



**MAKE-A-WISH FOUNDATION<sup>®</sup> SOUTH CAROLINA, INC.**

Financial Statements

August 31, 2013 and 2012

(With Independent Auditors' Report Thereon)

**MAKE-A-WISH FOUNDATION<sup>®</sup> SOUTH CAROLINA, INC.**

**Table of Contents**

	<b>Page</b>
Independent Auditors' Report	1 - 2
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	6
Statements of Functional Expenses	7
Notes to Financial Statements	9



**KPMG LLP**  
Duke Energy Center  
Suite 3200  
550 South Tryon Street  
Charlotte, NC 28202-4214

## **Independent Auditors' Report**

The Board of Directors  
Make-A-Wish Foundation<sup>®</sup> South Carolina, Inc.:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Make-A-Wish Foundation<sup>®</sup> South Carolina, Inc. (the Foundation), which comprise the statements of financial position as of August 31, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Make-A-Wish Foundation<sup>®</sup> South Carolina, Inc. as of August 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

Charlotte, North Carolina  
January 8, 2014

**MAKE A WISH FOUNDATION® SOUTH CAROLINA, INC.**

Statements of Financial Position

August 31, 2013 and 2012

<b>Assets</b>	<b>2013</b>	<b>2012</b>
Cash	\$ 336,981	268,360
Due from related entities	57,148	69,350
Prepaid expenses	—	10
Contributions receivable, net	120,105	150,558
Other assets	4,367	—
Property and equipment, net	84,765	89,729
Total assets	<u>\$ 603,366</u>	<u>578,007</u>
<b>Liabilities and Net Assets (Deficit)</b>		
Accounts payable and accrued expenses	\$ 24,257	7,868
Accrued pending wish costs	507,859	626,086
Due to related entities	55,660	37,191
Other liabilities	—	8,444
Total liabilities	<u>587,776</u>	<u>679,589</u>
Commitments and contingencies		
Net assets (deficit):		
Unrestricted	(98,667)	(221,412)
Temporarily restricted	114,257	119,830
Total net assets (deficit)	<u>15,590</u>	<u>(101,582)</u>
Total liabilities and net assets	<u>\$ 603,366</u>	<u>578,007</u>

See accompanying notes to financial statements.

**MAKE A WISH FOUNDATION® SOUTH CAROLINA, INC.**

Statement of Activities

Year ended August 31, 2013

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenues, gains, and other support:			
Public support:			
Contributions	\$ 1,489,022	109,890	1,598,912
Grants	126,437	—	126,437
Total public support	<u>1,615,459</u>	<u>109,890</u>	<u>1,725,349</u>
Internal special events	132,217	4,367	136,584
Less costs of direct benefit to donor	<u>(31,404)</u>	<u>—</u>	<u>(31,404)</u>
Total special events	100,813	4,367	105,180
Other income	6,178	—	6,178
Net assets released from restrictions	<u>119,830</u>	<u>(119,830)</u>	<u>—</u>
Total revenues, gains, and other support	<u>1,842,280</u>	<u>(5,573)</u>	<u>1,836,707</u>
Expenses:			
Program services:			
Wish granting	<u>1,491,699</u>	<u>—</u>	<u>1,491,699</u>
Support services:			
Fund raising	102,431	—	102,431
Management and general	<u>125,405</u>	<u>—</u>	<u>125,405</u>
Total support services	<u>227,836</u>	<u>—</u>	<u>227,836</u>
Total program and support services expenses	<u>1,719,535</u>	<u>—</u>	<u>1,719,535</u>
Change in net assets	122,745	(5,573)	117,172
Net assets (deficit), beginning of the year	<u>(221,412)</u>	<u>119,830</u>	<u>(101,582)</u>
Net assets (deficit), end of the year	<u>\$ (98,667)</u>	<u>114,257</u>	<u>15,590</u>

See accompanying notes to financial statements.

