



**MAKE-A-WISH FOUNDATION<sup>®</sup> OF IDAHO**

Financial Statements

August 31, 2012 and 2011

(With Independent Auditors' Report Thereon)

# MAKE-A-WISH FOUNDATION® OF IDAHO

## Table of Contents

	<b>Page</b>
Independent Auditors' Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	5
Statements of Functional Expenses	6
Notes to Financial Statements	8



**KPMG LLP**  
Suite 600  
205 North 10th Street  
Boise, ID 83702-5798

## **Independent Auditors' Report**

The Board of Directors  
Make-A-Wish Foundation<sup>®</sup> of Idaho:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Foundation<sup>®</sup> of Idaho as of August 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

**KPMG LLP**

December 14, 2012

**MAKE-A-WISH FOUNDATION® OF IDAHO**

Statements of Financial Position

August 31, 2012 and 2011

<b>Assets</b>	<b>2012</b>	<b>2011</b>
Cash	\$ 176,486	\$ 58,572
Investments	773,709	944,056
Due from related entities	16,409	7,696
Prepaid expenses	11,340	4,617
Contributions receivable, net	69,599	102,643
Other assets	25,076	24,668
Restricted cash	—	675
Investments held for long-term purposes	332,943	301,819
Property and equipment, net	21,831	17,622
Total assets	<u>1,427,393</u>	<u>1,462,368</u>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	51,430	51,226
Accrued pending wish costs	243,429	289,038
Due to related entities	893	1,049
Other liabilities	8,300	18,400
Capital lease obligations	11,937	6,268
Total liabilities	<u>315,989</u>	<u>365,981</u>
Net assets:		
Unrestricted	711,007	725,510
Temporarily restricted	111,690	107,170
Permanently restricted	288,707	263,707
Total net assets	<u>1,111,404</u>	<u>1,096,387</u>
Total liabilities and net assets	<u>\$ 1,427,393</u>	<u>\$ 1,462,368</u>

See accompanying notes to financial statements.

**MAKE-A-WISH FOUNDATION® OF IDAHO**

Statement of Activities

Year ended August 31, 2012

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains, and other support:				
Public support:				
Contributions	\$ 619,310	\$ 38,096	\$ 25,000	\$ 682,406
Grants	<u>34,000</u>	<u>—</u>	<u>—</u>	<u>34,000</u>
Total public support	<u>653,310</u>	<u>38,096</u>	<u>25,000</u>	<u>716,406</u>
Special events	430,405	69,743	—	500,148
Less direct benefit costs to donor	<u>(79,326)</u>	<u>—</u>	<u>—</u>	<u>(79,326)</u>
Total special events	351,079	69,743	—	420,822
Investment income, net	32,933	6,416	—	39,349
Other income	3,035	—	—	3,035
Net assets released from restrictions	<u>109,735</u>	<u>(109,735)</u>	<u>—</u>	<u>—</u>
Total revenues, gains, and other support	<u>1,150,092</u>	<u>4,520</u>	<u>25,000</u>	<u>1,179,612</u>
Expenses:				
Program services:				
Wish granting	<u>906,537</u>	<u>—</u>	<u>—</u>	<u>906,537</u>
Total program services	<u>906,537</u>	<u>—</u>	<u>—</u>	<u>906,537</u>
Support services:				
Fund raising	157,641	—	—	157,641
Management and general	<u>100,417</u>	<u>—</u>	<u>—</u>	<u>100,417</u>
Total support services	<u>258,058</u>	<u>—</u>	<u>—</u>	<u>258,058</u>
Total expenses	<u>1,164,595</u>	<u>—</u>	<u>—</u>	<u>1,164,595</u>
Change in net assets	(14,503)	4,520	25,000	15,017
Net assets, beginning of the year	<u>725,510</u>	<u>107,170</u>	<u>263,707</u>	<u>1,096,387</u>
Net assets, end of the year	<u>\$ 711,007</u>	<u>\$ 111,690</u>	<u>\$ 288,707</u>	<u>\$ 1,111,404</u>

See accompanying notes to financial statements.

