

Greater Bay Area Make-A-Wish Foundation

FY
2008
ANNUAL REPORT

**celebrating 25 years of
hope, strength & joy**

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

THE BOARD OF DIRECTORS GREATER BAY AREA MAKE-A-WISH FOUNDATION:

We have audited the accompanying statements of financial position of Greater Bay Area Make-A-Wish Foundation (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 misstatements. 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 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 Greater Bay Area Make-A-Wish Foundation as of August 31, 2008 and 2007, and the change 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

December 9, 2008

STATEMENT OF FINANCIAL POSITION

August 31,	2008	2007
ASSETS		
Cash and cash equivalents	\$ 228,660	\$ 397,014
Investments	2,929,038	4,016,905
Contributions receivable	135,402	78,262
Due from affiliated Chapters	–	26,343
Prepaid expenses	3,550	14,178
Supply inventories	35,809	26,771
Long-term investments	548,450	–
Property and equipment, net	22,973	57,547
	<hr/>	<hr/>
Total assets	<u>\$ 3,903,882</u>	<u>\$ 4,617,020</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 168,546	\$ 234,211
Accrued pending wish costs	824,577	610,102
Due to National Organization	37,599	–
Due to affiliated Chapters	2,421	15,268
Total liabilities	<hr/> 1,033,143 <hr/>	<hr/> 859,581 <hr/>
Net assets:		
Unrestricted	2,762,039	3,707,482
Temporarily restricted	97,200	48,457
Permanently restricted	11,500	1,500
Total net assets	<hr/> 2,870,739 <hr/>	<hr/> 3,757,439 <hr/>
Total liabilities and net assets	<u>\$ 3,903,882</u>	<u>\$ 4,617,020</u>

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

STATEMENT OF ACTIVITIES

Year ended August 31, 2008	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL
Revenues, gains and other support				
Public support				
Direct public support	\$ 1,682,681	\$ -	\$ 10,000	\$ 1,692,681
Corporate gifts	362,346	-	-	362,346
Major/planned gifts	149,527	-	-	149,527
Grants	63,260	-	-	63,260
In-kind	650,205	97,200	-	747,405
Total public support	2,908,019	97,200	10,000	3,015,219
Special events				
External special events	476,963	-	-	476,963
Internal special events	2,406,227	-	-	2,406,227
Less direct costs of benefits to donors	(1,269,755)	-	-	(1,269,755)
Total special events	1,613,435	-	-	1,613,435
Other revenue				
Investment income	105,011	-	-	105,011
Net realized and unrealized losses on investments	(285,870)	-	-	(285,870)
Net assets released from restriction	48,457	(48,457)	-	-
Total other revenue	(132,402)	(48,457)	-	(180,859)
Total revenues, gains and other support	4,389,052	48,743	10,000	4,447,795
Expenses				
Program services				
Wish granting	4,357,390	-	-	4,357,390
Total program services	4,357,390	-	-	4,357,390
Support services				
Fundraising	844,929	-	-	844,929
Management and general	132,176	-	-	132,176
Total support services	977,105	-	-	977,105
Total expenses	5,334,495	-	-	5,334,495
CHANGE IN NET ASSETS	(945,443)	48,743	10,000	(886,700)
Net assets, beginning of the year	3,707,482	48,457	1,500	3,757,439
Net assets, end of the year	\$ 2,762,039	\$ 97,200	\$ 11,500	\$ 2,870,739

