MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA, INC. AND AFFILIATE

Consolidated Financial Statements

August 31, 2012 and 2011

(With Independent Auditors' Report Thereon)

**MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA, INC.
AND AFFILIATE**

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KPMG LLP
Suite 750
450 East Las Olas Boulevard
Fort Lauderdale, FL 33301

Independent Auditors' Report

The Board of Directors
Make-A-Wish Foundation® of Southern Florida, Inc. and Affiliate:

We have audited the accompanying consolidated statements of financial position of Make-A-Wish Foundation® of Southern Florida, Inc. and Affiliate (the Foundation) as of August 31, 2012 and 2011, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended. These consolidated financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Foundation® of Southern Florida, Inc. and Affiliate as of August 31, 2012 and 2011, and the changes in their net assets and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

November 15, 2012
Certified Public Accountants

**MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA, INC.
AND AFFILIATE**

Consolidated Statements of Financial Position

August 31, 2012 and 2011

Assets		**2012**	**2011**
Cash and cash equivalents	$	410,218	272,531
Investments		3,665,791	3,715,414
Contributions receivable, net		497,685	478,617
Due from related entities		62,326	81,046
Prepaid expenses		216,237	212,531
Property and equipment, net		34,976	36,234
Investments held for long-term purposes		435,702	432,002
Other assets		17,028	19,073
Total assets	$	5,339,963	5,247,448
Liabilities and Net Assets			
Accounts payable and accrued expenses	$	159,327	231,155
Accrued pending wish costs		1,285,606	1,199,220
Due to related entities		8,477	14,010
Other liabilities		376,022	304,414
Total liabilities		1,829,432	1,748,799
Commitments and contingencies			
Net assets:			
Unrestricted		2,585,097	2,592,181
Temporarily restricted		489,732	474,466
Permanently restricted		435,702	432,002
Total net assets		3,510,531	3,498,649
Total liabilities and net assets	$	5,339,963	5,247,448

See accompanying notes to consolidated financial statements.

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA, INC. AND AFFILIATE

Consolidated Statement of Activities

Year ended August 31, 2012

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains, and other support:				
Public support:				
Contributions	$ 3,719,922	223,660	3,700	3,947,282
Grants	420,615	953	—	421,568
Total public support	4,140,537	224,613	3,700	4,368,850
Special events	2,820,180	—	—	2,820,180
Less direct benefit costs to donor	(786,417)	—	—	(786,417)
Total special events	2,033,763	—	—	2,033,763
Investment income, net	173,110	28,299	—	201,409
Other income	38,416	—	—	38,416
Net assets released from restrictions	237,646	(237,646)	—	—
Total revenues, gains, and other support	6,623,472	15,266	3,700	6,642,438
Expenses:				
Program services:				
Wish-granting	4,909,149	—	—	4,909,149
Total program services	4,909,149	—	—	4,909,149
Support services:				
Fundraising	1,288,665	—	—	1,288,665
Management and general	432,742	—	—	432,742
Total support services	1,721,407	—	—	1,721,407
Total program and support services expenses	6,630,556	—	—	6,630,556
Change in net assets	(7,084)	15,266	3,700	11,882
Net assets, beginning of year	2,592,181	474,466	432,002	3,498,649
Net assets, end of year	$ 2,585,097	489,732	435,702	3,510,531

See accompanying notes to consolidated financial statements.

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA, INC.
AND AFFILIATE

Consolidated Statement of Activities

Year ended August 31, 2011

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues, gains, and other support:				
Public support:				
Contributions	$ 3,458,318	162,530	3,850	3,624,698
Grants	267,546	49,875	—	317,421
Total public support	3,725,864	212,405	3,850	3,942,119
Special events	2,234,656	—	—	2,234,656
Less direct benefit costs to donor	(789,820)	—	—	(789,820)
Total special events	1,444,836	—	—	1,444,836
Investment income, net	595,453	65,983	—	661,436
Other income	26,966	—	—	26,966
Net assets released from restrictions	326,770	(326,770)	—	—
Total revenues, gains, and other support	6,119,889	(48,382)	3,850	6,075,357
Expenses:				
Program services:				
Wish-granting	4,536,955	—	—	4,536,955
Total program services	4,536,955	—	—	4,536,955
Support services:				
Fundraising	1,417,048	—	—	1,417,048
Management and general	304,612	—	—	304,612
Total support services	1,721,660	—	—	1,721,660
Total program and support services expenses	6,258,615	—	—	6,258,615
Change in net assets	(138,726)	(48,382)	3,850	(183,258)
Net assets, beginning of year	2,730,907	522,848	428,152	3,681,907
Net assets, end of year	$ 2,592,181	474,466	432,002	3,498,649

See accompanying notes to consolidated financial statements.

