MAKE-A-WISH FOUNDATION® OF MINNESOTA

Financial Statements

August 31, 2013 and 2012

(With Independent Auditors' Report Thereon)

MAKE-A-WISH FOUNDATION® OF MINNESOTA

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Independent Auditors' Report

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

We have audited the accompanying financial statements of Make-A-Wish Foundation® of Minnesota (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® of Minnesota as of August 31, 2013 and 2012, and the changes in net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

Omaha, Nebraska
December 17, 2013

MAKE-A-WISH FOUNDATION® OF MINNESOTA

Statements of Financial Position

August 31, 2013 and 2012

Assets		2013	2012
Cash and cash equivalents	$	346,725	392,159
Investments		3,007,025	3,121,442
Due from related entities		107,515	66,815
Prepaid expenses		30,438	31,919
Contributions receivable		195,880	285,941
Other assets		7,117	9,560
Property and equipment, net		62,181	24,275
Total assets	$	3,756,881	3,932,111
Liabilities and Net Assets			
Accounts payable and accrued expenses	$	264,203	211,095
Accrued pending wish costs		1,544,915	1,526,813
Due to related entities		7,617	10,374
Other liabilities		4,993	13,190
Total liabilities		1,821,728	1,761,472
Net assets:			
Unrestricted		1,681,425	1,757,725
Temporarily restricted		253,728	412,914
Total net assets		1,935,153	2,170,639
Total liabilities and net assets	$	3,756,881	3,932,111

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF MINNESOTA

Statement of Activities

Year ended August 31, 2013

		Unrestricted	Temporarily restricted	Total
Revenues, gains, and other support:				
Public support:				
Contributions	$	2,865,857	165,651	3,031,508
Grants		206,463	18,659	225,122
Total public support		3,072,320	184,310	3,256,630
Internal special events		1,106,985	36,850	1,143,835
Less costs of direct benefits to donors		(266,910)	—	(266,910)
Total special events		840,075	36,850	876,925
Investment income, net		116,321	—	116,321
Other income		12,675	—	12,675
Net assets released from restrictions		380,346	(380,346)	—
Total revenues, gains, and other support		4,421,737	(159,186)	4,262,551
Expenses:				
Program services:				
Wish granting		3,524,412	—	3,524,412
Total program services		3,524,412	—	3,524,412
Support services:				
Fund-raising		580,423	—	580,423
Management and general		393,202	—	393,202
Total support services		973,625	—	973,625
Total program and support services expenses		4,498,037	—	4,498,037
Change in net assets		(76,300)	(159,186)	(235,486)
Net assets, beginning of year		1,757,725	412,914	2,170,639
Net assets, end of year	$	1,681,425	253,728	1,935,153

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF MINNESOTA

Statement of Activities

Year ended August 31, 2012

	Unrestricted	Temporarily restricted	Total
Revenues, gains, and other support:			
Public support:			
Contributions	$ 2,746,447	275,704	3,022,151
Grants	92,931	—	92,931
Total public support	2,839,378	275,704	3,115,082
Internal special events	1,075,880	41,486	1,117,366
Less costs of direct benefits to donors	(306,183)	—	(306,183)
Total special events	769,697	41,486	811,183
Investment income, net	161,352	—	161,352
Other income	17,100	—	17,100
Net assets released from restrictions	283,672	(283,672)	—
Total revenues, gains, and other support	4,071,199	33,518	4,104,717
Expenses:			
Program services:			
Wish granting	3,002,054	—	3,002,054
Total program services	3,002,054	—	3,002,054
Support services:			
Fund-raising	762,358	—	762,358
Management and general	336,620	—	336,620
Total support services	1,098,978	—	1,098,978
Total program and support services expenses	4,101,032	—	4,101,032
Change in net assets	(29,833)	33,518	3,685
Net assets, beginning of year	1,787,558	379,396	2,166,954
Net assets, end of year	$ 1,757,725	412,914	2,170,639

