



**Financial Statements and Report of Independent
Certified Public Accountants**

Make-A-Wish Foundation of Greater Los Angeles

August 31, 2008 and 2007

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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, 2008 and 2007, 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, 2008 and 2007, 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.

Grant Thornton LLP

Reno, Nevada
November 26, 2008

Make-A-Wish Foundation of Greater Los Angeles

STATEMENTS OF FINANCIAL POSITION

August 31,

ASSETS	2008	2007
Cash and cash equivalents	\$ 283,293	\$ 542,087
Investments	1,875,194	2,880,773
Contributions receivable due within one year	421,221	255,351
Due from National Organization	43,572	38,911
Due from affiliated chapters	48,152	34,620
Long-term investments	1,080,030	514,229
Beneficial interest in remainder trusts	696,473	-
Furniture and equipment, net	47,790	55,711
Other assets	89,752	51,319
Total assets	\$ 4,585,477	\$ 4,373,001
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 234,056	\$ 166,247
Accrued pending wish costs	355,256	156,251
Accrued legal settlement	-	394,000
Total liabilities	589,312	716,498
Net assets:		
Unrestricted net assets	3,089,804	3,576,542
Temporarily restricted net assets	877,286	50,886
Permanently restricted net assets	29,075	29,075
Total net assets	3,996,165	3,656,503
Total liabilities and net assets	\$ 4,585,477	\$ 4,373,001

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, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains and other support				
Public support				
Direct public support	\$ 975,183	\$ -	\$ -	\$ 975,183
Corporate gifts	493,904	57,500	-	551,404
Major/planned gifts	889,263	696,473	-	1,585,736
In-kind contributions	427,315	108,180	-	535,495
Grants	218,600	-	-	218,600
Total public support	<u>3,004,265</u>	<u>862,153</u>	<u>-</u>	<u>3,866,418</u>
Special events				
External special events	262,023	-	-	262,023
Internal special events	798,703	15,000	-	813,703
Less direct costs of benefits to donors	(272,708)	-	-	(272,708)
Total special events	<u>788,018</u>	<u>15,000</u>	<u>-</u>	<u>803,018</u>
Other revenue				
Investment income	170,788	-	-	170,788
Net assets released from restrictions	50,753	(50,753)	-	-
Total other revenue	<u>221,541</u>	<u>(50,753)</u>	<u>-</u>	<u>170,788</u>
Total revenues, gains and other support	<u>4,013,824</u>	<u>826,400</u>	<u>-</u>	<u>4,840,224</u>
Expenses and losses				
Program services				
Wish granting	3,295,568	-	-	3,295,568
Total program services	<u>3,295,568</u>	<u>-</u>	<u>-</u>	<u>3,295,568</u>
Support services				
Fundraising	382,686	-	-	382,686
Management and general	461,002	-	-	461,002
Total support services	<u>843,688</u>	<u>-</u>	<u>-</u>	<u>843,688</u>
Total expenses	4,139,256	-	-	4,139,256
Net realized loss on investments	163,337	-	-	163,337
Net unrealized loss on investments	197,969	-	-	197,969
Total expenses and losses	<u>4,500,562</u>	<u>-</u>	<u>-</u>	<u>4,500,562</u>
CHANGE IN NET ASSETS	(486,738)	826,400	-	339,662
Net assets, beginning of the year	<u>3,576,542</u>	<u>50,886</u>	<u>29,075</u>	<u>3,656,503</u>
Net assets, end of year	<u>\$ 3,089,804</u>	<u>\$ 877,286</u>	<u>\$ 29,075</u>	<u>\$ 3,996,165</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>
Revenues, gains and other support				
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>
Expenses and losses				
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	4,190,527	-	-	4,190,527
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)
Net assets, beginning of the year	<u>3,488,206</u>	<u>121,985</u>	<u>129,075</u>	<u>3,739,266</u>
Net assets, end of year	<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 these financial statements.