**MAKE-A-WISH FOUNDATION® OF IDAHO**

Statement of Activities

Year ended August 31, 2011

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains, and other support:				
Public support:				
Contributions	\$ 540,041	\$ 91,138	\$ —	\$ 631,179
Grants	5,000	—	—	5,000
Total public support	<u>545,041</u>	<u>91,138</u>	<u>—</u>	<u>636,179</u>
Special events	362,139	6,650	—	368,789
Less direct benefit costs to donor	(48,358)	—	—	(48,358)
Total special events	<u>313,781</u>	<u>6,650</u>	<u>—</u>	<u>320,431</u>
Investment income, net	56,666	9,382	—	66,048
Other income	8,257	—	—	8,257
Net assets released from restrictions	<u>106,137</u>	<u>(106,137)</u>	<u>—</u>	<u>—</u>
Total revenues, gains, and other support	<u>1,029,882</u>	<u>1,033</u>	<u>—</u>	<u>1,030,915</u>
Expenses:				
Program services:				
Wish granting	<u>952,027</u>	<u>—</u>	<u>—</u>	<u>952,027</u>
Total program services	<u>952,027</u>	<u>—</u>	<u>—</u>	<u>952,027</u>
Support services:				
Fund raising	161,443	—	—	161,443
Management and general	<u>115,525</u>	<u>—</u>	<u>—</u>	<u>115,525</u>
Total support services	<u>276,968</u>	<u>—</u>	<u>—</u>	<u>276,968</u>
Total expenses	<u>1,228,995</u>	<u>—</u>	<u>—</u>	<u>1,228,995</u>
Change in net assets	(199,113)	1,033	—	(198,080)
Net assets, beginning of the year	<u>924,623</u>	<u>106,137</u>	<u>263,707</u>	<u>1,294,467</u>
Net assets, end of the year	<u>\$ 725,510</u>	<u>\$ 107,170</u>	<u>\$ 263,707</u>	<u>\$ 1,096,387</u>

See accompanying notes to financial statements.

**MAKE-A-WISH FOUNDATION® OF IDAHO**

Statements of Cash Flows

Years ended August 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ 15,017	\$ (198,080)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,859	6,342
Bad debt expense	—	350
Net realized and unrealized gains on investments	(37,230)	(58,434)
(Gain) loss on sale of property and equipment	(1,066)	357
Contributed property and equipment, stock and inventory	—	521
Changes in assets and liabilities:		
Contributions receivable	33,044	(32,540)
Due from related entities	(8,713)	(4,903)
Prepaid expenses	(6,723)	783
Other assets	(408)	(23,547)
Accounts payable and accrued expenses	204	22,095
Accrued pending wish costs	(45,609)	(12,191)
Due to related entities	(156)	449
Other liabilities	(10,100)	631
Net cash used in operating activities	<u>(55,881)</u>	<u>(298,167)</u>
Cash flows from investing activities:		
Purchases of investments	(137,005)	—
Proceeds from sales of investments and restricted cash	314,133	95,801
Purchases of property and equipment	(699)	(625)
Net cash provided by investing activities	<u>176,429</u>	<u>95,176</u>
Cash flows from financing activities:		
Principal payments on capital lease obligations	(2,634)	(2,499)
Net cash used in financing activities	<u>(2,634)</u>	<u>(2,499)</u>
Net increase (decrease) in cash	117,914	(205,490)
Cash, beginning of year	<u>58,572</u>	<u>264,062</u>
Cash, end of year	\$ <u>176,486</u>	\$ <u>58,572</u>
Supplemental cash flow information:		
Cash paid for interest	\$ 1,579	\$ 1,672
Acquisition of equipment with capital lease	12,530	—
Disposition of equipment with capital lease	4,227	—
Donated stock	—	521
Contributed services	8,116	2,500
In-kind contributions	259,759	340,270

See accompanying notes to financial statements.