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF MINNESOTA

Statements of Cash Flows

Years ended August 31, 2013 and 2012

		2013	2012
Cash flows from operating activities:			
Change in net assets	$	(235,486)	3,685
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:			
Depreciation and amortization		12,773	11,803
Bad debt expense		8,072	—
Net realized and unrealized gains on investments		(70,581)	(93,877)
Contributed property and equipment		(27,802)	—
Changes in assets and liabilities:			
Contributions receivable		81,989	(112,017)
Due from related entities		(40,700)	218,723
Prepaid expenses		1,481	(17,815)
Other assets		2,443	(542)
Accounts payable and accrued expenses		53,108	75,246
Accrued pending wish costs		18,102	(84,852)
Due to related entities		(2,757)	10,074
Other liabilities		(8,197)	(3,165)
Net cash (used in) provided by operating activities		(207,555)	7,264
Cash flows from investing activities:			
Purchases of investments		(874,026)	(4,045,942)
Proceeds from sales of investments		1,059,024	4,230,057
Purchases of property and equipment		(22,877)	(7,782)
Net cash provided by investing activities		162,121	176,333
Net (decrease) increase in cash and cash equivalents		(45,434)	183,597
Cash and cash equivalents, beginning of year		392,159	208,562
Cash and cash equivalents, end of year	$	346,725	392,159
Supplemental cash flow information:			
Contributed services	$	898,539	632,499
In-kind contributions		642,646	769,608

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF MINNESOTA

Statement of Functional Expenses

Year ended August 31, 2013

	Program services		Support services			
	Wish granting	Total program services	Fund-raising	Management and general	Total support services	Total
Direct costs of wishes	$ 2,815,454	2,815,454	—	—	—	2,815,454
Salaries, taxes, and benefits	417,385	417,385	351,661	303,051	654,712	1,072,097
Printing, subscriptions, and publications	3,128	3,128	37,271	1,014	38,285	41,413
Professional fees	16,027	16,027	11,595	38,127	49,722	65,749
Rent and utilities	25,932	25,932	19,157	16,847	36,004	61,936
Postage and delivery	3,445	3,445	14,396	1,896	16,292	19,737
Travel	6,296	6,296	11,884	3,753	15,637	21,933
Meetings and conferences	105,928	105,928	68,594	1,853	70,447	176,375
Office supplies	8,754	8,754	4,041	1,852	5,893	14,647
Communications	6,491	6,491	7,095	3,616	10,711	17,202
Repairs and maintenance	22,947	22,947	8,482	6,449	14,931	37,878
Bad debt expense	—	—	8,072	—	8,072	8,072
Membership dues	1,527	1,527	1,322	729	2,051	3,578
National partnership dues	84,306	84,306	12,806	9,605	22,411	106,717
Miscellaneous	1,443	1,443	20,096	937	21,033	22,476
Depreciation and amortization	5,349	5,349	3,951	3,473	7,424	12,773
	$ 3,524,412	3,524,412	580,423	393,202	973,625	4,498,037

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF MINNESOTA

Statement of Functional Expenses

Year ended August 31, 2012

	Program services		Support services			
	Wish granting	Total program services	Fund-raising	Management and general	Total support services	Total
Direct costs of wishes	$ 2,260,162	2,260,162	—	—	—	2,260,162
Salaries, taxes, and benefits	445,192	445,192	421,358	276,880	698,238	1,143,430
Printing, subscriptions, and publications	7,155	7,155	42,622	1,421	44,043	51,198
Professional fees	31,289	31,289	29,239	12,510	41,749	73,038
Rent and utilities	25,866	25,866	22,863	13,824	36,687	62,553
Postage and delivery	7,045	7,045	10,547	2,082	12,629	19,674
Travel	8,798	8,798	15,211	5,987	21,198	29,996
Meetings and conferences	110,489	110,489	82,486	1,771	84,257	194,746
Office supplies	6,941	6,941	10,000	2,935	12,935	19,876
Communications	3,681	3,681	7,123	1,680	8,803	12,484
Advertising and media (cash)	17	17	1,515	9	1,524	1,541
Advertising and media (in-kind)	—	—	73,225	—	73,225	73,225
Repairs and maintenance	11,545	11,545	6,674	4,588	11,262	22,807
Membership dues	1,224	1,224	1,854	654	2,508	3,732
National partnership dues	76,663	76,663	15,131	9,079	24,210	100,873
Miscellaneous	1,106	1,106	18,197	591	18,788	19,894
Depreciation and amortization	4,881	4,881	4,313	2,609	6,922	11,803
	$ 3,002,054	3,002,054	762,358	336,620	1,098,978	4,101,032

