



MAKE-A-WISH FOUNDATION[®] OF GREATER LOS ANGELES

Financial Statements

August 31, 2009

(With Independent Auditors' Report Thereon)

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES

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KPMG LLP
Suite 2000
355 South Grand Avenue
Los Angeles, CA 90071-1568

Independent Auditors' Report

The Board of Directors
Make-A-Wish Foundation[®] of Greater Los Angeles:

We have audited the accompanying statement of financial position of Make-A-Wish Foundation[®] of Greater Los Angeles (the Foundation) as of August 31, 2009, and the related statements of activities, cash flow, and functional expenses for the year 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 audit.

We conducted our audit 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 audit provides 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, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

As described in note 3 to the accompanying financial statements of Make-A-Wish Foundation[®] of Greater Los Angeles, net assets as of August 31, 2008 have been restated to correct misstatements from the Foundation's previously issued financial statements, which were audited by other auditors.

As discussed in notes 2 and 4 to the financial statements, the Foundation adopted the provisions of Financial Accounting Standards Board Statement No. 157, *Fair Value Measurements*, as of September 1, 2008 for fair value measurements of all financial assets and financial liabilities that are recognized at fair value in the financial statements on a recurring basis.

KPMG LLP

May 13, 2010

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES

Statement of Financial Position

August 31, 2009

Assets

Cash and cash equivalents	\$	418,332
Contributions receivable		229,470
Due from related entities		63,168
Prepaid expenses		32,580
Investments		2,504,546
Beneficial interest in trusts		337,603
Furniture and equipment, net		31,213
Other assets		13,643
		<hr/>
Total assets	\$	<u>3,630,555</u>

Liabilities and Net Assets

Accounts payable and accrued expenses	\$	165,871
Due to related entities		9,386
Accrued pending wish costs		926,530
Deferred rent liability		50,340
		<hr/>
Total liabilities		<u>1,152,127</u>
Commitments and contingencies		
Net assets:		
Unrestricted		1,869,328
Temporarily restricted		580,025
Permanently restricted		29,075
		<hr/>
Total net assets		<u>2,478,428</u>
Total liabilities and net assets	\$	<u>3,630,555</u>

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES

Statement of Activities
Year ended August 31, 2009

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains, and other support:				
Public support:				
Contributions	\$ 1,623,951	25,229	—	1,649,180
In-kind contributions	701,377	65,510	—	766,887
Grants	109,529	—	—	109,529
Total public support	<u>2,434,857</u>	<u>90,739</u>	<u>—</u>	<u>2,525,596</u>
Special events	547,710	16,060	—	563,770
Less costs of direct benefits to donors	<u>(121,844)</u>	<u>—</u>	<u>—</u>	<u>(121,844)</u>
Total special events	425,866	16,060	—	441,926
Investment loss, net	(271,874)	—	—	(271,874)
Other income	134,923	—	—	134,923
Net assets released from restrictions	<u>352,537</u>	<u>(352,537)</u>	<u>—</u>	<u>—</u>
Total revenues, gains, and other support	<u>3,076,309</u>	<u>(245,738)</u>	<u>—</u>	<u>2,830,571</u>
Expenses and losses:				
Program services:				
Wish granting and program-related support	2,883,718	—	—	2,883,718
Support services:				
Fund-raising	733,172	—	—	733,172
Management and general	<u>372,548</u>	<u>—</u>	<u>—</u>	<u>372,548</u>
Total program and support services expenses	3,989,438	—	—	3,989,438
Other losses:				
Change in value of beneficial interest in trust	<u>—</u>	<u>138,666</u>	<u>—</u>	<u>138,666</u>
Total expenses and losses	<u>3,989,438</u>	<u>138,666</u>	<u>—</u>	<u>4,128,104</u>
Change in net assets	(913,129)	(384,404)	—	(1,297,533)
Net assets, beginning of year, as restated (note 3)	<u>2,782,457</u>	<u>964,429</u>	<u>29,075</u>	<u>3,775,961</u>
Net assets, end of year	<u>\$ 1,869,328</u>	<u>580,025</u>	<u>29,075</u>	<u>2,478,428</u>

