



Financial Statements and Report of Independent
Certified Public Accountants

Make-A-Wish Foundation of Hawaii

August 31, 2008 and 2007

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Report of Independent Certified Public Accountants

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The Board of Directors
Make-A-Wish Foundation of Hawaii

We have audited the accompanying statements of financial position of Make-A-Wish Foundation of Hawaii 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 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 Hawaii 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.

A handwritten signature in black ink that reads "Grant Thornton LLP".

Honolulu, Hawaii
December 15, 2008

Make-A-Wish Foundation of Hawaii

STATEMENTS OF FINANCIAL POSITION

August 31,

ASSETS	<u>2008</u>	<u>2007</u>
Cash and cash equivalents (notes B3 and B13)	\$ 192,928	\$ 301,971
Short-term investments (notes B4, C, and K)	923,628	690,990
Interest receivable	4,820	9,118
Contribution receivable (note B8)	13,272	15,430
Due from other chapters (note D)	7,950	10,933
Due from National Office (note F)	9,701	25,326
Prepaid expenses and other assets	1,127	2,133
Equipment, net (notes B9 and E)	1,396	2,749
Deposits	1,534	1,534
Long-term investments (notes B4, C, and K)	<u>518,460</u>	<u>514,950</u>
TOTAL ASSETS	<u>\$ 1,674,816</u>	<u>\$ 1,575,134</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 21,340	\$ 29,929
Accrued pending wish costs (notes A and B10)	<u>226,954</u>	<u>58,905</u>
Total liabilities	248,294	88,834
Commitments and contingency	-	-
Net assets:		
Unrestricted:		
Board designated for long-term investment	98,510	98,510
Undesignated	<u>861,035</u>	<u>959,320</u>
Total unrestricted net assets	959,545	1,057,830
Temporarily restricted net assets (note I)	47,027	12,030
Permanently restricted (note H)	<u>419,950</u>	<u>416,440</u>
Total net assets	<u>1,426,522</u>	<u>1,486,300</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,674,816</u>	<u>\$ 1,575,134</u>

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

Make-A-Wish Foundation of Hawaii

STATEMENT OF ACTIVITIES

Year ended August 31, 2008

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Public Support:				
Direct public support (note B5)	\$ 195,887	\$ -	\$ 3,510	\$ 199,397
Corporate gifts (note B5)	118,435	13,272	-	131,707
Non-Hawaii Wishes (note B6):				
In-kind amounts received for other chapters	740,393	-	-	740,393
In-kind amounts forwarded to other chapters	(740,393)	-	-	(740,393)
Grants and memorials	102,887	35,000	-	137,887
Internal special events	46,099	-	-	46,099
External special events	71,251	-	-	71,251
Total public support	<u>534,559</u>	<u>48,272</u>	<u>3,510</u>	<u>586,341</u>
Other revenue:				
Investment income (note B7)	27,066	24,797	-	51,863
Net realized and unrealized loss on investments, net of consulting fees paid (note C)	(109,680)	-	-	(109,680)
Other income (note D)	220,650	-	-	220,650
Net assets released from restrictions - satisfaction of program restrictions (note I)	38,072	(38,072)	-	-
Total public support and other revenues	<u>710,667</u>	<u>34,997</u>	<u>3,510</u>	<u>749,174</u>
Expenses (notes B12, D, F, G, and J):				
Program services:				
Wish granting - Hawaii	540,206	-	-	540,206
Wish granting - Visitor program (note D)	943,479	-	-	943,479
In-kind amounts forwarded to other chapters (note B6)	(740,393)	-	-	(740,393)
Public information	5,569	-	-	5,569
Committee and board support	2,493	-	-	2,493
Total program services	<u>751,354</u>	<u>-</u>	<u>-</u>	<u>751,354</u>
Support services:				
Fund raising	49,146	-	-	49,146
Management and general	8,452	-	-	8,452
Total support services	<u>57,598</u>	<u>-</u>	<u>-</u>	<u>57,598</u>
Total expenses	<u>808,952</u>	<u>-</u>	<u>-</u>	<u>808,952</u>
CHANGE IN NET ASSETS	(98,285)	34,997	3,510	(59,778)
Net assets at September 1, 2007	<u>1,057,830</u>	<u>12,030</u>	<u>416,440</u>	<u>1,486,300</u>
Net assets at August 31, 2008	<u>\$ 959,545</u>	<u>\$ 47,027</u>	<u>\$ 419,950</u>	<u>\$ 1,426,522</u>

