

Financial statements and report of independent certified public accountants

[Make-A-Wish Foundation of Greater Los Angeles](#)

August 31, 2007 and 2006

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Accountants and Business Advisors

Grant Thornton LLP  
US member of Grant Thornton International

100 West Liberty Street  
Suite 770

Reno, NV 89501

T 775.786.1520

F 775.786.7091

W [www.grantthornton.com](http://www.grantthornton.com)

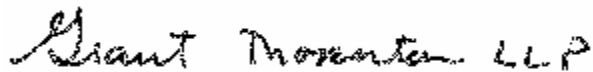
## **Report of Independent Certified Public Accountants**

### **The Board of Directors Make-A-Wish Foundation of Greater Los Angeles**

We have audited the accompanying statements of financial position of Make-A-Wish Foundation of Greater Los Angeles (the "Foundation") as of August 31, 2007 and 2006, and the related statements of activities, functional expenses, and cash flows 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 as established by the Auditing Standards Board of the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Make-A-Wish Foundation of Greater Los Angeles as of August 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Reno, Nevada  
December 8, 2007

**Make-A-Wish Foundation of Greater Los Angeles**

**STATEMENTS OF FINANCIAL POSITION**

**August 31,**

<b>ASSETS</b>	<b>2007</b>	<b>2006</b>
Cash and cash equivalents	\$ 542,087	\$ 675,584
Investments	2,880,773	3,131,660
Contributions receivable due within one year	255,351	188,607
Due from National Organization	38,911	55,364
Due from affiliated chapters	34,620	20,376
Long-term investments	514,229	-
Furniture and equipment, net	55,711	54,141
Other assets	51,319	84,898
Total assets	<u>\$ 4,373,001</u>	<u>\$ 4,210,630</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 166,247	\$ 87,306
Accrued pending wish costs	156,251	384,058
Accrued legal settlement	394,000	-
Total liabilities	<u>716,498</u>	<u>471,364</u>
Net assets:		
Unrestricted net assets	3,576,542	3,488,206
Temporarily restricted net assets	50,886	121,985
Permanently restricted net assets	29,075	129,075
Total net assets	<u>3,656,503</u>	<u>3,739,266</u>
Total liabilities and net assets	<u>\$ 4,373,001</u>	<u>\$ 4,210,630</u>

The accompanying notes are an integral part of these financial statements.

**Make-A-Wish Foundation of Greater Los Angeles**

**STATEMENT OF ACTIVITIES**

**Year ended August 31, 2007**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenues, gains and other support</b>				
Public support				
Direct public support	\$ 1,218,986	\$ -	\$ -	\$ 1,218,986
Corporate gifts	566,980	-	-	566,980
Major/planned gifts	369,791	-	-	369,791
In-kind contributions	489,688	39,086	-	528,774
Grants	106,650	-	-	106,650
Total public support	<u>2,752,095</u>	<u>39,086</u>	<u>-</u>	<u>2,791,181</u>
Special events				
External special events	370,631	-	-	370,631
Internal special events	915,737	11,800	-	927,537
Less direct costs of benefits to donors	(380,077)	-	-	(380,077)
Total special events	<u>906,291</u>	<u>11,800</u>	<u>-</u>	<u>918,091</u>
Other revenue				
Investment income	167,670	-	-	167,670
Net realized gains on investments, net of investment expenses	420,148	-	-	420,148
Net assets released from restrictions	221,985	(121,985)	(100,000)	-
Total other revenue	<u>809,803</u>	<u>(121,985)</u>	<u>(100,000)</u>	<u>587,818</u>
Total revenues, gains and other support	<u>4,468,189</u>	<u>(71,099)</u>	<u>(100,000)</u>	<u>4,297,090</u>
<b>Expenses and losses</b>				
Program services				
Wish granting	3,225,497	-	-	3,225,497
Total program services	<u>3,225,497</u>	<u>-</u>	<u>-</u>	<u>3,225,497</u>
Support services				
Fundraising	497,270	-	-	497,270
Management and general	467,760	-	-	467,760
Total support services	<u>965,030</u>	<u>-</u>	<u>-</u>	<u>965,030</u>
Total expenses	<u>4,190,527</u>	<u>-</u>	<u>-</u>	<u>4,190,527</u>
Net unrealized loss on investments	189,326	-	-	189,326
Total expenses and losses	<u>4,379,853</u>	<u>-</u>	<u>-</u>	<u>4,379,853</u>
CHANGE IN NET ASSETS	88,336	(71,099)	(100,000)	(82,763)
<b>Net assets, beginning of the year</b>	<u>3,488,206</u>	<u>121,985</u>	<u>129,075</u>	<u>3,739,266</u>
<b>Net assets, end of year</b>	<u>\$ 3,576,542</u>	<u>\$ 50,886</u>	<u>\$ 29,075</u>	<u>\$ 3,656,503</u>

The accompanying notes are an integral part of this financial statement.