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES

Statement of Cash Flows

Year ended August 31, 2009

Cash flows from operating activities:	
Change in net assets	\$ (1,297,533)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	25,519
Net realized and unrealized losses on investments	399,162
Donation of furniture and equipment	(4,472)
Change in value of beneficial interest in trusts	138,666
Changes in assets and liabilities:	
Contributions receivable	191,751
Due from related entities	28,556
Prepaid expenses	14,219
Other assets	29,310
Accounts payable and accrued expenses	(8,240)
Accrued pending wish costs	571,274
Due to related entities	(6,715)
Deferred rent liability	6,496
Net cash provided by operating activities	<u>87,993</u>
Cash flows from investing activities:	
Purchases of investments	(1,268,278)
Proceeds from sales of investments	1,319,794
Purchases of furniture and equipment	(4,470)
Net cash provided by investing activities	<u>47,046</u>
Net increase in cash and cash equivalents	135,039
Cash and cash equivalents, beginning of year	<u>283,293</u>
Cash and cash equivalents, end of year	<u><u>\$ 418,332</u></u>

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES

Statement of Functional Expenses

Year ended August 31, 2009

	Program services	Support services		Total
	Wish granting and program-related support	Fund- raising	Management and general	
Direct costs of wishes	\$ 1,831,304	—	—	1,831,304
Salaries, taxes, and benefits	674,105	145,238	261,144	1,080,487
Printing, subscriptions, and publications	6,094	4,536	1,774	12,404
Professional fees	51,897	31,211	12,953	96,061
Rent and utilities	132,875	30,483	46,078	209,436
Postage and delivery	8,679	5,087	2,890	16,656
Travel	5,484	3,651	3,836	12,971
Meetings and conferences	8,080	2,208	5,739	16,027
Office supplies	23,111	13,012	6,870	42,993
Telephone	6,644	931	2,416	9,991
Media and advertising	—	456,193	—	456,193
Repairs and maintenance	8,345	2,835	3,066	14,246
Insurance	3,961	906	1,411	6,278
Membership dues	—	250	1,080	1,330
National partnership dues	106,972	25,673	9,984	142,629
Miscellaneous	—	7,325	7,588	14,913
Depreciation and amortization	16,167	3,633	5,719	25,519
	<u>\$ 2,883,718</u>	<u>733,172</u>	<u>372,548</u>	<u>3,989,438</u>

See accompanying notes to financial statements.

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES

Note to Financial Statements

August 31, 2009

(1) Organization

Make-A-Wish Foundation® of Greater Los Angeles (the Foundation) is a State of California 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) New Accounting Standards

On September 1, 2008, the Foundation adopted the provisions of Financial Accounting Standards Board (FASB) Statement No. 157, *Fair Value Measurements*, for fair value measurements of financial assets and financial liabilities that are recognized at fair value in the financial statements on a recurring basis. SFAS No. 157 defines fair value as the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS No. 157 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115*. SFAS No. 159 was issued to reduce earnings volatility caused by related assets and liabilities measured differently under GAAP. SFAS No. 159 allows all entities (including not-for-profit organizations, with certain modifications) to make irrevocable instrument-by-instrument election to measure eligible items at fair value in their entirety. SFAS No. 159 is effective as of the beginning of the first fiscal year after November 15, 2007. As no elections were made relating to the adoption of this new guidance, SFAS No. 159 had no impact on the Foundation.

On September 1, 2008, the Foundation adopted the provisions of FASB Staff Position No. 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*, (FSP 117-1). FSP 117-1 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES

Note to Financial Statements

August 31, 2009

an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and also requires disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds. At August 31, 2009, FSP 117-1 had no significant impact on the financial position or disclosures of the Foundation.

(c) ***Cash and Cash Equivalents***

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

(d) ***Investments***

Investments are recorded at fair value and consist of money market funds, corporate bonds and notes, and U.S. government securities. Investment income, including gains and losses on investments, is recorded as increases or decreases in unrestricted net assets unless their use is limited by donor-imposed restrictions or by law.

(e) ***Contributions Receivable***

Contributions receivable are unconditional promises to give. Such promises that are expected to be collected within one year are recorded at expected net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows using fair value rates. At August 31, 2009, all contributions are collectible within one year.

(f) ***Furniture and Equipment, Net***

Furniture and equipment is recorded at cost when purchased. Donated assets are capitalized at the estimated fair value at the date of donation. Depreciation on furniture and equipment is provided on a straight-line basis over the estimated useful lives of the assets, generally three to five years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

(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 restrictions imposed by donor 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 imposed restrictions 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.

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES

Note to Financial Statements

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(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 statement 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 service and material contributions totaling \$870,039 for the year ended August 31, 2009 consisting of \$310,694 in wish-related expenses, \$456,193 in professional services and \$103,152 in special event expenses.

Included in wish-related expenses are lodging expenses, admission to theme parks, ground transportation, and airfare for the wish child and guests. Included in professional services are advertising and media contributions, which are contributions that help the Foundation communicate its message or mission and include 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. Included in special event expenses are fees for catering, facility charges, and other costs related to the event.