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA, INC.
AND AFFILIATE

Consolidated Statements of Cash Flows

Years ended August 31, 2012 and 2011

		2012	2011
Cash flows from operating activities:			
Change in net assets	$	11,882	(183,258)
Adjustments to reconcile change in net assets to net cash used in operating activities:			
Depreciation and amortization		23,239	38,639
Contributions restricted for long-term investment		(3,700)	(3,850)
Net realized and unrealized gains on investments		(109,655)	(568,424)
Contributed assets		(69,743)	(35,453)
Change in discount to present value of contributions receivable		630	(718)
Changes in assets and liabilities:			
Contributions receivable		(19,698)	74,655
Due from related entities		18,720	(27,824)
Prepaid expenses		(3,706)	(95,749)
Other assets		2,045	—
Accounts payable and accrued expenses		(71,828)	34,679
Accrued pending wish costs		86,386	(112,992)
Due to related entities		(5,533)	(3,542)
Other liabilities		71,608	149,017
Net cash used in operating activities		(69,353)	(734,820)
Cash flows from investing activities:			
Purchases of investments		(2,600,284)	(4,885,885)
Proceeds from sales of investments		2,815,482	5,413,211
Purchase of property and equipment		(8,158)	—
Net cash provided by investing activities		207,040	527,326
Net increase (decrease) in cash and cash equivalents		137,687	(207,494)
Cash and cash equivalents, beginning of year		272,531	480,025
Cash and cash equivalents, end of year	$	410,218	272,531
Supplemental cash flow information:			
Contributed property and equipment, and stock	$	69,743	35,453
In-kind contributions		926,675	1,208,768

See accompanying notes to consolidated financial statements.

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA, INC.
AND AFFILIATE

Consolidated 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	$ 3,425,400	—	—	—	3,425,400
Salaries, taxes, and benefits	987,300	806,018	295,093	1,101,111	2,088,411
Printing, subscriptions, and publications	11,404	38,521	206	38,727	50,131
Professional fees	21,383	135,220	29,248	164,468	185,851
Rent and utilities	130,012	111,490	22,510	134,000	264,012
Postage and delivery	7,318	17,855	1,176	19,031	26,349
Travel	6,581	37,825	456	38,281	44,862
Meetings and conferences	6,642	23,945	542	24,487	31,129
Office supplies	16,986	24,684	2,010	26,694	43,680
Communications	13,526	12,029	2,226	14,255	27,781
Advertising and media (cash)	5,702	3,054	118	3,172	8,874
Repairs and maintenance	20,973	18,437	3,053	21,490	42,463
Membership dues	1,402	2,762	271	3,033	4,435
Grants and scholarships	50,000	—	—	—	50,000
Volunteer training	37,739	—	—	—	37,739
National partnership dues	150,645	25,434	19,564	44,998	195,643
Miscellaneous	4,608	21,529	54,420	75,949	80,557
Depreciation and amortization	11,528	9,862	1,849	11,711	23,239
	$ 4,909,149	1,288,665	432,742	1,721,407	6,630,556

See accompanying notes to consolidated financial statements.

MAKE-A-WISH FOUNDATION® OF SOUTHERN FLORIDA, INC.
AND AFFILIATE

Consolidated 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	$ 3,017,345	—	—	—	3,017,345
Salaries, taxes, and benefits	1,019,099	812,732	190,022	1,002,754	2,021,853
Printing, subscriptions, and publications	7,762	46,825	174	46,999	54,761
Professional fees	19,713	246,803	22,633	269,436	289,149
Rent and utilities	132,698	118,787	14,751	133,538	266,236
Postage and delivery	6,856	15,327	1,376	16,703	23,559
Travel	5,843	39,121	442	39,563	45,406
Meetings and conferences	10,107	23,039	883	23,922	34,029
Office supplies	18,152	22,937	1,613	24,550	42,702
Communications	12,599	12,718	1,557	14,275	26,874
Advertising and media (cash)	1,395	8,393	88	8,481	9,876
Repairs and maintenance	18,530	19,039	2,299	21,338	39,868
Membership dues	973	3,250	72	3,322	4,295
Grants and scholarships	50,000	—	—	—	50,000
Volunteer training	34,179	—	—	—	34,179
National partnership dues	160,158	27,040	20,800	47,840	207,998
Miscellaneous	2,451	3,970	45,425	49,395	51,846
Depreciation and amortization	19,095	17,067	2,477	19,544	38,639
	$ 4,536,955	1,417,048	304,612	1,721,660	6,258,615

See accompanying notes to consolidated financial statements.