**Make-A-Wish Foundation of Greater Los Angeles**

**STATEMENT OF ACTIVITIES**

**Year ended August 31, 2006**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenues, gains and other support</b>				
Public support				
Direct public support	\$ 1,192,920	\$ -	\$ -	\$ 1,192,920
Corporate gifts	371,857	-	-	371,857
Major/planned gifts	392,001	-	-	392,001
In-kind contributions	594,635	50,998	-	645,633
Grants	130,309	-	-	130,309
Total public support	<u>2,681,722</u>	<u>50,998</u>	<u>-</u>	<u>2,732,720</u>
Special events				
External special events	344,255	-	-	344,255
Internal special events	1,016,885	68,480	-	1,085,365
Less direct costs of benefits to donors	(414,184)	-	-	(414,184)
Total special events	<u>946,956</u>	<u>68,480</u>	<u>-</u>	<u>1,015,436</u>
Other revenue				
Investment income	125,413	-	-	125,413
Net unrealized gains on investments	13,180	-	-	13,180
Net realized gains on investments, net of investment expenses	84,336	-	-	84,336
Net assets released from restrictions	226,257	(226,257)	-	-
Total other revenue	<u>449,186</u>	<u>(226,257)</u>	<u>-</u>	<u>222,929</u>
Total revenues, gains and other support	<u>4,077,864</u>	<u>(106,779)</u>	<u>-</u>	<u>3,971,085</u>
<b>Expenses</b>				
Program services				
Wish granting	3,306,764	-	-	3,306,764
Total program services	<u>3,306,764</u>	<u>-</u>	<u>-</u>	<u>3,306,764</u>
Support services				
Fundraising	475,557	-	-	475,557
Management and general	472,051	-	-	472,051
Total support services	<u>947,608</u>	<u>-</u>	<u>-</u>	<u>947,608</u>
Total expenses	<u>4,254,372</u>	<u>-</u>	<u>-</u>	<u>4,254,372</u>
<b>CHANGE IN NET ASSETS</b>	(176,508)	(106,779)	-	(283,287)
<b>Net assets, beginning of the year</b>	<u>3,664,714</u>	<u>228,764</u>	<u>129,075</u>	<u>4,022,553</u>
<b>Net assets, end of year</b>	<u>\$ 3,488,206</u>	<u>\$ 121,985</u>	<u>\$ 129,075</u>	<u>\$ 3,739,266</u>

The accompanying notes are an integral part of this financial statement.

**Make-A-Wish Foundation of Greater Los Angeles**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year ended August 31, 2007**

	<b>Program Services</b>	<b>Support Services</b>		<b>Totals</b>
	<b>Wish Granting</b>	<b>Fundraising</b>	<b>Management and General</b>	
Direct costs of wishes	\$ 1,814,472	\$ -	\$ -	\$ 1,814,472
Salaries, taxes and benefits	975,150	286,669	334,777	1,596,596
Professional fees	101,707	33,378	25,870	160,955
Office supplies	33,431	13,901	11,291	58,623
Telephone	12,562	2,438	2,663	17,663
Postage	9,539	15,558	4,088	29,185
Occupancy	125,726	32,610	47,951	206,287
Equipment repair and maintenance	6,733	1,745	2,497	10,975
Printing	12,490	56,663	2,800	71,953
Travel/conferences	15,095	13,068	10,676	38,839
Membership dues	615	-	707	1,322
Insurance	6,894	1,874	2,696	11,464
Miscellaneous expense	5,039	17,924	3,088	26,051
Depreciation and amortization	15,661	4,169	5,801	25,631
National assessment fees	90,383	17,273	12,855	120,511
	<u>\$ 3,225,497</u>	<u>\$ 497,270</u>	<u>\$ 467,760</u>	<u>\$ 4,190,527</u>

The accompanying notes are an integral part of this financial statement.