(i) *Income Taxes*

The Foundation is a not-for-profit organization exempt from federal income and California taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3) and Sections 12586 and 12587 of California Government 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.

In June 2006, the FASB issued Interpretation No. (FIN) 48, *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109*. FIN No. 48 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. FASB Staff Position FSP FIN 48-3, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*, permits an additional one-year deferral of the effective date of FIN No. 48 for most nonpublic entities to annual financial statements for fiscal years beginning after December 15, 2008. The Foundation has adopted the deferral and disclosure provisions of FIN 48-3 for its August 31, 2009 financial statements and will adopt the provisions of FIN 48 for the year ended August 31, 2010.

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES

Note to Financial Statements

August 31, 2009

(j) ***Functional Expenses***

The Foundation performs three functions: wish granting and program-related support, fund-raising, and management and general. Expenses that benefit more than one function of the Foundation are allocated among the functions based generally on the amount of time spent by employees on each function. Definitions of these functions are as follows:

Wish Granting and Program-Related Support

Activities performed by the Foundation related to the wish program including the identification of wish candidates and the determination and delivery of each wish. Specific activities include, but are not limited to, the development of wish resources, handling of wish referrals, out-of-territory wish placement, and administration of the wish program and performance of the wish by the Foundation.

Fund-Raising

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, 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.

(k) ***Management Estimates***

The preparation of financial statements in conformity with U.S. GAAP 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. Actual results could differ from those estimates.

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES

Note to Financial Statements

August 31, 2009

(3) Restatement

The Foundation's August 31, 2008 net assets have been restated for the following:

	Unrestricted net assets	Temporarily restricted net assets	Permanently restricted net assets	Total net assets
Net assets at August 31, 2008, as previously reported	\$ 3,089,804	877,286	29,075	3,996,165
Reclassification between net asset classes	(307,347)	307,347	—	—
Correction of value of beneficial interest in trust	—	(220,204)	—	(220,204)
Net assets at August 31, 2008, as restated	\$ <u>2,782,457</u>	<u>964,429</u>	<u>29,075</u>	<u>3,775,961</u>

The Foundation restated its net assets as of August 31, 2008 to correct for misclassifications of time restrictions of contributions receivable in the prior year. In addition, the Foundation determined that they had incorrectly computed and recorded the value of a beneficial interest in trust received in the prior year.

The impact, as a result of the corrections described above, on the August 31, 2008 Statement of Activities would have decreased the gain in total change in the net assets from \$339,662 to \$119,458.

(4) Fair Value of Financial Instruments

The Foundation adopted SFAS No. 157 on September 1, 2008 for assets and liabilities that are recognized at fair value in the financial statements. SFAS No. 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 – quoted prices in active markets for identical investments.
- Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.).
- Level 3 – significant unobservable inputs (including the Foundation's own assumptions in determining the fair value of investments).

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES

Note to Financial Statements

August 31, 2009

The following table presents fair value measurement at August 31, 2009:

Description	August 31, 2009	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash, cash equivalents, and investments:				
Cash and cash equivalents	\$ 418,332	418,332	—	—
Mutual funds:				
International equity	6,568	6,568	—	—
Bonds	552,843	552,843	—	—
Equity securities:				
U.S. corporate equity securities	768,817	768,817	—	—
Foreign equity securities	456,898	456,898	—	—
Debt securities:				
U.S. Treasury	166,319	—	166,319	—
Corporate	2,234	—	2,234	—
Residential mortgage-backed securities	550,867	—	550,867	—
Total cash, cash equivalents, and investments	<u>\$ 2,922,878</u>	<u>2,203,458</u>	<u>719,420</u>	<u>—</u>
Beneficial interest in trust (note 5)	\$ 337,603	—	—	337,603

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES

Note to Financial Statements

August 31, 2009

The following table presents a rollforward of activity for investments measured at fair value using significant unobservable inputs (Level 3) for the year ended August 31, 2009:

	Fair value measurements using significant unobservable inputs (Level 3)
	<u> </u>
Beginning balances	\$ 476,269
Total gains or losses (realized/unrealized) included in changes in net assets	<u>(138,666)</u>
Ending balance	\$ <u>337,603</u>
The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to investments still held at the reporting date	\$ <u>(138,666)</u>

Total investment losses for the year ended August 31, 2009 consist of the following:

Interest and dividend income	\$ 151,351
Realized and unrealized gains (losses,) net	(399,162)
Less investment expenses	<u>(24,063)</u>
Investment losses, net	\$ <u>(271,874)</u>

(5) Beneficial Interest in Trust

The Foundation is named income beneficiary of a charitable remainder annuity trust, for which the Foundation is not the trustee. Under this arrangement, the Foundation has the irrevocable right to receive a portion of the remaining assets at the trust's maturity. Temporarily restricted contribution revenue and the related assets are recognized at the fair value of the amounts expected to be received in the period in which the Foundation receives notice of an unconditional right to receive benefits. Subsequent changes in the value of the amounts to be received have been recorded in the accompanying statement of activities as a component of temporarily restricted net assets as a change in the value of beneficial interest in trusts. See discussion at note 3.

(6) Transactions with Related Entities

The Foundation pays the National Organization annual partnership dues, which were \$142,629 for the year ended August 31, 2009. The National Organization supports the Foundation by providing funding and support for the granting of wishes. Such support includes the identification of wish candidates, fund-raising, and facilitating the delivery of wishes.

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES

Note to Financial Statements

August 31, 2009

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 \$70,405 for the year ended August 31, 2009, which is recorded in the accompanying statement of activities as other income.

Amounts due from and to related entities are as follows:

Balance at August 31:		
Due from National Organization	\$	58,048
Due from other chapters		<u>5,120</u>
Total due from related entities	\$	<u>63,168</u>
Due to other chapters	\$	<u>9,386</u>

Amounts due from the National Organization represent contributions remitted to the National Organization that are specified for the Foundation’s use but were not yet transferred to the Foundation as of year-end. Amounts due to and due from other chapters represent wish assist fees and other charges incurred for the completion of the wish such as transportation that are either payable or receivable by the Foundation.

(7) Furniture and Equipment, Net

Furniture and equipment as of August 31, 2009 consist of the following:

Computer equipment and software	\$	148,585
Office furniture		38,028
Other equipment		<u>32,934</u>
		219,547
Less accumulated depreciation and amortization		<u>(188,334)</u>
Furniture and equipment, net	\$	<u>31,213</u>

Depreciation and amortization expense totaled \$25,519 for the year ended August 31, 2009.

(8) 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 are:

1. Receiving a referral,
2. Obtaining the required medical eligibility form,
3. Contact with the wish family has occurred to determine the prospective wish,

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4. Determination that the wish falls within the National Organization's wish granting policy, and
5. The wish is expected to be fulfilled within the next 12 months.

As of August 31, 2009, the Foundation had approximately 150 reportable pending wishes totaling \$926,530.

(9) Leases

The Foundation is obligated under various operating leases for offices and equipment, which expire at various dates through August 31, 2015. As of August 31, 2009, total rent expense for all operating leases for the year ended August 31, 2009 totaled \$164,192.

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

	Operating leases
Year ending August 31:	
2010	\$ 146,981
2011	151,409
2012	151,338
2013	154,267
2014	158,696
2015	<u>163,863</u>
Total minimum lease payments	<u>\$ 926,554</u>

(10) Temporarily and Permanently Restricted Net Asset

Temporarily restricted net assets are available for the following purposes for the year ended August 31, 2009:

Wish granting	\$ 80,758
Time restrictions	<u>499,267</u>
Total temporarily restricted net assets	<u>\$ 580,025</u>

MAKE-A-WISH FOUNDATION® OF GREATER LOS ANGELES

Note to Financial Statements

August 31, 2009

For the year ended August 31, 2009, permanently restricted net assets of \$29,075 represent restricted investments held in perpetuity, the income from which is expendable to support any activities of the Foundation.

(11) Retirement Plan

The Foundation has a defined contribution retirement 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 3% of the employee's salary. Foundation's contributions to the Plan for the year ended August 31, 2009 were \$11,686.

(12) Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash, cash equivalents, 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.

(13) Litigation and Claims

The Foundation is involved in litigation and claims arising in the normal course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Foundation's financial position or changes in net assets.

(14) Subsequent Events

Effective August 31, 2009, the Foundation adopted FASB Statement No. 165, *Subsequent Events*, which establishes principles and requirements for subsequent events and applies to accounting for and disclosure of subsequent events not addressed in other applicable GAAP. The Foundation evaluated subsequent events through May 13, 2010, the date on which the financial statements were issued.

Pursuant to an agreement dated November 12, 2009, the members of the Foundation's board of directors in conjunction with the support of Make-A-Wish Foundation of America, elected all new directors. Concurrently, all previously appointed members resigned from the board. The new board is currently governing and overseeing the Foundation's operations.