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

Make-A-Wish Foundation of Hawaii

STATEMENT OF ACTIVITIES

Year ended August 31, 2007

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Public Support:				
Direct public support (note B5)	\$ 207,519	\$ -	\$ 2,546	\$ 210,065
Corporate gifts (note B5)	210,509	12,030	-	222,539
Non-Hawaii Wishes (note B6):				
In-kind amounts received for other chapters	804,060	-	-	804,060
In-kind amounts forwarded to other chapters	(804,060)	-	-	(804,060)
Grants and memorials	71,170	-	-	71,170
Internal special events	53,955	-	-	53,955
External special events	51,996	-	-	51,996
Total public support	595,149	12,030	2,546	609,725
Other revenue:				
Investment income (note B7)	17,926	26,311	-	44,237
Net realized and unrealized gains on investments, net of consulting fees paid (note C)	57,105	-	-	57,105
Other income - Visitor program (note D)	207,450	-	-	207,450
Net assets released from restrictions - satisfaction of program restrictions (note I)	29,183	(29,183)	-	-
Total public support and other revenues	906,813	9,158	2,546	918,517
Expenses (notes B12, D, F, G, and J):				
Program services:				
Wish granting - Hawaii	439,760	-	-	439,760
Wish granting - Visitor program (note D)	1,002,618	-	-	1,002,618
In-kind amounts forwarded to other chapters (note B6)	(804,060)	-	-	(804,060)
Public information	5,267	-	-	5,267
Committee and board support	3,262	-	-	3,262
Total program services	646,847	-	-	646,847
Support services:				
Fund raising	51,481	-	-	51,481
Management and general	8,294	-	-	8,294
Total support services	59,775	-	-	59,775
Total expenses	706,622	-	-	706,622
CHANGE IN NET ASSETS	200,191	9,158	2,546	211,895
Net assets at September 1, 2006	857,639	2,872	413,894	1,274,405
Net assets at August 31, 2007	<u>\$ 1,057,830</u>	<u>\$ 12,030</u>	<u>\$ 416,440</u>	<u>\$ 1,486,300</u>

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

Make-A-Wish Foundation of Hawaii

STATEMENT OF FUNCTIONAL EXPENSES

Year ended August 31, 2008

	Program services			Support services		Totals	
	Wish granting		Public information	Committee and board support	Fund raising		Management and general
	Hawaii	Visitor program					
Direct cost of wishes	\$ 431,752	\$ 748,724	\$ -	\$ -	\$ -	\$ -	\$ 1,180,476
In-kind amounts forwarded to other chapters (note B6)	-	(740,393)	-	-	-	-	(740,393)
Salaries, taxes, and benefits (note J)	78,519	135,820	-	-	3,376	3,376	221,091
Public relations	-	-	5,569	-	337	202	6,108
Rent (note G)	17,195	34,768	-	-	2,426	2,426	56,815
Professional fees	2,086	4,172	-	-	37,931	348	44,537
Meetings and conferences	-	-	-	2,493	-	-	2,493
Postage/delivery	739	1,099	-	-	165	132	2,135
Telephone	1,467	4,438	-	-	170	170	6,245
Office supplies	609	1,173	-	-	328	93	2,203
National assessment (note F)	6,208	9,311	-	-	3,725	1,448	20,692
Depreciation	401	860	-	-	46	46	1,353
Miscellaneous	1,230	3,114	-	-	642	211	5,197
	<u>\$ 540,206</u>	<u>\$ 203,086</u>	<u>\$ 5,569</u>	<u>\$ 2,493</u>	<u>\$ 49,146</u>	<u>\$ 8,452</u>	<u>\$ 808,952</u>