(1) Organization

Make-A-Wish Foundation® of Southern Florida, Inc. and Affiliate (the Foundation) is a Florida 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 fundraising 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.

During fiscal year 2000, the board of directors of the Foundation formed Wish Friends of Southern Florida, Inc (Wish Friends), a permanent endowment in support of the Foundation to help ensure that the wishes of children with life-threatening medical conditions can be granted in perpetuity. The Wish Friends board includes certain directors of the Foundation Board, and its bylaws require that all contributions and earnings on invested assets continue to benefit the Foundation. Accordingly, the accounts of Wish Friends have been consolidated herein, as required by Accounting Standards Codification (ASC) 958-10, *Not-for-Profit Entities – Consolidation*.

Effective September 1, 2011, Wish Friends was merged into Make-A-Wish Foundation® of Southern Florida, Inc.

(2) Summary of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements of the Foundation include accounts of Make-A-Wish Foundation® of Southern Florida, Inc. and Wish Friends of Southern Florida, Inc. All significant intercompany accounts and transactions have been eliminated in consolidation.

(b) Basis of Presentation

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

(c) 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 at August 31, 2012 and 2011 are $251,681 and $152,270, respectively, of money market mutual funds.

(d) Investments

Investments are recorded at fair value and primarily consist of money market funds, equities, corporate bonds and notes, and government securities. 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.

(Continued)

(e) 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.

(f) Property and Equipment, Net

Property and equipment having a unit cost greater than $750 and a useful life of more than three years are stated at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of receipt and restrictions are released once the asset has been placed into service. 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. 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 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.

(g) Fair Value Measurements

The Foundation follows the provisions of 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 Foundations follows the provisions of ASC Topic 958-325, *Investments – Other*, which measures other investments at their acquisition cost if purchased and at fair value if received as a contribution.

(h) 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.

(Continued)

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 by the passage of time.

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions or law.

(i) 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 contributions of assets other than cash that are included in the accompanying consolidated statements of activities as in-kind contributions and special events revenue of $925,027 and $1,648, respectively, in 2012 and $1,196,802 and $11,966, respectively, in 2011. Program or supporting services expenses were recorded at fair value totaling $926,675 and $1,208,768 in 2012 and 2011, respectively. In-kind contributions consisted of the following:

		2012	2011
Wish-related donations	$	889,986	1,069,001
Professional services and other donations		36,689	139,767
Total	$	926,675	1,208,768

(j) Income Taxes

The Foundation is a not-for-profit organization exempt from federal income and Florida taxes under the provisions of Internal Revenue Code Section 501(c)(3) and Section 12-A of the Florida Statutes, Chapter 212. 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 positions exist for the Foundation at August 31, 2012 or 2011.

The Foundation files income tax returns in the U.S. federal and State of Florida jurisdictions. The Foundation is no longer subject to U.S. federal income tax and Florida income tax examinations by tax authorities for years before 2008.

(k) Functional Expenses

The Foundation performs three functions: wish-granting, fundraising, and management and general. 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. Definitions of these functions are as follows:

Wish-Granting

Activities performed by the Foundation that grant wishes to children with life-threatening medical conditions.

Fundraising

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations. During the fiscal years ended August 31, 2012 and 2011, the Foundation incurred no significant joint costs for activities that include fundraising appeals.

Management and General

All costs not identifiable with a single program or fundraising 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.

(l) Management Estimates

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

(m) Reclassifications

Certain reclassifications have been made to the 2011 financial statement information to conform to the 2012 financial statement presentation.