**Make-A-Wish Foundation of Greater Los Angeles**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year ended August 31, 2006**

	<b>Program Services</b>	<b>Support Services</b>		<b>Totals</b>
	<b>Wish Granting</b>	<b>Fundraising</b>	<b>Management and General</b>	
Direct costs of wishes	\$ 2,254,699	\$ -	\$ -	\$ 2,254,699
Salaries, taxes and benefits	620,100	207,833	317,219	1,145,152
Professional fees	168,072	127,186	34,659	329,917
Office supplies	18,362	31,097	18,743	68,202
Telephone	8,980	3,176	2,714	14,870
Postage	6,720	5,917	3,370	16,007
Occupancy	114,581	36,189	54,344	205,114
Equipment repair and maintenance	6,395	2,426	5,297	14,118
Printing	2,732	33,165	1,538	37,435
Travel/conferences	21,714	13,559	7,093	42,366
Membership dues	189	1,443	1,102	2,734
Insurance	8,308	3,384	4,623	16,315
Depreciation and amortization	12,889	4,300	6,224	23,413
National assessment fees	63,023	5,882	15,125	84,030
	<u>\$ 3,306,764</u>	<u>\$ 475,557</u>	<u>\$ 472,051</u>	<u>\$ 4,254,372</u>

The accompanying notes are an integral part of this financial statement.

**Make-A-Wish Foundation of Greater Los Angeles**

**STATEMENTS OF CASH FLOWS**

**Year ended August 31,**

	<u>2007</u>	<u>2006</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (82,763)	\$ (283,287)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	25,631	23,413
Net realized and unrealized gain on investments	(230,822)	(97,516)
Increase (decrease) in cash resulting from changes in:		
Accrued legal settlement	394,000	-
Contributions receivable	(66,744)	(131,444)
Due from National Organization	16,453	50,549
Due from affiliated chapters	(14,244)	(9,286)
Other assets	33,579	99,538
Accounts payable and accrued expenses	78,941	(108,028)
Accrued pending wish costs	(227,807)	67,779
Net cash used in operating activities	<u>(73,776)</u>	<u>(388,282)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sales of investments	7,924,814	3,761,668
Purchases of investments	(7,957,332)	(4,941,323)
Purchases of property and equipment	(27,203)	(39,351)
Net cash used in investing activities	<u>(59,721)</u>	<u>(1,219,006)</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(133,497)</b>	<b>(1,607,288)</b>
<b>Cash and cash equivalents, beginning of the year</b>	<u>675,584</u>	<u>2,282,872</u>
<b>Cash and cash equivalents, end of the year</b>	<u><u>\$ 542,087</u></u>	<u><u>\$ 675,584</u></u>

The accompanying notes are an integral part of these financial statements.

## Make-A-Wish Foundation of Greater Los Angeles

### NOTES TO FINANCIAL STATEMENTS

August 31, 2007 and 2006

#### NOTE 1 - ORGANIZATION

Make-A-Wish Foundation of Greater Los Angeles (the "Foundation") is a California nonprofit corporation organized in 1982, for the purpose of granting wishes to children with life-threatening conditions. The Foundation is an independent operating chapter of Make-A-Wish Foundation of America (National Organization), which is obligated to develop and implement national programs in public relations and fund raising for the benefit of all local chapters. In addition, each local chapter is obligated to comply with the National Organization's bylaws, chapter agreement and such guidelines, resolutions, and policies as may be adopted by the national board.

The Foundation granted its first wish in 1983, and has granted a total of 6063 wishes through August 31, 2007. There were 354 wishes granted during fiscal year 2007 with an average cost of approximately \$5,100. There were 387 wishes granted during fiscal year 2006 with an average cost of approximately \$5,826. Of the wishes granted, 31 wishes were accrued as reportable pending wishes as of August 31, 2007; in fiscal year 2006 there were 62 accrued wishes. The Foundation assists in fulfilling wishes from chapters both nationally and internationally.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### **Basis of Presentation**

The Foundation's financial statements are presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets as prescribed by Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. In accordance with SFAS 117, not-for-profit organizations are required to provide a statement of financial position, a statement of activities, and a statement of cash flows, which are prepared to focus on the organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. In addition, voluntary health and welfare organizations, such as the Foundation, are also required to provide a statement of functional expenses.

The Foundation maintains its accounts on the accrual basis of accounting. Net assets, revenues, gains and losses are classified based upon the existence or absence of donor restrictions. For financial statement purposes, all financial transactions are reported by class of net assets as prescribed for not-for-profit organizations by the Financial Accounting Standards Board. Accordingly, net assets and changes therein are classified as follows:

- **Unrestricted**

Unrestricted net assets consist of all resources of the Foundation that have not been specifically restricted by a donor.