**MAKE A WISH FOUNDATION® SOUTH CAROLINA, INC.**

Statement of Activities

Year ended August 31, 2012

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenues, gains, and other support:			
Public support:			
Contributions	\$ 1,223,834	119,830	1,343,664
Grants	130,745	—	130,745
Total public support	<u>1,354,579</u>	<u>119,830</u>	<u>1,474,409</u>
Internal special events	350,888	—	350,888
Less costs of direct benefit to donor	<u>(150,558)</u>	<u>—</u>	<u>(150,558)</u>
Total special events	200,330	—	200,330
Other income	7,080	—	7,080
Net assets released from restrictions	<u>254,552</u>	<u>(254,552)</u>	<u>—</u>
Total revenues, gains, and other support	<u>1,816,541</u>	<u>(134,722)</u>	<u>1,681,819</u>
Expenses:			
Program services:			
Wish granting	<u>1,460,843</u>	<u>—</u>	<u>1,460,843</u>
Support services:			
Fund raising	127,593	—	127,593
Management and general	<u>104,230</u>	<u>—</u>	<u>104,230</u>
Total support services	<u>231,823</u>	<u>—</u>	<u>231,823</u>
Total program and support services expenses	<u>1,692,666</u>	<u>—</u>	<u>1,692,666</u>
Change in net assets	123,875	(134,722)	(10,847)
Net assets (deficit), beginning of the year	<u>(345,287)</u>	<u>254,552</u>	<u>(90,735)</u>
Net assets (deficit), end of the year	<u>\$ (221,412)</u>	<u>119,830</u>	<u>(101,582)</u>

See accompanying notes to financial statements.

**MAKE A WISH FOUNDATION® SOUTH CAROLINA, INC.**

Statements of Cash Flows

Years ended August 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ 117,172	(10,847)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	5,717	6,701
Change in attrition on pending wish liability	(16,715)	—
Changes in assets and liabilities:		
Contributions receivable	30,453	86,317
Due from related entities	12,202	(29,944)
Prepaid expenses	10	340
Other assets	(4,367)	—
Accounts payable and accrued expenses	16,389	(11,821)
Accrued pending wish costs	(101,512)	25,347
Due to related entities	18,469	16,426
Other liabilities	(8,444)	(9,434)
Net cash provided by operating activities	<u>69,374</u>	<u>73,085</u>
Cash flows from investing activity:		
Purchases of property and equipment	<u>(753)</u>	<u>(8,043)</u>
Net cash used in investing activity	<u>(753)</u>	<u>(8,043)</u>
Net increase in cash	68,621	65,042
Cash, beginning of year	<u>268,360</u>	<u>203,318</u>
Cash, end of year	\$ <u><u>336,981</u></u>	\$ <u><u>268,360</u></u>
Supplemental cash flow information:		
In-kind contributions	\$ 477,450	450,001

See accompanying notes to financial statements.



**MAKE A WISH FOUNDATION® SOUTH CAROLINA, INC.**

Statement of Functional Expenses

Year ended August 31, 2013

	<b>Program services</b>		<b>Support services</b>		
	<b>Wish granting</b>	<b>Fund raising</b>	<b>Management and general</b>	<b>Total support services</b>	<b>Total</b>
Direct costs of wishes	\$ 908,716	—	—	—	908,716
Salaries, taxes, and benefits	381,433	69,840	85,957	155,797	537,230
Printing, subscriptions, and publications	43,594	7,383	8,197	15,580	59,174
Professional fees	13,990	2,251	2,904	5,155	19,145
Rent and utilities	27,655	4,303	5,630	9,933	37,588
Postage and delivery	5,822	1,059	1,021	2,080	7,902
Travel	15,900	2,466	3,209	5,675	21,575
Meetings and conferences	11,701	1,801	2,147	3,948	15,649
Office supplies	5,992	880	1,194	2,074	8,066
Communications	22,250	3,365	4,418	7,783	30,033
Insurance	802	225	160	385	1,187
Membership dues	430	36	36	72	502
National partnership dues	41,077	6,935	5,335	12,270	53,347
Miscellaneous	8,278	1,144	4,282	5,426	13,704
Depreciation and amortization	4,059	743	915	1,658	5,717
	\$ <u>1,491,699</u>	<u>102,431</u>	<u>125,405</u>	<u>227,836</u>	<u>1,719,535</u>

See accompanying notes to financial statements.

**MAKE A WISH FOUNDATION® SOUTH CAROLINA, INC.**

Statement of Functional Expenses

Year ended August 31, 2012

	<u>Program services</u>		<u>Support services</u>		
	<u>Wish granting</u>	<u>Fund raising</u>	<u>Management and general</u>	<u>Total support services</u>	<u>Total</u>
Direct costs of wishes	\$ 962,111	—	—	—	962,111
Salaries, taxes, and benefits	355,008	70,998	56,286	127,284	482,292
Printing, subscriptions, and publications	10,862	14,409	849	15,258	26,120
Professional fees	—	—	16,066	16,066	16,066
Rent and utilities	28,649	5,729	4,542	10,271	38,920
Postage and delivery	8,152	1,619	861	2,480	10,632
Travel	11,560	5,558	519	6,077	17,637
Meetings and conferences	13,969	3,223	1,771	4,994	18,963
Office supplies	6,650	722	880	1,602	8,252
Communications	15,240	2,269	12,572	14,841	30,081
Insurance	1,877	339	125	464	2,341
Membership dues	—	—	942	942	942
National partnership dues	36,081	6,092	4,686	10,778	46,859
Miscellaneous	5,751	15,649	3,349	18,998	24,749
Depreciation and amortization	4,933	986	782	1,768	6,701
	<u>\$ 1,460,843</u>	<u>127,593</u>	<u>104,230</u>	<u>231,823</u>	<u>1,692,666</u>