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

Make-Wish Foundation of Hawaii

STATEMENT OF FUNCTIONAL EXPENSES

Year ended August 31, 2007

	Program services			Support services		Totals	
	Wish granting		Public information	Committee and board support	Fund raising		Management and general
	Hawaii	Visitor program					
Direct cost of wishes	\$ 340,083	\$ 812,021	\$ -	\$ -	\$ -	\$ -	\$ 1,152,104
In-kind amounts forwarded to other chapters (note B6)	-	(804,060)	-	-	-	-	(804,060)
Salaries, taxes, and benefits (note J)	74,194	139,229	-	-	3,425	3,425	220,273
Public relations	-	-	5,267	-	548	262	6,077
Rent (note G)	15,687	33,765	-	-	2,929	2,929	55,310
Professional fees	1,882	3,765	-	-	41,314	414	47,375
Meetings and conferences	-	-	-	3,262	-	-	3,262
Postage/delivery	537	896	-	-	620	137	2,190
Telephone	1,606	4,238	-	-	174	174	6,192
Office supplies	871	1,572	-	-	181	131	2,755
National assessment (note F)	3,056	4,584	-	-	1,834	713	10,187
Depreciation	523	1,142	-	-	52	52	1,769
Insurance	-	-	-	-	-	-	-
Miscellaneous	1,321	1,406	-	-	404	57	3,188
	<u>\$ 439,760</u>	<u>\$ 198,558</u>	<u>\$ 5,267</u>	<u>\$ 3,262</u>	<u>\$ 51,481</u>	<u>\$ 8,294</u>	<u>\$ 706,622</u>

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

Make-A-Wish Foundation of Hawaii

STATEMENTS OF CASH FLOWS

Year ended August 31,

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ (59,778)	\$ 211,895
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,353	1,769
Net unrealized and realized (gains) losses on investments	94,540	(70,795)
Permanently restricted contributions	(3,510)	(2,546)
Increase (decrease) in cash resulting from changes in assets:		
Interest receivable	4,298	(410)
Contribution receivable	2,158	(12,258)
Due from other chapters	2,983	(1,103)
Due from National Office	15,625	(11,820)
Prepaid expenses and other assets	1,006	8,909
Increase (decrease) in cash resulting from changes in liabilities:		
Accounts payable	(8,589)	8,444
Accrued pending wish costs	168,049	9,405
	<u>218,135</u>	<u>141,490</u>
Net cash provided by operating activities		
	218,135	141,490
Cash flows from investing activities:		
Purchase of investments	(995,862)	(570,096)
Proceeds from sale of investments	665,174	561,722
	<u>(330,688)</u>	<u>(8,374)</u>
Net cash used in investing activities		
	(330,688)	(8,374)
Cash flows from financing activities:		
Proceeds from contributions restricted for investments in endowment	3,510	2,546
	<u>3,510</u>	<u>2,546</u>
Net cash provided by financing activities		
	3,510	2,546
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(109,043)	135,662
Cash and cash equivalents at beginning of year	<u>301,971</u>	<u>166,309</u>
Cash and cash equivalents at end of year	<u>\$ 192,928</u>	<u>\$ 301,971</u>

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

Make-A-Wish Foundation of Hawaii

NOTES TO FINANCIAL STATEMENTS

August 31, 2008 and 2007

NOTE A – ORGANIZATION

Make-A-Wish Foundation of Hawaii (Foundation) is a Hawaii nonprofit 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, which is obligated 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 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 1984 and has granted a total of 674 wishes through August 31, 2008. For the year ended August 31, 2008, the Foundation granted 40 wishes at average cash cost per wish of approximately \$4,900 and in-kind cost of \$1,900. For the year ended August 31, 2007, the Foundation granted 41 wishes at average cash cost per wish of approximately \$4,800 and in-kind cost of \$2,800. As of August 31, 2008 and 2007, the Foundation had 27 and 8 total pending wishes, respectively. Total estimated cash and in-kind cost reported as accrued pending wishes in the August 31, 2008 and 2007 statements of financial position amounted to \$226,954 and \$58,905, respectively.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Foundation's principal accounting policies applied in the preparation of the accompanying financial statements follows.

1. Basis of Presentation

The Foundation presents its accounts in accordance with the American Institute of Certified Public Accountants Audit and Accounting Guide for Not-for-Profit Organizations ("Audit Guide"). Under the Audit Guide, 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. Voluntary health and welfare organizations 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 on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that must be maintained permanently by the Foundation. Generally, the donors of these assets permit the institution to use all or part of the income earned on related investments for general or specific purposes.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Foundation and/or the passage of time.