**Make-A-Wish Foundation of Greater Los Angeles**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**August 31, 2007 and 2006**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Basis of Presentation - Continued**

• **Temporarily Restricted**

Temporarily restricted net assets consist of cash and other assets received with donor stipulations that limit the use of the donated assets. Support that is temporarily restricted by the donor is reported as an increase in unrestricted net assets if the restriction is satisfied in the same reporting period in which the support is recognized. When a time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

• **Permanently Restricted**

Permanently restricted net assets consist of assets, the use of which has been restricted by the donor for investment in perpetuity.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets, i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed, are reported as reclassifications between the applicable classes of net assets.

**Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and net assets, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains, and other support and expenses, during the reporting period. Actual results could differ from those estimates. Significant estimates include accrued pending wishes and in-kind contributions.

**Cash Equivalents**

The Foundation considers certificates of deposit and all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

**Investments**

Investments, consisting primarily of equity securities, government bonds, and mortgage-backed securities, with readily determinable market values are measured at fair value as of year-end in the financial statements. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is recognized in the statements of activities.

**Make-A-Wish Foundation of Greater Los Angeles**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**August 31, 2007 and 2006**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

**Contributions Receivable**

Contributions receivable represent contributions acknowledged from third parties as of August 31, but not transmitted to the Foundation. The Foundation's contributions receivable are generally collected within one year. All contributions receivable are considered to be fully collectible and accordingly no allowance for doubtful accounts is recorded in the accompanying financial statements at August 31, 2007 and 2006.

**Contributions**

Contributions are recognized as revenue when they are received or unconditionally promised as prescribed by SFAS No. 116, *Accounting for Contributions Received and Contributions Made*

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

Contributions of services shall be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Foundation received service and material donations included in the accompanying statement of activities at an estimated fair value of approximately \$529,000 and \$646,000 in 2007 and 2006, respectively. The majority of these services and materials consist of items that are used for wish granting activities.

**Temporarily Restricted Net Assets**

The Foundation has adopted the following accounting policies with respect to temporarily restricted net assets:

- **Contributions with Restrictions Met in the Same Year**

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as unrestricted revenues.

- **Release of Restrictions on Net Assets for Acquisition of Land, Building, and Equipment**

Contributions of land, building and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of unrestricted net assets. Contributions of cash or other assets to be used to acquire land, building, and equipment with donor stipulations are reported as revenues of temporarily restricted net assets; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

**Make-A-Wish Foundation of Greater Los Angeles**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**August 31, 2007 and 2006**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Furniture and Equipment**

Furniture and equipment are recorded at cost when purchased or fair market value at the date of gift, if contributed, and are depreciated using the straight-line method over three to five years.

**Accrued Pending Wish Costs**

The Foundation accrues for the estimated cost of reportable pending wishes if certain measurable wish criteria are met. The reportable pending wish criteria include obtaining a medical eligibility form signed by the child's physician, formal approval by the Foundation, contract from the wish family, the wish has been determined, and the wish is expected to be fulfilled within the next fiscal year.

**Internal Special Events**

The Foundation records revenue received for special events from corporations, individuals and sponsors as temporarily restricted at the time the pledge is made or payment is received for an event in a future period.

**Income Taxes**

The Foundation received a tax determination letter indicating that it qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Foundation is also exempt from State of California taxation.

**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 which fulfills wishes to children with life-threatening conditions.

**Fundraising:** Activities performed by the Foundation to generate funds and/or resources to support its programs and operations.

**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. 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 general overhead.

Expenses which 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.

**Make-A-Wish Foundation of Greater Los Angeles**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**August 31, 2007 and 2006**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Reclassifications**

Certain reclassifications have been made to the fiscal year 2006 financial statements to conform to the fiscal year 2007 presentation.

**NOTE 3 - INVESTMENTS**

Investments held by the organization at fair value consist of the following at August 31:

	<u>2007</u>	<u>2006</u>
Equity securities	\$2,120,914	\$2,230,129
Debt securities		
Mortgage-backed securities	551,000	194,644
Government bonds	<u>723,088</u>	<u>706,887</u>
Total investments	3,395,002	3,131,660
Less current maturities	<u>(2,880,773)</u>	<u>(3,131,660)</u>
Long-term investments	<u>\$ 514,229</u>	<u>\$ -0-</u>

The components of investment return were as follows for at August 31:

	<u>2007</u>	<u>2006</u>
Investment income	\$167,670	\$125,413
Net realized gains	451,357	112,603
Net unrealized gain (losses)	<u>(189,326)</u>	<u>13,180</u>
Total investment return before investment expense	429,701	251,196
Investment expense	<u>31,209</u>	<u>28,267</u>
Total investment return, net of expense	<u>\$398,492</u>	<u>\$222,929</u>

**Make-A-Wish Foundation of Greater Los Angeles**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**August 31, 2007 and 2006**

**NOTE 4 - FURNITURE AND EQUIPMENT**

A summary of furniture and equipment as of August 31:

	2007	2006
Computer equipment and software	\$119,967	\$ 94,816
Office furniture	38,028	61,678
Other equipment	32,934	7,234
	190,929	163,728
Less accumulated depreciation and amortization	(135,218)	(109,587)
Furniture and equipment, net	\$ 55,711	\$ 54,141

Depreciation and amortization expense amounted to \$25,631 and \$23,413 in 2007 and 2006, respectively.