See accompanying notes to financial statements.

# MAKE-A-WISH FOUNDATION<sup>®</sup> SOUTH CAROLINA, INC.

## Notes to Financial Statements

August 31, 2013 and 2012

### (1) Organization

Make-A-Wish Foundation<sup>®</sup> South Carolina, Inc. (the Foundation) is a South Carolina 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. Included in cash and cash equivalents as of August 31, 2013 and 2012 are \$69,824 and \$69,655, respectively, of money market mutual funds.

#### (c) *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. Contributions receivable are discounted using fair value rates. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy. Contributions are written off when deemed uncollectible.

#### (d) *Property and Equipment, Net*

Property and equipment having a useful life of more than one year are capitalized 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. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally three to five years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the 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 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 indicate a long-lived asset may be impaired, the asset value will be reduced to fair value. Fair value is determined through various valuation techniques including quoted market values and third-party independent appraisals, as considered necessary.

## MAKE-A-WISH FOUNDATION® SOUTH CAROLINA, INC.

### Notes to Financial Statements

August 31, 2013 and 2012

#### (e) *Fair Value Measurements*

The Foundation follows 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.

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 (or liabilities) that the reporting entity has the ability to access at the measurement date.
- Level 2 Inputs: Prices for a similar asset (or liability), other than quoted prices included in Level 1 inputs, that are observable for the asset (or liability), either directly or indirectly. If the asset (or liability) has a specified term, a Level 2 input must be observable for substantially the full term of the asset (or liability).
- Level 3 Inputs: Unobservable inputs for the asset (or liability) 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 (or liability) at measurement date.

See additional information in note 3.

#### (f) *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.

#### (g) *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

**MAKE-A-WISH FOUNDATION® SOUTH CAROLINA, INC.**

Notes to Financial Statements

August 31, 2013 and 2012

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 as follows:

	<u>2013</u>	<u>2012</u>
Contributions:		
Wish related	\$ 459,550	450,001
Special event revenue:		
Internal special events	\$ 17,900	—

An internal special event is a fund raising event coordinated and staffed by Foundation personnel rather than a third-party support group or organization. It is designed to attract people for the purpose of raising mission awareness, for increasing funding from existing donors, and the cultivation of 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 \$459,550 and \$450,001 in 2013 and 2012, respectively, with the difference, if any, recorded as other assets representing primarily auction items received and not yet used.

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 contributions 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.

**(h) Income Taxes**

The Foundation is a not-for-profit organization exempt from federal income and South Carolina taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 33-56-60 of the South Carolina Solicitation of Charitable Funds Act. 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® SOUTH CAROLINA, INC.

## Notes to Financial Statements

August 31, 2013 and 2012

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 de-recognition, classification, interest and penalties, disclosure, and transition. Management believes that no such uncertain tax position exists for the Foundation as of August 31, 2013 or 2012.

### (i) *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, 2013 and 2012, the Foundation incurred no significant joint costs for activities that included 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 recordkeeping, 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.

### (j) *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, valuation of contributions receivable, accrued pending wish costs, net of attrition on 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.

**MAKE-A-WISH FOUNDATION® SOUTH CAROLINA, INC.**

Notes to Financial Statements

August 31, 2013 and 2012

**(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, 2013 and 2012 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, and 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).