Unrestricted net assets – Net assets not subject to donor-imposed stipulations.

Make-A-Wish Foundation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

August 31, 2008 and 2007

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Basis of Presentation (continued)

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.

2. 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 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.

3. Cash and 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.

4. Investments

Investments, consisting primarily of a certificate of deposit, U.S. government securities, corporate stocks and bonds, and mutual funds, with readily determinable market values, are measured at fair value based on quoted market prices as of year end in the financial statements. Investment income and net realized and unrealized gains and losses on investments are recognized in the statements of activities.

5. Contributions

Contributions, grants, and bequests, including unconditional promises to give, are recognized as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. The Foundation classifies donor-restricted contributions as unrestricted if the restrictions are met in the same year the contributions are received.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services shall be recognized if the services received (a) create or enhance nonfinancial 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. For the years ended August 31, 2008 and 2007, the Foundation received service and material donations, which are included as part of corporate public support in the accompanying statements of activities at an estimated fair market value of approximately \$103,000 and \$152,000, respectively.

Make-A-Wish Foundation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

August 31, 2008 and 2007

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Non-Hawaii Wishes

The Foundation receives in-kind amounts to assist other chapters in wish granting activities. These in-kind amounts are presented as amounts received for other chapters and amounts forwarded to other chapters in the accompanying statements of activities. The estimated fair value of the in-kind amounts received and forwarded for the years ended August 31, 2008 and 2007 amounted to \$740,393 and \$804,060, respectively.

7. Investment Income

Income and net gains on investments of endowment and similar funds are reported as follows:

- As increases in permanently restricted net assets if the terms of the gift or the Foundation's Board of Directors (Board) interpretation of relevant state law require that they be added to the principal of a permanent endowment fund;
- As increases in temporarily restricted net assets if the terms of the gift impose restrictions on the use of the income; or
- As increases in unrestricted net assets in all other cases.

8. Contributions Receivable

Contributions receivable represent unconditional promises to give by donors. Current contributions receivable are expected to be collected during the next fiscal year and are recorded at net realizable value. Contributions receivable related to pledge campaigns are considered unrestricted as the donor's intention is to support current-period activities, as these gifts are related to wish granting for children with immediate needs. Long-term contributions receivable are expected to be collected after one fiscal year. Contributions, which are expected to be collected after one year, have been discounted and are reflected in the financial statements at their net present value.

9. Equipment

Equipment is recorded at cost when purchased or fair market value at the date of gift, if contributed, and is depreciated using the straight-line method over five years.

10. Accrued Pending Wish Costs

The Chapter 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 Chapter through its normal process, and that the wish is expected to be granted within the next fiscal year.

Make-A-Wish Foundation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

August 31, 2008 and 2007

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Accrued Pending Wish Costs (continued)

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

11. 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 Hawaii taxation.

12. Functional Expenses

The Foundation performs five functions: wish granting, committee and board support, public information, 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 terminal illnesses or life-threatening medical conditions creating the probability that the children will not survive beyond their eighteenth year.

Committee and Board Support – Activities performed by the Foundation in preparation for, participation in, and follow-up on the Board's meetings and all meetings of committees of the Board and of the Foundation as it relates to chapter oversight or chapter wish granting.

Public Information – Activities performed by the Foundation involving communicating the purpose and services of the Foundation to all potential sources of referrals.

Fund Raising – Activities performed by the Foundation to generate funds and/or resources to support its programs and operations. The Foundation incurred no significant joint costs for activities that included a fund-raising appeal during fiscal years 2008 and 2007.

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 record-keeping, 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 primarily on space allocated to each function.

Make-A-Wish Foundation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

August 31, 2008 and 2007

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

13. 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 and investments with high credit quality financial institutions and generally limits the amount of credit exposure to the amount in excess of the Federal Deposit Insurance Corporation (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.

