	<u>633,461</u>
Total program and support services expenses	<u>2,662,932</u>	<u>—</u>	<u>2,662,932</u>
Change in net assets	336,461	75,175	411,636
Net assets, beginning of the year	<u>547,245</u>	<u>213,802</u>	<u>761,047</u>
Net assets, end of the year	<u>\$ 883,706</u>	<u>288,977</u>	<u>1,172,683</u>

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF COLORADO

Statements of Cash Flows

Years ended August 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ (253,949)	411,636
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	3,763	7,270
Net realized and unrealized losses (gains) on investments	11,190	(86,201)
Changes in assets and liabilities:		
Contributions receivable	54,127	(87,385)
Due from related entities	(50,594)	10,686
Accounts payable and accrued expenses	125,944	62,421
Accrued pending wish costs	36,980	(48,802)
Due to related entities	(5,510)	9,733
Other liabilities	(7,777)	25,415
Net cash (used in) provided by operating activities	<u>(85,826)</u>	<u>304,773</u>
Cash flows from investing activities:		
Purchases of investments	(582,316)	(1,078,425)
Proceeds from sales of investments	494,871	866,034
Net cash used in investing activities	<u>(87,445)</u>	<u>(212,391)</u>
Net (decrease) increase in cash and cash equivalents	(173,271)	92,382
Cash and cash equivalents, beginning of year	<u>173,271</u>	<u>80,889</u>
Cash and cash equivalents, end of year	\$ <u>—</u>	<u>173,271</u>
Supplemental cash flow information:		
In-kind contributions	\$ 567,723	581,752

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF COLORADO

Statement of Functional Expenses

Year ended August 31, 2011

	Program services				Support services			Total
	Wish granting	Program-related support	Public information	Total program services	Fund-raising	Management and general	Total support services	
Direct costs of wishes	\$ 1,652,922	—	—	1,652,922	—	—	—	1,652,922
Salaries, taxes, and benefits	389,324	8,343	35,509	433,176	218,825	187,817	406,642	839,818
Printing, subscriptions, and publications	2,293	49	209	2,551	17,120	1,106	18,226	20,777
Professional fees	—	—	—	—	16,494	14,393	30,887	30,887
Media and advertising	10,894	233	8,167	19,294	13,583	5,256	18,839	38,133
Rent and utilities	54,484	1,167	4,969	60,620	30,623	26,283	56,906	117,526
Postage and delivery	1,664	36	152	1,852	7,852	803	8,655	10,507
Travel	3,002	64	274	3,340	4,541	1,448	5,989	9,329
Meetings and conferences	977	21	89	1,087	2,198	471	2,669	3,756
Office supplies	7,926	170	723	8,819	6,672	3,824	10,496	19,315
Telephone	4,437	95	405	4,937	2,494	2,140	4,634	9,571
Repairs and maintenance	—	—	—	—	—	—	—	—
National partnership dues	70,359	—	—	70,359	16,886	6,567	23,453	93,812
Miscellaneous	5,363	116	490	5,969	3,016	2,589	5,605	11,574
Depreciation	1,745	37	159	1,941	981	841	1,822	3,763
	<u>\$ 2,205,390</u>	<u>10,331</u>	<u>51,146</u>	<u>2,266,867</u>	<u>341,285</u>	<u>253,538</u>	<u>594,823</u>	<u>2,861,690</u>