**(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 as of August 31, 2013 and 2012:

Description	August 31, 2013	Fair value measurements as of August 31, 2013 using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Recurring:				
Cash and cash equivalents	\$ 69,824	69,824	—	—
Nonrecurring:				
Contributions receivable	120,105	—	—	120,105
Total	\$ 189,929	69,824	—	120,105

**MAKE-A-WISH FOUNDATION® SOUTH CAROLINA, INC.**

Notes to Financial Statements

August 31, 2013 and 2012

Description	August 31, 2012	Fair value measurements as of August 31, 2012 using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Recurring:				
Cash and cash equivalents	\$ 69,655	69,655	—	—
Nonrecurring:				
Contributions receivable	150,558	—	—	150,558
Total	\$ 220,213	69,655	—	150,558

**(4) Contributions Receivable**

The following is a summary of the Foundation's contributions receivable as of August 31, 2013 and 2012:

	2013	2012
Total amounts due in:		
One year	\$ 120,105	150,558
Gross contributions receivable	120,105	150,558
Less allowance for doubtful accounts	—	—
Contributions receivable, net	\$ 120,105	150,558

**(5) Transactions with Related Entities**

The National Organization conducts national fund raising efforts for which cash and in-kind donations are received and shared with the Foundation. These funds represent revenues associated with: distributions from national partners, individual donation amounts collected via online and white mail 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, 2013 and 2012, the Foundation received \$375,428 and \$312,563, respectively, from these national revenue streams.

Conversely, the chapter pays amounts to the National Organization for annual dues, insurance, and other miscellaneous ancillary expenses that Make-A-Wish Foundation of America pays on behalf of the Foundation. Amounts totaling \$101,759 and \$101,111 were paid from the Foundation to Make-A-Wish Foundation of America during the years ended August 31, 2013 and 2012, 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 \$5,790 and \$6,525 for the years ended August 31, 2013 and 2012, respectively, which is recorded in the accompanying statements of activities as other income.



**MAKE-A-WISH FOUNDATION® SOUTH CAROLINA, INC.**

Notes to Financial Statements

August 31, 2013 and 2012

Amounts due from and to related entities are as follows:

	<u>2013</u>	<u>2012</u>
Balance as of August 31:		
Due from National Organization	\$ 56,548	67,250
Due from other chapters	600	2,100
Total due from related entities	<u>\$ 57,148</u>	<u>69,350</u>
Due to National Organization	\$ 48,104	35,916
Due to other chapters	7,556	1,275
Total due to related entities	<u>\$ 55,660</u>	<u>37,191</u>

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

During 2013 and 2012, the Foundation received cash contributions from board members totaling \$55,193 and \$17,069, respectively. In 2013 and 2012, amounts due from board members totaled \$2,333 and \$6,000, 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, 2013 and 2012 consist of the following:

	<u>2013</u>	<u>2012</u>
Land	\$ 75,000	75,000
Computer equipment and software	32,160	31,407
Office furniture	7,089	7,089
Other equipment	14,616	14,616
	<u>128,865</u>	<u>128,112</u>
Less accumulated depreciation and amortization	<u>(44,100)</u>	<u>(38,383)</u>
Property and equipment, net	<u>\$ 84,765</u>	<u>89,729</u>

Depreciation and amortization expense totaled \$5,717 and \$6,701 for the years ended August 31, 2013 and 2012, respectively.

**MAKE-A-WISH FOUNDATION® SOUTH CAROLINA, INC.**

Notes to Financial Statements

August 31, 2013 and 2012

**(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.

The Foundation, as part of its estimate of accrued pending wish costs, also considers attrition on pending wish costs. An attrition rate is calculated by the Foundation by analyzing the trend of wishes that have been accrued for using the five criteria discussed above that have not been able to be completed within the past twelve months due to factors outside of the control of the chapter, such as the death of a child, the move of the family out of the chapter's territory, or loss of contact with the family. As of August 31, 2013 and 2012, the Foundation had 102 and 99 reportable pending wishes, respectively.

**(8) Leases**

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through March 2015. Total rent expense for all operating leases for the years ended August 31, 2013 and 2012 totaled \$35,400 and \$33,995, respectively. The Foundation has no capital leases.

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

	<b>Operating leases</b>
Year ending August 31:	
2014	\$ 23,280
2015	11,200
Total minimum lease payments	<u>\$ 34,480</u>

**MAKE-A-WISH FOUNDATION® SOUTH CAROLINA, INC.**

Notes to Financial Statements

August 31, 2013 and 2012

**(9) Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes for the years ended August 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Wish granting	\$ —	—
Time restrictions	<u>114,257</u>	<u>119,830</u>
Total temporarily restricted net assets	<u>\$ 114,257</u>	<u>119,830</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, 2013 and 2012 were \$14,496 and \$12,501, respectively.

**(11) Concentrations of Credit Risk**

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash and cash equivalents. The Foundation places its cash 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 \$332,675 and \$297,862 were received from a single donor for the years ended August 31, 2013 and 2012, respectively, which represents 19% and 20%, 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 January 8, 2014, the date at which the financial statements were available to be issued.