See accompanying notes to financial statements.

(1) Organization

Make-A-Wish Foundation® of Minnesota (the Foundation) is a Minnesota 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 at August 31, 2013 and 2012 are $95,224 and $159,886, respectively, of money market mutual funds.

(c) Investments

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decreases in unrestricted net assets unless its use is limited by donor-imposed restrictions or law.

(d) Contributions Receivable

Contributions receivable are unconditional promises to give. Such promises that are expected to be collected within one year are recorded at expected net realizable value when the promise is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Contributions receivable are discounted using fair value rates. Contributions are written off when deemed uncollectible.

(e) Property and Equipment, Net

Property and equipment having a unit cost greater than $1,000 and 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. 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 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.

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

See additional information in note 3.

(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 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 by either actions of the Foundation or the passage of time.
- Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions or law.

(h) Revenue Recognition

Unconditional promises to give are recorded as contributions revenue when the promise is received. Conditional promises are recorded as revenue once the conditions are substantially met. Contributions, grants, and bequests are recognized as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. When restrictions are met in the same period as the contribution is received, the Foundation records the contribution and 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:

		2013	2012
Contributions:			
Wish related	$	1,269,275	987,812
Professional services		—	25,263
Property and equipment		27,802	—
Other		156,707	247,903
Total	$	1,453,784	1,260,978
Special event revenue:			
Internal special events	$	87,401	141,129

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 $1,269,275 and $1,013,075 in 2013 and 2012, 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

(Continued)

audio or video tape of a public service announcement, a layout for a newspaper, media time or space for public service announcements, or other purposes. Advertising and media are reported as contribution revenue when received and fund-raising or public information expense when received and the reporting of such contributions is unaffected by whether the Foundation could afford to purchase or would have purchased the assets at their fair value.

(i) Income Taxes

The Foundation is a not-for-profit organization exempt from federal income and Minnesota taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3) and Minnesota Statute 290.05. However, the Foundation remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

The Foundation has adopted ASC Topic 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, disclosure, and transition. Management believes that no such uncertain tax position exists for the Foundation at August 31, 2013 or 2012. The Foundation is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2009.

(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, 2013 and 2012, the Foundation incurred no significant joint costs for activities that include fund-raising appeals.

Management and General

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

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

(k) Management Estimates

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

(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, 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).

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 incorporating multiple strategies and managers. Major investment decisions are authorized by the Board’s Audit and Finance committee, which oversees the Foundation’s investment program in accordance with established guidelines.

(b) Fair Value Hierarchy

The following tables present the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis at August 31, 2013 and 2012:

		Fair value measurements at August 31, 2013 using		
Description	**August 31, 2013**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets:				
Recurring:				
Investments:				
Mutual funds:				
Domestic equity	$ 512,269	512,269	—	—
Bonds	388,302	388,302	—	—
Equity securities:				
U.S. corporate equity securities	610,241	610,241	—	—
Debt securities:				
U.S. Treasury	753,355	717,026	36,329	—
Corporate	409,964	—	409,964	—
Foreign governments	37,247	—	37,247	—
Residential mortgage backed	295,647	—	295,647	—
Total recurring	3,007,025	2,227,838	779,187	—
Nonrecurring:				
Contributions receivable	195,880	—	—	195,880
Total nonrecurring	195,880	—	—	195,880
Total	$ 3,202,905	2,227,838	779,187	195,880