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

STATEMENT OF ACTIVITIES

Year ended August 31, 2007	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL
Revenues, gains and other support				
Public support				
Direct public support	\$ 1,835,792	\$ -	\$ 1,500	\$ 1,837,292
Corporate gifts	62,239	-	-	62,239
Major/planned gifts	306,527	-	-	306,527
Grants	244,430	-	-	244,430
In-kind	805,511	43,457	-	848,968
Total public support	3,254,499	43,457	1,500	3,299,456
Special events				
External special events	345,678	-	-	345,678
Internal special events	2,094,908	5,000	-	2,099,908
Less direct costs of benefits to donors	(1,106,900)	-	-	(1,106,900)
Total special events	1,333,686	5,000	-	1,338,686
Other revenue				
Investment income	115,735	-	-	115,735
Net realized and unrealized gains on investments	448,037	-	-	448,037
Net assets released from restriction	195,740	(195,740)	-	-
Total other revenue	759,512	(195,740)	-	563,772
Total revenues, gains and other support	5,347,697	(147,283)	1,500	5,201,914
Expenses				
Program services				
Wish granting	4,957,785	-	-	4,957,785
Total program services	4,957,785	-	-	4,957,785
Support services				
Fundraising	398,294	-	-	398,294
Management and general	70,883	-	-	70,883
Total support services	469,177	-	-	469,177
Total expenses	5,426,962	-	-	5,426,962
CHANGE IN NET ASSETS	(79,265)	(147,283)	1,500	(225,048)
Net assets, beginning of the year	3,786,747	195,740	-	3,982,487
Net assets, end of the year	\$ 3,707,482	\$ 48,457	\$ 1,500	\$ 3,757,439

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

STATEMENT OF FUNCTIONAL EXPENSES

Year ended August 31, 2008	Program Services		Support Services		TOTALS
	Wish Granting	Fundraising	Management and General		
Direct costs of wishes	\$ 2,403,768	\$ -	\$ -	\$ 2,403,768	
Salaries and benefits	1,011,360	437,406	68,425	1,517,191	
Travel/conferences	36,466	15,772	2,467	54,705	
National assessment fee	112,913	48,834	7,639	169,386	
Occupancy	162,618	70,331	11,002	243,951	
Printing	132,107	57,135	8,938	198,180	
Professional fees	214,913	92,948	14,540	322,401	
Depreciation expense	24,668	10,669	1,669	37,006	
Materials/supplies	27,014	11,684	1,828	40,526	
Telephone	14,296	6,183	967	21,446	
Postage and delivery	88,135	38,118	5,963	132,216	
Insurance	7,567	3,273	512	11,352	
Repairs and maintenance	16,237	7,023	1,099	24,359	
Membership dues	3,886	1,680	263	5,829	
Promotion	14,488	6,266	980	21,734	
Facilities and catering	9,794	4,236	663	14,693	
Bank fees	70,454	30,471	4,767	105,692	
Miscellaneous	6,706	2,900	454	10,060	
	<u>\$ 4,357,390</u>	<u>\$ 844,929</u>	<u>\$ 132,176</u>	<u>\$ 5,334,495</u>	

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

STATEMENT OF FUNCTIONAL EXPENSES

Year ended August 31, 2007	Program Services	Support Services		TOTALS
	Wish Granting	Fundraising	Management and General	
Direct costs of wishes	\$2,357,176	\$ -	\$ -	\$ 2,357,176
Salaries and benefits	1,186,818	179,365	44,143	1,410,326
Travel/conferences	122,198	16,690	552	139,440
National assessment fee	112,107	8,941	4,170	125,218
Occupancy	236,495	17,823	8,312	262,630
Printing	222,775	35,642	1,253	259,670
Professional fees	230,160	31,552	3,254	264,966
Depreciation expense	33,792	2,695	1,257	37,744
Materials/supplies	39,229	51,536	892	91,657
Telephone	19,967	1,429	666	22,062
Postage and delivery	213,993	10,843	569	225,405
Insurance	12,077	963	449	13,489
Repairs and maintenance	33,638	2,683	1,251	37,572
Membership dues	5,950	472	220	6,642
Promotion	28,698	5,220	601	34,519
Facilities and catering	15,618	112	52	15,782
Bank fees	75,497	31,406	2,808	109,711
Miscellaneous	11,597	922	434	12,953
	<u>\$ 4,957,785</u>	<u>\$ 398,294</u>	<u>\$ 70,883</u>	<u>\$ 5,426,962</u>