**MAKE-A-WISH FOUNDATION® OF IDAHO**

Statement of Functional Expenses

Year ended August 31, 2012

	Program services Wish granting	Support services		Management and general	Total support services	Total
		Fund raising				
Direct costs of wishes	\$ 703,044	\$ —	\$ —	\$ —	\$ —	\$ 703,044
Salaries, taxes, and benefits	146,066	98,599	75,150	173,749	319,815	
Printing, subscriptions, and publications	1,173	2,390	398	2,788	3,961	
Professional fees	5,587	3,870	3,580	7,450	13,037	
Rent and utilities	18,189	13,918	6,311	20,229	38,418	
Postage and delivery	1,011	1,593	301	1,894	2,905	
Travel	890	4,959	1,655	6,614	7,504	
Meetings and conferences	2,708	13,922	1,180	15,102	17,810	
Office supplies	1,752	1,554	604	2,158	3,910	
Communications	3,861	2,671	1,335	4,006	7,867	
Repairs and maintenance	471	131	66	197	668	
Insurance	—	171	—	171	171	
Membership dues	966	733	269	1,002	1,968	
National partnership dues	20,819	4,109	2,465	6,574	27,393	
Miscellaneous	—	9,021	1,244	10,265	10,265	
Depreciation and amortization	—	—	5,859	5,859	5,859	
	\$ 906,537	\$ 157,641	\$ 100,417	\$ 258,058	\$ 1,164,595	

See accompanying notes to financial statements.



**MAKE-A-WISH FOUNDATION® OF IDAHO**

Statement of Functional Expenses

Year ended August 31, 2011

	Program services		Support services		Total
	Wish granting	Wish	Fund raising	Management and general	
Direct costs of wishes	\$ 758,216	\$ —	\$ —	\$ —	\$ 758,216
Salaries, taxes, and benefits	129,417	100,859	83,356	184,215	313,632
Printing, subscriptions, and publications	2,915	6,129	1,089	7,218	10,133
Professional fees	3,688	3,996	6,923	10,919	14,607
Rent and utilities	15,457	13,434	6,966	20,400	35,857
Postage and delivery	1,305	1,645	734	2,379	3,684
Travel	3,518	5,366	1,092	6,458	9,976
Meetings and conferences	4,507	9,860	1,372	11,232	15,739
Office supplies	6,543	3,244	1,415	4,659	11,202
Communications	3,772	2,374	1,357	3,731	7,503
Advertising and media (cash)	—	89	14	103	103
Advertising and media (in-kind)	889	691	395	1,086	1,975
Insurance	—	1,075	—	1,075	1,075
Bad debt expense	—	350	—	350	350
Membership dues	401	238	136	374	775
National partnership dues	21,399	4,223	2,534	6,757	28,156
Miscellaneous	—	7,870	1,800	9,670	9,670
Depreciation and amortization	—	—	6,342	6,342	6,342
	\$ 952,027	\$ 161,443	\$ 115,525	\$ 276,968	\$ 1,228,995

See accompanying notes to financial statements.

## MAKE-A-WISH FOUNDATION® OF IDAHO

### Notes to Financial Statements

August 31, 2012 and 2011

#### (1) Organization

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

#### (2) Summary of Significant Accounting Policies

##### (a) Basis of Presentation

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

##### (b) Cash

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. 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. Common collective trusts invested in mutual funds are valued by using the net asset value (NAV) per share (or its equivalent), as a practical expedient permitted under Accounting Standards Update (ASU) No. 2009-12.

##### (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. Pledges are discounted using fair value rates.

##### (e) Property and Equipment, Net

Property and equipment having 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 any restrictions are released once the asset has been placed into service. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the time of acquisition. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 7 years. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining terms of the lease(s). 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.

## MAKE-A-WISH FOUNDATION® OF IDAHO

### Notes to Financial Statements

August 31, 2012 and 2011

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

#### (f) *Fair Value Measurements*

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

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets 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 the measurement date.

See note 3 to the Financial Statements.

#### (g) *Net Assets*

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

- **Permanently restricted net assets** – Net assets subject to donor-imposed restrictions that the principal be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for unrestricted purposes.
- **Temporarily restricted net assets** – Net assets subject to restrictions imposed by donor or law that may be met either by actions of the Foundation or the passage of time.
- **Unrestricted net assets** – Net assets that are not subject to donor-imposed restrictions or law.