**NOTE 5 - TRANSACTIONS WITH THE NATIONAL ORGANIZATION**

The Foundation pays the National Organization an annual assessment fee, which was \$120,511 and \$84,030 for the years ended August 31, 2007 and 2006, respectively. Due from National Organization balance of \$38,911 and \$55,364 as of August 31, 2007 and 2006, respectively, represents contributions received by the National Organization on behalf of the Foundation.

Due from affiliated chapters of \$34,620 and \$20,376 as of August 31, 2007 and 2006, respectively, represent wish assist expense to be reimbursed by other Make-A-Wish Chapters.

Included in direct public support on the statement of activities are wish assist fees of \$65,277 and \$56,752 collected from other chapters for the years ended August 31, 2007 and 2006, respectively.

**NOTE 6 - DEFERRED COMPENSATION PLAN**

The Foundation maintains a qualified 403(b) deferred compensation plan for all Foundation employees. Under the provisions of the plan participating employees may make voluntary contributions through salary deductions up to the maximum amount allowed by law and the Foundation can match up to 3% of the employee salary. The Foundation matched employee contributions in 2007 of \$20,906 and \$21,344 in 2006.

**Make-A-Wish Foundation of Greater Los Angeles**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**August 31, 2007 and 2006**

**NOTE 7 - COMMITMENTS AND CONTINGENCIES**

**Leases**

The Foundation leases office facilities under noncancelable operating leases that expire through August 2015. Rent expense under noncancelable operating leases for the years ended August 31, 2007 and 2006 was \$153,410 and \$149,445, respectively.

The lease agreement for the office space has an escalation clause that increases the Foundation's base rental fee by 0.72% annually. This increase is included in the calculation of future minimum lease payments.

For the year ending August 31, future minimum lease payments under the noncancelable lease up to 2015 consist of the following:

Years ending August 31,	
2008	\$ 132,862
2009	137,290
2010	140,981
2011	145,410
2012	149,838
Thereafter	<u>476,825</u>
	<u>\$1,183,206</u>

**Severance Package for Former CEO**

The Foundation is in the process of negotiating a severance package for the former CEO/President. It is anticipated that a settlement in the amount of \$394,000 will be reached within the next fiscal year. This amount has been accrued and is included in the statement of financial position and recorded as salary expense in the statement of functional expenses for the year ended August 31, 2007.

**Make-A-Wish Foundation of Greater Los Angeles**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**August 31, 2007 and 2006**

**NOTE 8 - RESTRICTED NET ASSETS**

Temporarily restricted net assets at August 31 are restricted for the following purposes:

	<u>2007</u>	<u>2006</u>
Program events	\$11,800	\$ 68,480
Specific wishes	<u>39,086</u>	<u>53,505</u>
Total temporarily restricted net assets	<u>\$50,886</u>	<u>\$121,985</u>

Permanently restricted net assets at August 31 are restricted to:

	<u>2007</u>	<u>2006</u>
Investment in perpetuity, the income from which is expendable to support the mission of the Foundation	<u>\$29,075</u>	<u>\$129,075</u>

**NOTE 9 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS**

Net assets were released from donor restrictions when expenses were incurred to satisfy the restricted purposes specified by donors for the years ended August 31, 2007 and 2006 as follows:

	<u>2007</u>	<u>2006</u>
Program events	\$ 68,480	\$120,750
Specific wishes	53,505	77,507
Contributions receivable	-	28,000
General wishes	<u>100,000</u>	<u>-</u>
Total net assets released from donor restrictions	<u>\$221,985</u>	<u>\$226,257</u>

The \$100,000 released for general wishes was released from permanently restricted net assets based on the request from the original donor in fiscal year 2007.

**NOTE 10 - CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash, cash equivalents, and investments. The Foundation places its cash, cash equivalents, and investments with high credit quality financial institutions and generally limits the amount of credit exposure to the amount in excess of the FDIC insurance coverage limit of \$100,000. From time to time throughout the year, the Foundation's cash and investment balances may exceed the amount of the FDIC insurance coverage. The Foundation, however, does not anticipate nonperformance by the institutions.