Make-A-Wish Foundation of Greater Los Angeles

STATEMENT OF FUNCTIONAL EXPENSES

Year ended August 31, 2008

	Program Services	Support Services		Totals
	Wish Granting	Fundraising	Management and General	
Direct costs of wishes	\$ 2,080,698	\$ -	\$ -	\$ 2,080,698
Salaries, taxes and benefits	766,780	202,289	270,411	1,239,480
Professional fees	80,862	12,462	80,290	173,614
Office supplies	28,260	14,438	8,776	51,474
Telephone	10,834	1,924	2,624	15,382
Postage	7,784	17,553	2,697	28,034
Occupancy	134,307	34,462	46,609	215,378
Equipment repair and maintenance	11,424	2,473	4,125	18,022
Printing	8,999	33,564	4,767	47,330
Travel/conferences	19,510	9,257	13,558	42,325
Membership dues	665	-	1,363	2,028
Insurance	3,692	1,312	1,894	6,898
Miscellaneous expense	-	18,646	6,292	24,938
Depreciation and amortization	17,209	4,415	5,972	27,596
National assessment fees	124,544	29,891	11,624	166,059
	<u>\$ 3,295,568</u>	<u>\$ 382,686</u>	<u>\$ 461,002</u>	<u>\$ 4,139,256</u>

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

Make-A-Wish Foundation of Greater Los Angeles

STATEMENT OF FUNCTIONAL EXPENSES

Year ended August 31, 2007

	Program Services	Support Services		Totals
	Wish Granting	Fundraising	Management and General	
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 these financial statements.

Make-A-Wish Foundation of Greater Los Angeles

STATEMENTS OF CASH FLOWS

Year ended August 31,

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ 339,662	\$ (82,763)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	27,596	25,631
Net realized and unrealized gain (loss) on investments	361,306	(230,822)
Beneficial interest in remainder trust	(696,473)	-
Increase (decrease) in cash resulting from changes in:		
Contributions receivable	(165,870)	(66,744)
Due from National Organization	(4,661)	16,453
Due from affiliated chapters	(13,532)	(14,244)
Other assets	(38,433)	33,579
Accounts payable and accrued expenses	67,809	78,941
Accrued legal settlement	(394,000)	394,000
Accrued pending wish costs	199,005	(227,807)
Net cash used in operating activities	<u>(317,591)</u>	<u>(73,776)</u>
Cash flows from investing activities:		
Proceeds from sales of investments	1,252,471	7,924,814
Purchases of investments	(1,173,998)	(7,957,332)
Purchases of property and equipment	(19,676)	(27,203)
Net cash provided by (used in) investing activities	<u>58,797</u>	<u>(59,721)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(258,794)	(133,497)
Cash and cash equivalents, beginning of the year	<u>542,087</u>	<u>675,584</u>
Cash and cash equivalents, end of the year	<u>\$ 283,293</u>	<u>\$ 542,087</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, 2008 and 2007

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 medical 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 fundraising 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 6,388 wishes through August 31, 2008. There were 325 wishes granted during fiscal year 2008 with an average direct cost of approximately \$6,400. There were 354 wishes granted during fiscal year 2007 with an average cost of approximately \$5,100. Of the wishes granted, 62 wishes were accrued as reportable pending wishes as of August 31, 2008; in fiscal year 2007, there were 31 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, 2008 and 2007

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, in-kind contributions and beneficial interest in remainder trust.

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, 2008 and 2007

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, 2008 and 2007.

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 \$535,000 and \$529,000 in 2008 and 2007, 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, 2008 and 2007

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 costs of reportable pending wishes when five certain, measurable wish criteria are met. Reportable pending wish criteria as of August 31, 2007 include receiving a referral, obtaining the medical eligibility form, contact with the wish family to determine the wish, approval by the local Foundation through its normal process, and that the wish is expected to be granted within the next fiscal year.

Reportable pending wish criteria as of August 31, 2008 are the same with the exception of the criteria for approval by the local Foundation through its normal process. During 2008, the National Organization provided more specific guidance on the intent of this criteria. The criteria change ensures that wishes fall within the National Organization's wish granting policy rather than focusing on approval processes that vary across chapters.

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, fundraising, 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.

Make-A-Wish Foundation of Greater Los Angeles

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2008 and 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Functional Expenses - Continued

Management and General: All costs not identifiable with a single program or fundraising activity, but indispensable to the conduct of such programs and activities and to the Foundation's existence. 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.

NOTE 3 - INVESTMENTS

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

	<u>2008</u>	<u>2007</u>
Equity securities	\$1,682,547	\$2,120,914
Debt securities		
Mortgage-backed securities	507,463	551,000
Government bonds	765,213	723,088
Total investments	<u>2,955,223</u>	<u>3,395,002</u>
Less current maturities	<u>(1,875,193)</u>	<u>(2,880,773)</u>
Long-term investments	<u>\$1,080,030</u>	<u>\$ 514,229</u>

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

	<u>2008</u>	<u>2007</u>
Investment income	\$170,788	\$167,670
Net realized gains	(126,540)	451,357
Net unrealized gain (losses)	<u>(197,969)</u>	<u>(189,326)</u>
Total investment return before investment expense	(153,721)	429,701
Investment expense	36,797	31,209
Total investment return, net of expense	<u>\$(190,518)</u>	<u>\$398,492</u>