Description	August 31, 2012	Fair value measurements at 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:				
Investments:				
Mutual funds:				
Domestic equity	$ 595,615	595,615	—	—
Bonds	442,814	442,814	—	—
Equity securities:				
U.S. corporate equity securities	452,178	452,178	—	—
Debt securities:				
U.S. Treasury	982,327	982,327	—	—
Corporate	420,942	—	420,942	—
Foreign governments	28,496	—	28,496	—
Residential mortgage backed	199,070	—	199,070	—
Total recurring	3,121,442	2,472,934	648,508	—
Nonrecurring:				
Contributions receivable	285,941	—	—	285,941
Total nonrecurring	285,941	—	—	285,941
Total	$ 3,407,383	2,472,934	648,508	285,941

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 years ended August 31, 2013 or 2012.

Total investment income, gains, and losses for the years ended August 31, 2013 and 2012 consist of the following:

	2013	2012
Interest and dividend income	$ 76,838	67,475
Realized and unrealized gains, net	70,581	129,402
Less investment expenses	(31,098)	(35,525)
Investment income, net	$ 116,321	161,352

(4) Contributions Receivable

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

		2013	2012
Total amounts due in:			
One year	$	195,880	285,941
Contributions receivable	$	195,880	285,941

(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 $940,233 and $913,211, 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 $108,262 and $120,496 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 $12,675 and $17,100 for the years ended August 31, 2013 and 2012, respectively, which is recorded in the accompanying statements of activities as other income.

Amounts due from and to related entities are as follows:

		2013	2012
Balance at August 31:			
Due from National Organization	$	93,761	57,594
Due from other chapters		13,754	9,221
Total due from related entities	$	107,515	66,815
Balance at August 31:			
Due to National Organization	$	(150)	—
Due to other chapters		(7,467)	(10,374)
Total due to related entities	$	(7,617)	(10,374)

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 contributions, both cash and in-kind, from board members totaling $198,116 and $438,046, respectively.

(6) Property and Equipment, Net

Fixed assets as of August 31, 2013 and 2012 consist of the following:

		2013	2012
Computer equipment and software	$	57,126	82,755
Office furniture		69,174	87,465
Leasehold improvements		19,484	—
		145,784	170,220
Less accumulated depreciation and amortization		(83,603)	(145,945)
Property and equipment, net	$	62,181	24,275

Depreciation and amortization expense totaled $12,773 and $11,803 for the years ended August 31, 2013 and 2012, respectively.

(7) Accrued Pending Wish Costs

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

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

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 chapters, 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 approximately 237 and 204 reportable pending wishes, respectively.

(8) Leases

The Foundation is obligated under various capital and operating leases for offices and equipment, which expire at various dates through June 30, 2018. Total rent expense for all operating leases for the years ended August 31, 2013 and 2012 totaled $46,771 and $43,534, respectively.

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

		Operating leases
Year ending August 31:		
2014	$	55,458
2015		55,476
2016		56,410
2017		57,822
2018		47,227
Total minimum lease payments	$	272,393

(9) Temporarily Restricted Net Assets

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

		2013	2012
Wish granting	$	117,857	240,892
Grants		30,000	15,000
Time restrictions		105,871	157,022
Total temporarily restricted net assets	$	253,728	412,914

(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 on the first day of the month following the date of hire. 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 4% of the employee's salary. Foundation contributions to the Plan for the years ended August 31, 2013 and 2012 were $27,591 and $27,792, respectively.

(11) Concentrations of Credit Risk

In-kind contributions totaling $447,666 and $402,132 were received from a single donor for the years ended August 31, 2013 and 2012, respectively, which represent 10% and 10%, 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, changes in net assets, or liquidity.

(13) Subsequent Events

The Foundation has evaluated subsequent events from the statement of financial position date through December 17, 2013, the date at which the financial statements were available to be issued.