(Continued)

(3) Cash and Cash Equivalents and Investments

The Foundation follows ASC Topic 820 for fair value measurements of cash, cash equivalents, and investments. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.
- Level 2 – inputs are other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.
- Level 3 – inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following 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, 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	$ 410,218	410,218	—	—
Investments:				
Private equity fund	$ 40,000	—	—	40,000
Equity securities:				
U.S. corporate equity securities	2,394,778	2,394,778	—	—
Foreign equity securities	380,444	380,444	—	—
Debt securities:				
U.S. Treasury	223,896	223,896		—
Asset backed	173,238	—	173,238	—
Corporate	590,686	—	590,686	—
Real estate	82,378	—	82,378	—
Commodities	112,733	—	112,733	—
Cash and cash equivalents	3,340	3,340	—	—
Limited liability corporation	100,000	—	—	100,000
Total investments	$ 4,101,493	3,002,458	959,035	140,000

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	$	272,531	272,531	—	—
Investments:					
Equity securities:					
U.S. corporate equity securities	$	2,075,980	2,075,980	—	—
Foreign equity securities		690,996	690,996	—	—
Debt securities:					—
U.S. Treasury		138,139	—	138,139	—
Asset backed		231,983	—	231,983	—
Corporate		507,813	—	507,813	—
Real estate		140,430	—	140,430	—
Commodities		206,079	—	206,079	—
Cash and cash equivalents		55,996	55,996	—	—
Limited liability corporation		100,000	—	—	100,000
Total investments	$	4,147,416	2,822,972	1,224,444	100,000

For the valuation of debt securities at August 31, 2012 and 2011, the Foundation used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

For the valuation of investment in limited liability company at August 31, 2012 and 2011, the Foundation used significant unobservable inputs including information from owner-to-owner transactions and the Foundation's own assumptions (Level 3).

The Foundation has an investment in a private equity fund that was valued at $40,000 at August 31, 2012. The total original commitment by the Foundation in January 2012 to this private equity fund was $200,000. In January 2012, the general partner of the fund reduced the original commitment by 2% or $4,000. The remaining unfunded commitment at August 31, 2012 was $156,000.

The following table presents a rollforward of activity for investments measured at fair value using significant unobservable inputs (Level 3) for the years ended August 31, 2012 and 2011:

		Fair value measurements using significant unobservable inputs (Level 3)
August 31, 2010	$	58,921
Total gains or losses (realized/unrealized) included in changes in net assets		41,079
Purchases, issuances, contributions, and settlements		—
August 31, 2011		100,000
Total gains or losses (realized/unrealized) included in changes in net assets		—
Purchases, issuances, contributions, and settlements		40,000
August 31, 2012	$	140,000
The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to investments still held at the reporting date	$	—

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.

Total investment income, gains, and losses for the years ended August 31, 2012 and 2011 consist of the following:

		2012	2011
Interest and dividend income	$	119,335	123,918
Realized and unrealized gains, net		109,655	568,424
Less investment expenses		(27,581)	(30,906)
Investment income, net	$	201,409	661,436

(4) Contributions Receivable

Contributions receivable include pledges that have been discounted at a rate 0.25% at August 31, 2012 and 2011. 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	$	325,173	325,634
Two to five years		300,987	244,918
Gross contributions receivable		626,160	570,552
Less allowance for doubtful accounts		(125,826)	(89,916)
Less discount to present value		(2,649)	(2,019)
Contributions receivable, net	$	497,685	478,617

(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 $931,314 and $207,998, respectively, from these national revenue streams. These amounts are recorded in the consolidated statement of activities as public support revenue. 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 $195,643 and $207,998 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 $31,225 and $21,900 for the years ended August 31, 2012 and 2011, respectively, which is recorded in the accompanying consolidated 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	$	55,390	78,346
Due from other chapters		6,936	2,700
Total due from related entities	$	62,326	81,046
Due to National Organization	$	414	—
Due to other chapters		8,063	14,010
Total due to related entities	$	8,477	14,010

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 to the National Organization represent accrued national partnership dues. Amounts due from other chapters represent amounts 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 2012 and 2011, the Foundation received contributions, both cash and in-kind, from board members totaling $342,992 and $833,925, respectively. In 2012 and 2011, amounts due from board members totaled $47,944 and $120,036, respectively, and are included in contributions receivable, net in the accompanying consolidated 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	$	132,345	124,187
Office furniture		82,829	69,006
		215,174	193,193
Less accumulated depreciation and amortization		(180,198)	(156,959)
Property and equipment, net	$	34,976	36,234

Depreciation and amortization expense totaled $23,239 and $38,639 for the years ended August 31, 2012 and 2011, 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:

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

As of August 31, 2012 and 2011, the Foundation had approximately 207 and 206 reportable pending wishes, respectively.