Make-A-Wish Foundation of Greater Los Angeles

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2008 and 2007

NOTE 4 - BENEFICIAL INTEREST

During the year ended August 31, 2008, the Foundation was notified that they were named as a secondary beneficiary in two charitable remainder annuity trusts created by the same deceased donor. The primary beneficiary of one of the trusts predeceased the donor and the majority of the proceeds from that trust were distributed during the 2008 fiscal year. The remaining charitable trust, in accordance with the terms of the trust, will distribute to the Foundation one third of the value at the time of death of its primary beneficiary.

Contribution revenue on the trusts is recognized based on the estimated future cash flows that are expected to be received. The present value is calculated using a discount rate (4.2% at the date of the gift) which represents the risk-free rate and an estimated life of 12.84 years based on the fair market value of the investments held by a third party. Gains or losses resulting from changes in the fair market value of the investments are recorded as increases or decreases in the respective net assets class in the statement of activities.

NOTE 5 - FURNITURE AND EQUIPMENT

A summary of furniture and equipment as of August 31:

	<u>2008</u>	<u>2007</u>
Computer equipment and software	\$139,643	\$119,967
Office furniture	38,028	38,028
Other equipment	32,934	32,934
	<u>210,605</u>	<u>190,929</u>
Less accumulated depreciation and amortization	<u>(162,815)</u>	<u>(135,218)</u>
Furniture and equipment, net	<u>\$ 47,790</u>	<u>\$ 55,711</u>

Depreciation and amortization expense amounted to \$27,596 and \$25,631 in 2008 and 2007, respectively.

NOTE 6 - TRANSACTIONS WITH RELATED PARTIES

The Foundation pays the National Organization an annual assessment fee, which was \$166,059 and \$120,511 for the years ended August 31, 2008 and 2007, respectively. Due from National Organization balance of \$43,572 and \$38,911 as of August 31, 2008 and 2007, respectively, represents contributions received by the National Organization on behalf of the Foundation.

Due from affiliated chapters of \$48,152 and \$34,620 as of August 31, 2008 and 2007, 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 \$61,503 and \$65,277 collected from other chapters for the years ended August 31, 2008 and 2007, respectively.

Make-A-Wish Foundation of Greater Los Angeles

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2008 and 2007

NOTE 7 - 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 2008 of \$22,292 and \$20,906 in 2007.

NOTE 8 - 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, 2008 and 2007 as \$165,036 and \$153,410, 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,	
2009	\$ 143,290
2010	146,981
2011	151,409
2012	151,338
2013	154,267
Thereafter	<u>322,559</u>
	<u>\$1,069,844</u>

Severance Package for Former CEO

The Foundation negotiated a severance package for the former CEO/President in the amount of \$394,000. The amount was accrued in the statement of functional expenses for the year ended August 31, 2007 and paid in fiscal year 2008.

Make-A-Wish Foundation of Greater Los Angeles
NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2008 and 2007

NOTE 9 - RESTRICTED NET ASSETS

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

	<u>2008</u>	<u>2007</u>
Major/planned gifts	\$696,473	\$ -
Program events	72,500	11,800
Specific wishes	<u>108,313</u>	<u>39,086</u>
Total temporarily restricted net assets	<u>\$877,286</u>	<u>\$50,886</u>

Permanently restricted net assets at August 31 are restricted to:

	<u>2008</u>	<u>2007</u>
Investment in perpetuity, the income from which is expendable to support the mission of the Foundation	<u>\$29,075</u>	<u>\$29,075</u>

NOTE 10 - 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, 2008 and 2007 as follows:

	<u>2008</u>	<u>2007</u>
Program events	\$11,800	\$ 68,480
Specific wishes	38,953	53,505
General wishes	<u>-</u>	<u>100,000</u>
Total net assets released from donor restrictions	<u>\$50,753</u>	<u>\$221,985</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.

Make-A-Wish Foundation of Greater Los Angeles

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2008 and 2007

NOTE 11 - CONCENTRATIONS

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.

Investments

As of August 31, 2008, the Foundation held interest in two pooled funds that exceeded 5 percent of the total investments. The two pooled funds represented 17 percent of the total investment portfolio.

NOTE 12 - RISKS AND UNCERTAINTIES

The Foundation invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, overall market volatility and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the chapter's account balances and the amounts reported in the statements of financial position.