# MAKE-A-WISH FOUNDATION® OF IDAHO

## Notes to Financial Statements

August 31, 2012 and 2011

### (h) *Revenue Recognition*

Unconditional promises to give are recorded as contributions revenue when the promise is received. Conditional promises are recorded as revenue once the conditions are substantially met. Contributions, grants, and bequests are recognized as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. When restrictions are met in the same period as the contribution is received, the Foundation records the contribution and the expense as unrestricted. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

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

	<u>2012</u>	<u>2011</u>
Wish related	\$ 233,647	\$ 320,673
Advertising and media	—	1,975
Internal special events	34,228	19,198
Investments	—	521
Other	—	924
Total	<u>\$ 267,875</u>	<u>\$ 343,291</u>

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

Program or supporting services expenses were recorded at fair value totaling \$225,647 and \$322,648 in 2012 and 2011, respectively, with the difference 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 contribution revenue and allocated as a joint cost 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.

## MAKE-A-WISH FOUNDATION® OF IDAHO

### Notes to Financial Statements

August 31, 2012 and 2011

(i) ***Income Taxes***

The Foundation is a not-for-profit organization exempt from federal income and Idaho State taxes under the provisions of Internal Revenue Code Section 501(c)(3) and of the Idaho State Tax Commission Revenue Code. 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 adopted ASC Topic 740, *Income Taxes*, that prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, disclosure, and transition. Management believes that no such uncertain tax position exists for the Foundation at August 31, 2012 and 2011.

(j) ***Functional Expenses***

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

**Wish Granting**

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

**Fund Raising**

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

**Management and General**

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

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

(k) ***Management Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual

## MAKE-A-WISH FOUNDATION® OF IDAHO

### Notes to Financial Statements

August 31, 2012 and 2011

results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of property and equipment, investments, valuation of contributions receivable, property and equipment, and accrued pending wish costs and whether an allowance for uncollectible contributions receivable is required. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

#### (1) *Reclassifications*

Certain 2011 amounts have been reclassified to conform to the 2012 presentation. There was no impact on the previously reported change in net assets of the Foundation.

#### (3) **Fair Value Measurements**

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.

The Foundation has also 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.

In conjunction with the adoption of ASC Topic 820, the Foundation elected to adopt ASU 2009-12 to certain investments in funds that do not have readily determinable fair values. This guidance amends ASC Topic 820 and allows for the estimation of the fair value of investments for which the investment does not have a readily determinable fair value using net asset value per share or its equivalent. Net asset value, in many instances, may not equal fair values that would be calculated pursuant to ASC Topic 820.

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.

#### *Investments*

##### **Overall Investment Objective**

The overall investment objective of the Foundation is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The Foundation diversifies its investments among various asset classes. Major investment decisions are authorized by the Board's Finance committee, which oversees the Foundation's investment program in accordance with established guidelines.

##### **Allocation of Investment Strategies**

In addition to traditional stocks and fixed-income securities, the Foundation may also hold shares or units in traditional institutional funds as well as in alternative investment funds involving hedged strategies, private equity, and real asset strategies. Hedged strategies involve funds whose managers have the

**MAKE-A-WISH FOUNDATION® OF IDAHO**

Notes to Financial Statements

August 31, 2012 and 2011

authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges, and other instruments, and are valued accordingly. Private equity funds employ buy-out and venture capital strategies and focus on investments in turn-around situations. Real asset funds generally hold interests in public real estate investment trusts (REITS) or commercial real estate through sole-member entities. Private equity and real asset strategies therefore often require the estimation of fair values by the fund managers in the absence of readily determinable market values. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Moreover, the fair values of the Foundation's interests in shares or units of these funds, because of liquidity and capital commitment terms that vary depending on the specific fund or partnership agreement, may differ from the fair value of the funds' underlying net assets.