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF COLORADO

Statement of Functional Expenses

Year ended August 31, 2010

	Program services			Total program services	Support services			Total
	Wish granting	Program-related support	Public information		Fund-raising	Management and general	Total support services	
Direct costs of wishes	\$ 1,507,100	—	—	1,507,100	—	—	—	1,507,100
Salaries, taxes, and benefits	307,372	12,106	48,421	367,899	286,142	157,194	443,336	811,235
Printing, subscriptions, and publications	3,138	123	495	3,756	19,799	1,688	21,487	25,243
Professional fees	—	—	—	—	—	13,550	13,550	13,550
Media and advertising (cash)	—	—	7,961	7,961	10,113	—	10,113	18,074
Rent and utilities	45,094	1,776	7,104	53,974	40,203	23,061	63,264	117,238
Postage and delivery	571	22	90	683	12,183	292	12,475	13,158
Travel	4,226	166	666	5,058	8,313	2,161	10,474	15,532
Meetings and conferences	583	23	92	698	2,443	298	2,741	3,439
Office supplies	10,971	432	1,728	13,131	16,215	5,611	21,826	34,957
Telephone	3,668	144	578	4,390	3,779	1,876	5,655	10,045
Repairs and maintenance	162	6	25	193	144	—	144	337
National partnership dues	56,465	—	—	56,465	13,551	5,270	18,821	75,286
Miscellaneous	4,022	158	634	4,814	3,591	2,063	5,654	10,468
Depreciation	2,799	110	440	3,349	2,492	1,429	3,921	7,270
	<u>\$ 1,946,171</u>	<u>15,066</u>	<u>68,234</u>	<u>2,029,471</u>	<u>418,968</u>	<u>214,493</u>	<u>633,461</u>	<u>2,662,932</u>

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF COLORADO

Notes to Financial Statements

August 31, 2011 and 2010

(1) Organization

Make-A-Wish Foundation® of Colorado (the Foundation) is a Colorado 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 (GAAP).

(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.

(c) *Investments*

Investments are recorded at fair value and consist of money market funds and mutual funds. 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 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 over time in an amount equivalent to annual depreciation or once the asset has been placed into service. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 10 years. 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 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

MAKE-A-WISH FOUNDATION® OF COLORADO

Notes to Financial Statements

August 31, 2011 and 2010

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

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

(g) *Net Assets*

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

- **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.

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Notes to Financial Statements

August 31, 2011 and 2010

(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 time restriction expires or the purpose restriction is met, 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:

	<u>2011</u>	<u>2010</u>
Wish related	\$ 544,223	569,489
Professional services	—	12,263
Advertising and media	23,500	—
Total	<u>\$ 567,723</u>	<u>581,752</u>

An internal special event is an event organized by the chapter that generates income from fundraising functions designed to attract and involves a large number 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.

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.

(i) *Income Taxes*

The Foundation is a not-for-profit organization exempt from federal income and Colorado taxes under the provisions of Internal Revenue Code (IRC) 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.

MAKE-A-WISH FOUNDATION® OF COLORADO

Notes to Financial Statements

August 31, 2011 and 2010

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. Management asserts that no such uncertain tax position exists for the Foundation at August 31, 2011.

(j) *Functional Expenses*

The Foundation performs five functions: wish granting, program-related support, public information, 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.

Program-Related Support

Activities performed by the Foundation related to the wish program including the identification of wish candidates and the determination and delivery of each wish. Specific activities include, but are not limited to, the development of wish resources, handling of wish referrals, and administration of the wish program.

Public Information

Activities performed by the Foundation communicating the purpose and services of the Foundation to all potential sources of wish referrals.

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, 2011 and 2010, the Foundation incurred no significant joint costs for activities that include fund raising appeals.

Management and General

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

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

(k) *Management Estimates*

The preparation of financial statements in conformity with U.S. GAAP 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

MAKE-A-WISH FOUNDATION® OF COLORADO

Notes to Financial Statements

August 31, 2011 and 2010

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, and accrued pending wish costs. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

(1) *Reclassifications*

Certain reclassifications have been made to the 2010 financial statement information to confirm to 2011 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 tables as of August 31, 2011 and 2010 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. 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.

MAKE-A-WISH FOUNDATION® OF COLORADO

Notes to Financial Statements

August 31, 2011 and 2010

(b) Fair Value Hierarchy

The following tables present the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis at August 31, 2011 and 2010:

Description	August 31, 2011	Fair value measurements at August 31, 2011 using quoted prices in active markets for identical assets (Level 1)
Investments:		
Mutual funds:		
International equity	\$ 126,174	126,174
Bonds	472,751	472,751
Money market funds	785,607	785,607
Total	<u>\$ 1,384,532</u>	<u>1,384,532</u>

Description	August 31, 2010	Fair value measurements at August 31, 2010 using quoted prices in active markets for identical assets (Level 1)
Investments:		
Mutual funds:		
International equity	\$ 16,929	16,929
Bonds	87,697	87,697
Money market funds	1,203,651	1,203,651
Cash held on deposit with financial institutions	173,271	173,271
Total	<u>\$ 1,481,548</u>	<u>1,481,548</u>

There were no Level 2 or 3 investments held during the years ended August 31, 2011 or 2010.