14. Reclassifications

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

NOTE C – INVESTMENTS

As of August 31, 2008 and 2007, investments are classified as short-term and long-term as follows:

	<u>2008</u>	<u>2007</u>
Short-term investments:		
Unrestricted	\$ 923,628	\$ 690,990
Long-term investments:		
Permanently restricted	419,950	416,440
Designated for long-term investment by Board of Directors	<u>98,510</u>	<u>98,510</u>
Total long-term investments	<u>518,460</u>	<u>514,950</u>
Total investments	<u><u>\$1,442,088</u></u>	<u><u>\$1,205,940</u></u>

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

	<u>2008</u>	<u>2007</u>
Certificate of deposit	\$ 300,000	\$ 300,000
Common stock	809,042	578,544
U.S. government securities	241,534	299,039
Corporate bonds	40,757	27,477
Municipal bonds	50,000	–
Mutual funds	<u>755</u>	<u>880</u>
	<u><u>\$1,442,088</u></u>	<u><u>\$1,205,940</u></u>

Make-A-Wish Foundation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

August 31, 2008 and 2007

NOTE C – INVESTMENTS (continued)

The unrealized gain (loss) on investments was \$(97,878) and \$17,620 for the years ended August 31, 2008 and 2007, respectively. The realized gains on investments for the years ended August 31, 2008 and 2007 were \$3,338 and \$53,175, respectively. Consulting fees related to investments were \$15,140 and \$13,690 for the years ended August 31, 2008 and 2007, respectively.

NOTE D – REIMBURSEMENTS FROM OTHER CHAPTERS

The Foundation has a visitors' program which assists other chapters in wish granting activities. For the year ended August 31, 2008 and 2007, the Foundation assisted in granting 687 and 627 wishes, respectively. The Foundation receives reimbursements from other chapters for costs incurred by the Foundation for these wishes. For the years ended August 31, 2008 and 2007, such reimbursements amounted to \$220,650 and \$207,450, respectively, and are included as other income in the accompanying statements of activities.

Due from other chapters amounted to \$7,950 and \$10,933 as of August 31, 2008 and 2007, respectively, and represents reimbursable costs to assist in the granting of wishes for other chapters.

NOTE E – EQUIPMENT

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

	<u>2008</u>	<u>2007</u>
Computer equipment and software	\$ 24,155	\$ 24,155
Less accumulated depreciation	<u>(22,759)</u>	<u>(21,406)</u>
Equipment, net	<u>\$ 1,396</u>	<u>\$ 2,749</u>

NOTE F – TRANSACTIONS WITH THE NATIONAL ORGANIZATION

The Foundation paid the National Organization an annual assessment fee of \$20,692 and \$10,187 for the years ended August 31, 2008 and 2007, respectively.

Due from National Office of \$9,701 and \$25,326 at August 31, 2008 and 2007, respectively, represents contributions received by the National Office on behalf of the Foundation.

NOTE G – OFFICE OCCUPANCY

The Foundation leases its office space on a month-to-month basis. Rent expense for the years ended August 31, 2008 and 2007 was \$56,815 and \$55,310, respectively.

Make-A-Wish Foundation of Hawaii

NOTES TO FINANCIAL STATEMENTS (continued)

August 31, 2008 and 2007

NOTE H – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted to:

	<u>2008</u>	<u>2007</u>
Investment in perpetuity, the income from which is expendable solely for granting wishes for Hawaii's children	<u>\$419,950</u>	<u>\$416,440</u>

NOTE I – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2008</u>	<u>2007</u>
Granting wishes	<u>\$47,027</u>	<u>\$12,030</u>
Total temporarily restricted net assets	<u>\$47,027</u>	<u>\$12,030</u>

During the years ended August 31, 2008 and 2007, net assets of \$38,072 and \$29,183, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

NOTE J – PENSION PLAN

The Foundation sponsors a Savings Incentive Match Plan (SIMPLE IRA). All employees are eligible to participate in the Plan upon the later of the Plan's effective date, or the employee's date of hire. The Foundation will match contributions on a dollar-to-dollar basis of up to 3% of an employee's compensation not to exceed \$6,000 in each Plan year. Employer contributions for the years ended August 31, 2008 and 2007 amounted to \$5,347 and \$5,473, respectively.

NOTE K – RISKS AND UNCERTAINTIES

The Chapter 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.



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