**(a) 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, 2012 and 2011:

<u>Description</u>	<u>August 31,</u> <u>2012</u>	<u>Fair value measurements at</u> <u>August 31, 2012 using</u>	
		<u>Quoted</u> <u>prices in active</u> <u>markets for</u> <u>identical</u> <u>assets</u> <u>(Level 1)</u>	<u>Significant</u> <u>other</u> <u>observable</u> <u>inputs</u> <u>(Level 2)</u>
Cash	\$ 176,486	\$ 176,486	\$ —
Investments:			
Mutual funds:			
Domestic equity	123,728	123,728	—
Money market funds	43,553	43,553	—
Bonds	138,941	138,941	—
Exchange traded funds:			
Domestic equity	8,407	8,407	—
Real estate	9,775	9,775	—
Commodities	8,539	8,539	—
Certificates of deposit	315,905	—	315,905
Alternative investments:			
Common collective trust			
invested in mutual funds	457,804	—	457,804
Total investments	\$ 1,106,652	\$ 332,943	\$ 773,709

**MAKE-A-WISH FOUNDATION® OF IDAHO**

Notes to Financial Statements

August 31, 2012 and 2011

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)
Cash	\$ 58,572	\$ 58,572	\$ —
Restricted cash	675	675	—
Investments:			
Mutual funds:			
Domestic equity	191,065	191,065	—
Money market funds	4	4	—
Certificates of deposit	624,180	—	624,180
Alternative investments:			
Common collective trust invested in mutual funds	430,626	—	430,626
Total investments	\$ 1,245,875	\$ 191,069	\$ 1,054,806

For the valuation of common collective trusts at August 31, 2012 and 2011, the Foundation used significant other observable inputs, primarily for the net asset value (NAV) per share as a practical expedient for fair value (Level 2) as of the valuation date (Level 2).

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	\$ 6,897	\$ 11,265
Realized and unrealized gains, net	37,230	58,434
Less investment expenses	(4,778)	(3,651)
Investment income, net	\$ 39,349	\$ 66,048

**(4) Transactions with Related Entities**

The Foundation pays the National Organization annual dues, which were \$27,394 and \$28,156 for the years ended August 31, 2012 and 2011, respectively. The National Organization supports the Foundation by providing funding and other support for the granting of wishes.



**MAKE-A-WISH FOUNDATION® OF IDAHO**

Notes to Financial Statements

August 31, 2012 and 2011

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 \$600 and \$1,499 for the years ended August 31, 2012 and 2011, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

	<u>2012</u>		<u>2011</u>
Balance at August 31:			
Due from National Organization	\$ 16,409	\$	5,308
Due from other chapters	—		2,388
Total due from related entities	<u>16,409</u>		<u>7,696</u>
Due to other chapters	<u>(893)</u>		<u>(1,049)</u>
Total due to related entities	\$ <u>(893)</u>	\$	<u>(1,049)</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 2012 and 2011, the Foundation received contributions, both cash and in-kind, from board members totaling \$52,319 and \$16,707, respectively.

**(5) Property and Equipment, Net**

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

	<u>2012</u>		<u>2011</u>
Land	\$ 8,000	\$	8,000
Computer equipment and software	46,242		41,915
Office furniture	14,714		14,714
Other equipment	12,530		16,273
	<u>81,486</u>		<u>80,902</u>
Less accumulated depreciation and amortization	<u>(59,655)</u>		<u>(63,280)</u>
	\$ <u>21,831</u>	\$	<u>17,622</u>

Depreciation and amortization expense totaled \$5,859 and \$6,342 for the years ended August 31, 2012 and 2011, respectively.

**MAKE-A-WISH FOUNDATION® OF IDAHO**

Notes to Financial Statements

August 31, 2012 and 2011

**(6) Accrued Pending Wish Costs**

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

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

As of August 31, 2012 and 2011, the Foundation had approximately 32 and 39 reportable pending wishes, respectively.

**(7) Leases**

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through 2014. As of August 31, 2012 and 2011, the cost of leased property and equipment under capital lease was \$12,530 and \$12,645, and accumulated depreciation was \$835 and \$7,798, respectively. Total rent expense for all operating leases for the years ended August 31, 2012 and 2011 totaled \$36,767 and \$34,437, respectively.