MAKE-A-WISH FOUNDATION® OF COLORADO

Notes to Financial Statements

August 31, 2011 and 2010

Total investment income, gains, and losses for the years ended August 31, 2011 and 2010 consist of the following:

	2011	2010
Interest and dividend income	\$ 6,709	15,022
Realized and unrealized (losses) gains , net	(11,190)	86,201
Less investment expenses	—	(2,631)
Investment (loss) income net	\$ (4,481)	98,592

(4) Contributions Receivable

All contribution receivables are due on or before August 31, 2012. All receivables are considered to be collectible.

(5) Transactions with Related Entities

The Foundation pays the National Organization annual dues, which were \$93,812 and \$75,286 for the years ended August 31, 2011 and 2010, respectively. The National Organization supports the Foundation by providing funding and other support for the granting of wishes.

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 \$9,319 and \$4,559 for the years ended August 31, 2011 and 2010, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

	2011	2010
Balance at August 31:		
Due from National Organization	\$ 59,418	16,749
Due from other chapters	8,733	808
Total due from related entities	\$ 68,151	17,557
Due to other chapters	\$ —	9,733
Total due to related entities	\$ —	9,733

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 2011 and 2010, the Foundation received contributions, both cash and in-kind, from board members totaling \$29,971 and \$31,154, respectively.

MAKE-A-WISH FOUNDATION® OF COLORADO

Notes to Financial Statements

August 31, 2011 and 2010

(6) Property and Equipment, Net

Fixed assets as of August 31, 2011 and 2010 consist of the following:

	<u>2011</u>	<u>2010</u>
Computer equipment and software	\$ 30,172	30,172
Web site and Web site templates	5,000	5,000
Office furniture	37,091	37,091
	<u>72,263</u>	<u>72,263</u>
Less accumulated depreciation	<u>(72,263)</u>	<u>(68,500)</u>
Property and equipment, net	<u>\$ —</u>	<u>3,763</u>

Depreciation expense totaled \$3,763 and \$7,270 for the years ended August 31, 2011 and 2010, respectively.

(7) Accrued Pending Wish Costs

The Foundation accrues for estimated costs of reportable pending wishes as unconditional promises to give when five certain, measurable wish criteria are met. Prior to meeting these five criteria, the wish is considered a conditional promise to give due to the inherent uncertainties surrounding 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
5. The wish is expected to be granted within the next 12 months.

As of August 31, 2011 and 2010, the Foundation had 66 and 57 reportable pending wishes, respectively.

(8) Leases

The Foundation is obligated under various operating leases for office and equipment, which expire at various dates through 2015. Total rent expense for all operating leases for the years ended August 31, 2011 and 2010 totaled \$107,115 and \$108,818, respectively.

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Notes to Financial Statements

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

	<u>Operating leases</u>
Year ending August 31:	
2012	\$ 118,052
2013	120,276
2014	121,017
2015	<u>92,431</u>
Total minimum lease payments	<u>\$ 451,776</u>

The Foundation has entered into a lease agreement with escalating lease payments. The Foundation expenses the lease payments on a straight-line basis. The difference between the cash paid and the lease expense is recorded as deferred rent. At August 31, 2011 and 2010, the Foundation had \$35,024 and \$44,201 of deferred rent, respectively.

(9) Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes for the years ended August 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Time restrictions	\$ 233,828	288,977
Total temporarily restricted net assets	<u>\$ 233,828</u>	<u>288,977</u>

(10) 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 and upon completion of one year of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain IRC limitations. The Foundation matches employee contributions up to 5% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2011 and 2010 were \$39,621 and \$26,108, respectively.

(11) Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash, cash equivalents, and investments. The Foundation places its cash and investments with high credit quality financial institutions and generally limits the amount of credit exposure not to exceed the Federal Deposit Insurance Corporation (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.

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In-kind contributions totaling \$293,429 and \$351,172 were received from a single donor for the years ended August 31, 2011 and 2010, respectively, which represents 11% and 12%, respectively, of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

(12) Litigation and Claims

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

(13) Subsequent Events

The Foundation has evaluated subsequent events from the statement of financial position date through December 15, 2011, the date at which the financial statements were available to be issued.