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

STATEMENT OF CASH FLOWS

August 31,	2008	2007
Cash flows from operating activities:		
Change in net assets	\$ (886,700)	\$ (225,048)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	37,006	37,744
Net realized and unrealized (gain) loss on investments	285,870	(448,037)
Loss in sale of assets	-	1,041
Increase (decrease) in cash resulting from changes in:		
Contributions receivable	(57,140)	96,473
Due from National Organization and other chapters	51,095	63,783
Prepaid expenses	10,628	60,544
Supply inventories	(9,038)	3,170
Accounts payable and accrued expenses	(65,665)	69,642
Accrued pending wish costs	214,475	(161,777)
Net cash used in operating activities	<u>(419,469)</u>	<u>(502,465)</u>
Cash flows from investing activities:		
Purchases of investments	(2,884,556)	(3,537,166)
Proceeds from sales of investments	3,138,103	3,886,718
Proceeds on note receivable	-	150,000
Purchases of property and equipment	(2,432)	(11,145)
Net cash provided by investing activities	<u>251,115</u>	<u>488,407</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(168,354)	(14,058)
Cash and cash equivalents, beginning of the year	397,014	411,072
Cash and cash equivalents, end of the year	\$ <u>228,660</u>	\$ <u>397,014</u>

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

NOTES TO FINANCIAL STATEMENTS

August 31, 2008 and 2007

NOTE 1 - ORGANIZATION

The Greater Bay Area Make-A-Wish Foundation (the "Foundation") is a California nonprofit corporation, organized for the purpose of granting wishes to children with life-threatening illnesses. The Foundation is an independently operating chapter of Make-A-Wish Foundation of America (the "National Organization"), which is obligated to develop and implement national programs in public relations and fundraising for the benefit of all local chapters. The Foundation is obligated to comply with the National Organization's bylaws, chapter agreement and certain guidelines, resolutions, and policies.

The Foundation granted its first wish in 1984 and has granted a total of 4,839 wishes through August 31, 2008. For the year ended August 31, 2008, the Foundation granted 310 wishes at an average direct cost per wish of approximately \$7,500. For the year ended August 31, 2007, the Foundation granted 316 wishes at an average direct cost per wish of approximately \$7,600. As of August 31, 2008 and 2007, the Foundation had 111 and 101 accrued pending wishes included in the statement of financial position, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

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.

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 have been fulfilled and/or the stipulated time period has elapsed, are reported as reclassifications between the applicable classes of net assets.

CASH EQUIVALENTS

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

INVESTMENTS

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

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.

NOTES TO FINANCIAL STATEMENTS - Continued

August 31, 2008 and 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 AND MATERIALS

The Foundation records contributions of services if the services received create or enhance nonfinancial assets, or require specialized skills that 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 statements of activities at an estimated fair market value of \$1,505,238 and \$1,464,791 for the years ended August 31, 2008 and 2007, respectively. Of the total service and material donations received \$757,833 and \$615,823 are included in special events revenue in the accompanying statement of activities at August 31, 2008 and 2007, respectively.

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 revenues of unrestricted net assets.

- 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.

INVENTORIES

Inventories consist primarily of brochures and other printed materials.

NOTES TO FINANCIAL STATEMENTS - Continued

August 31, 2008 and 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost when purchased, or, if contributed, at fair market value at date of gift, and are depreciated using the straight-line method over three to ten years. Leasehold improvements are depreciated using the straight-line method over five years or the remaining life of the lease, whichever is less.

IMPAIRMENT OF LONG-LIVED ASSETS

The Foundation reviews long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

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.

TAX-EXEMPT STATUS

The Foundation has 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 taxation by the California Franchise Tax Board under Section 23701(d).

USE OF ESTIMATES

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include accrued pending wishes and in-kind contributions.