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

	<u>Operating leases</u>	<u>Capital leases</u>
Year ending August 31:		
2013	\$ 33,434	\$ 4,176
2014	22,717	4,176
2015	—	4,176
2016	—	4,176
2017	—	2,874
	<u>56,151</u>	<u>19,578</u>
Total minimum lease payments	\$ <u>56,151</u>	19,578
Less amounts representing interest		<u>(7,641)</u>
Present value of net minimum lease payments		\$ <u><u>11,937</u></u>

## MAKE-A-WISH FOUNDATION® OF IDAHO

Notes to Financial Statements

August 31, 2012 and 2011

### (8) Endowments

The Foundation adopted the provisions of ASC 958, Section 205-50, *Reporting Endowment Funds*. These provisions provide 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 require disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

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

1. The duration and preservation of the fund
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

**MAKE-A-WISH FOUNDATION® OF IDAHO**

Notes to Financial Statements

August 31, 2012 and 2011

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

		<b>2012</b>			
		<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Donor-restricted					
endowment funds	\$	—	44,236	288,707	\$ 332,943
Total funds	\$	—	44,236	288,707	\$ 332,943
		<b>2011</b>			
		<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Donor-restricted					
endowment funds	\$	—	38,787	263,707	\$ 302,494
Total funds	\$	—	38,787	263,707	\$ 302,494

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

		<b>2012</b>			
		<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Endowment net assets,					
beginning of year	\$	—	38,787	263,707	\$ 302,494
Investment return:					
Investment income		—	5,449	—	5,449
Contributions		—	—	25,000	25,000
Endowment net assets,					
end of year	\$	—	44,236	288,707	\$ 332,943
		<b>2011</b>			
		<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Endowment net assets,					
beginning of year	\$	—	29,405	263,707	\$ 293,112
Investment return:					
Investment income		—	9,382	—	9,382
Endowment net assets,					
end of year	\$	—	38,787	263,707	\$ 302,494

# MAKE-A-WISH FOUNDATION® OF IDAHO

## Notes to Financial Statements

August 31, 2012 and 2011

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

	<u>2012</u>	<u>2011</u>
Permanently restricted net assets:		
(1) The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	\$ 288,707	\$ 263,707
Temporarily restricted net assets:		
(2) The portion of endowment funds subject to a time restriction under UPMIFA without purpose restrictions	44,236	38,787

**(b) Fund Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets; however there were no funds with deficiencies as of August 31, 2012 and 2011, respectively.

**(c) Return Objectives and Risk Parameters**

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 4% annually. Actual returns in any given year may vary from this amount.

**(d) Strategies Employed for Achieving Objectives**

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

**MAKE-A-WISH FOUNDATION® OF IDAHO**

Notes to Financial Statements

August 31, 2012 and 2011

**(9) 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:

	<u>2012</u>	<u>2011</u>
Time restrictions	\$ 111,690	\$ 107,170
Total temporarily restricted net assets	<u>\$ 111,690</u>	<u>\$ 107,170</u>

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

	<u>2012</u>	<u>2011</u>
Investments in perpetuity, the income from which is expendable to support wishes	\$ 288,707	\$ 263,707
	<u>\$ 288,707</u>	<u>\$ 263,707</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 2% of the employee's salary with up to five years of service, 3% after five years. Foundation contributions to the Plan for the years ended August 31, 2012 and 2011 were \$3,862 and \$4,253, respectively.

**(11) Concentrations of Credit Risk**

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash and investments. The Foundation places its cash and investments with high credit quality financial institutions and generally limits the amount of credit exposure not to exceed the FDIC insurance coverage limit of \$250,000. From time to time throughout the year, the Foundation's cash balances may exceed the amount of the FDIC insurance coverage.

In-kind contributions totaling \$187,099 and \$166,808 were received from a single donor for the years ended August 31, 2012 and 2011, respectively, which represents 29% and 31%, 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.

**MAKE-A-WISH FOUNDATION® OF IDAHO**

Notes to Financial Statements

August 31, 2012 and 2011

**(13) Subsequent Events**

The Foundation has evaluated subsequent events from the statement of financial position date through December 14, 2012, the date at which the financial statements were available to be issued.