(8) Leases

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through October 2020. Total rent expense for all operating leases for the years ended August 31, 2012 and 2011 totaled $233,696 and $224,716, respectively.

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

		Operating leases
Year ending August 31:		
2013	$	226,404
2014		225,964
2015		236,910
2016		248,755
2017		261,193
2018 – 2020		43,880
Total minimum lease payments	$	1,243,106

(9) Endowments

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

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

(a) Interpretation of Relevant Law

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

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

Endowment net asset composition by type of fund as of August 31, 2012 and 2011 is as follows:

		2012			
		Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Donor-restricted endowment funds	$	—	—	435,702	435,702
Board-designated endowment funds		447,881	—	—	447,881
Total funds	$	447,881	—	435,702	883,583

		2011			
		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$	—	—	432,002	432,002
Board-designated endowment funds		443,730	—	—	443,730
Total funds	$	443,730	—	432,002	875,732

Changes in endowment net assets for the years ended August 31, 2012 and 2011 are as follows:

		2012			
		Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$	443,730	—	432,002	875,732
Contributions		—	—	3,700	3,700
Investment income		24,151	28,299	—	52,450
Appropriation of endowment assets for expenditure		(20,000)	(28,299)	—	(48,299)
Endowment net assets, end of year	$	447,881	—	435,702	883,583

		2011			
		Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$	404,023	—	428,152	832,175
Contributions		36	—	3,850	3,886
Investment income		59,671	65,983	—	125,654
Appropriation of endowment assets for expenditure		(20,000)	(65,983)	—	(85,983)
Endowment net assets, end of year	$	443,730	—	432,002	875,732

(b) Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 8.25% annually. Actual returns in any given year may vary from this amount.

(c) Strategies Employed for Achieving Objectives

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

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

The Foundation has a policy of spending all earnings on endowments according to the donors' specifications. Accordingly, there are no amounts to reclassify into temporarily restricted net assets as of August 31, 2011. All amounts were considered appropriated based on this policy. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

(10) Temporarily and Permanently Restricted Net Assets

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

	2012	2011
Time restrictions	$ 489,732	474,466
Total temporarily restricted net assets	$ 489,732	474,466

For the years ended August 31, 2012 and 2011, permanently restricted net assets are restricted to:

	2012	2011
Investments in perpetuity, the income from which is expendable to support any activities of the Foundation	$ 435,702	432,002
	$ 435,702	432,002

(11) Retirement Plan

The Foundation changed the contribution retirement plan on July 1, 2011 from a Simplified Employer Pension Plan (SEP) and a Tax-Deferred Annuity Plan to a Thrift Plan. Employees are eligible for participation in the employer matching Thrift Plan after reaching 21 years of age and upon completion of one year of service. The Foundation contributes up 4% of the employee's annual salary as a match to the employee's contribution. The employer's Thrift contribution is paid bimonthly. The Foundation has contributed $55,580 and $9,365 for the years ended August 31, 2012 and 2011, respectively.

Prior to July 1, 2011, the Foundation had two defined contribution retirement plans. Under the SEP, employees were eligible for participation after reaching 21 years of age and upon completion of two years of service. The Foundation contributed up to 6% of the employee's annual salary. The SEP contribution was paid on a calendar year. The Foundation's accrued contributions to the Plan for the year ended August 31, 2011 was $30,557. Under the Tax-Deferred Annuity Plan, employees were eligible for participation in the Plan after reaching 21 years of age and upon completion of 30 days of service. Under the provisions of the Plan, eligible employees could elect to defer a percentage of their salary subject to certain Internal Revenue Code (IRC) limitations.

(12) Concentrations of Credit Risk

Contributions, both cash and in-kind, totaling $967,348 and $870,338 were received from two donors for the years ended August 31, 2012 and 2011, respectively. These amounts represent 22% of total public support. Should these contribution levels decrease, the Foundation may be adversely affected.

(13) Litigation and Claims

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

(14) Subsequent Events

The Foundation has evaluated subsequent events from the statement of financial position date through November 15, 2012, the date at which the financial statements were available to be issued.