NOTES TO FINANCIAL STATEMENTS - Continued

August 31, 2008 and 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 fulfill wishes to children with lifethreatening medical 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 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.

RECLASSIFICATIONS

Certain reclassifications have been made to the fiscal year 2007 financial statements to conform to the fiscal year 2008 presentation.

NOTE 3 - INVESTMENTS

A summary of investments as of August 31, 2008 and 2007 follows:

	2008	2007
Debt securities		
US Government obligations	\$ 253,178	\$ 304,081
Corporate obligations	363,445	442,167
Mutual funds	956,418	1,126,338
Equity securities	1,808,994	2,144,319
Limited partnerships	95,453	-
Total investments	3,477,488	4,016,905
Less current maturities	(2,929,038)	(4,016,905)
Long-term maturities	\$ 548,450	\$ -0-

The unrealized loss and the realized gains on investments for the year ended August 31, 2008 were \$292,625 and \$6,755, respectively. The unrealized gain and the realized gain on investments for the year ended August 31, 2007 were \$447,604 and \$433, respectively.

NOTES TO FINANCIAL STATEMENTS - Continued

August 31, 2008 and 2007

NOTE 4 - PROPERTY AND EQUIPMENT

A summary of property and equipment as of August 31, 2008 and 2007 follows:

	2008	2007
Office furniture and equipment	\$ 313,012	\$ 310,580
Leasehold improvements	12,089	12,089
	325,101	322,669
Less accumulated depreciation and amortization	(302,128)	(265,122)
Furniture and equipment, net	\$ 22,973	\$ 57,547

NOTE 5 - TRANSACTIONS WITH THE NATIONAL ORGANIZATION AND OTHER CHAPTERS

The Foundation pays the National Organization an annual assessment, which was \$169,386 and \$125,218 for the years ended August 31, 2008 and 2007, respectively. The balance due to the National Organization as of August 31, 2008 and 2007 of \$37,599 and \$-0-, respectively, represents the balance on this assessment.

Due to other chapters of \$2,421 as of August 31, 2008, and due from other chapters of \$26,343 as of August 31, 2007 represent reimbursable costs incurred to assist in the granting of wishes by other chapters.

The Foundation had a note receivable with the National Organization with an outstanding balance of \$150,000, which was paid in full on March 1, 2007.

NOTE 6 - LEASES

The Foundation leases office facilities and equipment under noncancelable operating leases, which have various expiration dates through 2010. Rent expense for the years ended August 31, 2008 and 2007, was \$243,951 and \$262,630, respectively.

For the year ending August 31, future minimum lease payments under these noncancelable operating leases consist of the following:

2009	\$ 222,863
2010	223,307
2011	135,135
	\$ 581,305

NOTES TO FINANCIAL STATEMENTS - Continued

August 31, 2008 and 2007

NOTE 7 - SIMPLIFIED EMPLOYEE PENSION PLAN

The Foundation has a defined contribution annuity plan covering substantially all of its employees. Employees are eligible to participate in the plan as of their date of hire, and the Foundation contributes 3% of the participant's salary to the plan. Retirement plan expense was \$27,079 and \$28,061 for the years ended August 31, 2008 and 2007, respectively.

NOTE 8 - RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following:

	2008	2007
Time restricted	\$ -	\$ 5,000
Wish granted	97,200	43,457
	<u>\$ 97,200</u>	<u>\$ 48,457</u>

Net assets are released from donor restriction when expenses are incurred to satisfy the restricted purpose. Net assets of \$48,457 and \$195,740 were released from time restrictions for the years ended August 31, 2008 and 2007, respectively.

NOTE 9 - CONCENTRATIONS 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 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 balances may exceed the amount of the FDIC insurance coverage. The Foundation, however, does not anticipate nonperformance by the institution.

NOTE 10 - 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.



Greater Bay Area Make-A-Wish Foundation®

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