

# **THE GRANTED WISH FOUNDATION**

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2010

# The Granted Wish Foundation

## Financial Statements

December 31, 2010

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## Independent Auditors' Report

The Board of Governors  
The Granted Wish Foundation

We have audited the accompanying statement of financial position of The Granted Wish Foundation (a nonprofit foundation) as of December 31, 2010 and the related statement of activities and changes in net assets, functional expenses and cash flows 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 The Granted Wish Foundation as of December 31, 2010 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.

*Apple Growth Partners*

Akron, Ohio  
July 5, 2011

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CERTIFIED PUBLIC ACCOUNTANTS - STRATEGIC BUSINESS ADVISORS

## Granted Wish Foundation Statement of Financial Position

	December 31, 2010
<b>ASSETS</b>	
Current assets	
Cash	\$ 189,899
Donations receivable - temporarily restricted	16,459
Prepaid expenses	3,030
	209,388
Property, plant, and equipment, net	145,411
<b>TOTAL ASSETS</b>	<b>\$ 354,799</b>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	\$ 6,921
<b>NET ASSETS</b>	
Unrestricted	194,844
Temporarily restricted	153,034
	347,878
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 354,799</b>

**Granted Wish Foundation**  
**Statement of Activities and Changes in Net Assets**

	For the Year Ended December 31, 2010		
	Unrestricted	Temporarily Restricted	Total
Public support and revenue			
Contributions	\$ 62,497	381,364	\$ 443,861
Special events - net	8,434	-	8,434
Merchandise revenues	137	-	137
In-kind donations	144,910	16,459	161,369
	215,978	397,823	613,801
Net assets released from restriction	310,863	(310,863)	-
	526,841	86,960	613,801
Expenses			
Program services	490,508	-	490,508
Supporting services			
Fundraising	95,360	-	95,360
General and administrative	45,173	-	45,173
	631,041	-	631,041
Change in net assets	(104,200)	86,960	(17,240)
Net assets, beginning of year	299,044	66,074	365,118
Net assets, end of year	\$ 194,844	\$ 153,034	\$ 347,878

## Granted Wish Foundation Schedule of Functional Expenses

For the Year Ended December 31, 2010

	Program Services	Supporting Services		Total
		Fundraising	General and Administrative	
Global relief	\$ 296,287	\$ -	\$ 5,000	\$ 301,287
Wishes granted	68,245	-	-	68,245
Rosalie's house	14,141	-	-	14,141
Salaries and employee benefits	67,734	-	22,578	90,312
Rent - In-kind	13,915	-	4,638	18,553
Professional fees	8,911	-	2,970	11,881
Insurance	2,329	-	776	3,105
Advertising and promotion	-	45,000	-	45,000
Merchant transaction fees	-	14,416	-	14,416
Fundraising solicitation	-	34,934	-	34,934
Merchandise cost	-	1,010	-	1,010
Travel	-	-	1,139	1,139
Office supplies	-	-	4,378	4,378
Postage	-	-	411	411
Vehicle expense	3,417	-	1,139	4,556
Other	-	-	2,143	2,143
Depreciation	15,530	-	-	15,530
	<u>\$ 490,508</u>	<u>\$ 95,360</u>	<u>\$ 45,173</u>	<u>\$ 631,041</u>

# Granted Wish Foundation

## Statement of Cash Flows

For the Year Ended December 31, 2010

Cash flows from operating activities:	
Change in net assets	\$ (17,240)
Adjustments to reconcile change in net assets to net cash used for operating activities:	
Depreciation	15,530
Change in assets and liabilities:	
Donations receivable	(16,459)
Prepaid expenses	(886)
Accounts payable	6,552
Cash used for operating activities	<u>(12,503)</u>
Cash flows from investing activities:	
Additions to property and equipment	<u>(94,867)</u>
Cash used for investing activities	<u>(94,867)</u>
Net decrease in cash	(107,370)
Cash, beginning of year	297,269
Cash, end of year	<u><u>\$ 189,899</u></u>

**The Granted Wish Foundation**  
**Notes to the Financial Statements**  
December 31, 2010

A. SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities** – Granted Wish Foundation (the Foundation), is a not-for-profit Foundation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code whose mission is to provide wish fulfillment to disadvantaged or disabled individuals and families.

The Granted Wishes program provides wish fulfillment to underprivileged individuals and families. Requested wishes are reviewed and approved by Foundation personnel and governors.

The Holiday Adopt a Family program provides food, clothing, toys and household products to underprivileged families.

Rosalie's House program provides individuals or families with temporary housing.

The Circus Extravaganza program provides underprivileged children the opportunity to attend and participate in the Ringling Bros. and Barnum & Bailey Circus located in Cleveland, Ohio. Recipients are provided front row seating and the opportunity to participate in a specified segment of the show.

The Global Relief Services program provides medical aid, food, basic supplies, and transportation to individuals and families living in areas of recent natural disasters. During 2010, the Foundation focused relief efforts in Haiti to assist individuals and families affected by the earthquake.

**Basis of Accounting** - The Organization has adopted Financial Accounting Standards Board (FASB) Accounting Standards Not-for-Profit Entities-Revenue Recognition and Not-for-Profit Entities-Presentation of Financial Statements. The revenue recognition standard establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes according to externally (donor) imposed restrictions into three net asset categories: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The financial statement presentation standard requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. A description of the net asset categories follows:

**Unrestricted Net Assets** - Unrestricted net assets represent the operations of the Organization that include revenues and expenditures which are free of donor-imposed restrictions and temporarily restricted contributions of which the restrictions are met during the current fiscal year.

**Temporarily Restricted Net Assets** - Temporarily restricted net assets represent amounts received that were restricted by the donor, grantor or other outside party for a specific use. Based upon historical practice, earnings on temporarily restricted investments are also deemed to be temporarily restricted. At December 31, 2010, the Organization had pledges receivable and fixed assets restricted for specific programs that had not yet occurred. See note D for detail of the Foundation's temporarily restricted net assets.

**The Granted Wish Foundation**  
**Notes to the Financial Statements**  
December 31, 2010

**Permanently Restricted Net Assets** - Permanently restricted net assets represent amounts received for which the principal must be preserved, and only the income is available for use as directed by the Board of Directors. At December 31, 2010, the Foundation did not have any permanently restricted net assets.

**Cash and Cash Equivalents** - Cash and cash equivalents include demand deposits, certificates of deposit with maturity date of less than 90 days, money market funds and cash on hand. The Organization maintains its cash with banks, which, at times, may exceed federally insured limits. The Organization has not experienced any significant losses in such accounts. Management of the Organization believes it is not exposed to any significant credit risk on its cash and cash equivalents.

**Donations Receivable** - Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Pledges are considered impaired if payments are not received in accordance with the pledge terms. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The pledges receivable have been adjusted for all known uncollectible pledges. No allowance is considered necessary for the year ended December 31, 2010. All pledges receivable are expected to be collected by December 31, 2011.

**Property and Equipment** - Property and equipment are recorded at cost and those donated are recorded at fair market value at date of gift. Upon disposal, the cost and accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in current operations. Expenditures for routine maintenance and repairs are charged to expense as incurred. Depreciation is computed on the straight-line method using the following lives for each asset classification:

Buildings	39 years
Vehicles	5 years

**Support and Revenue Recognition** - The Organization's principal support is from charitable contributions. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is, when the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction.

**Functional Expenses** - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services.

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**The Granted Wish Foundation**  
**Notes to the Financial Statements**  
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**Subsequent Events** - The Foundation has evaluated subsequent events through July 5, 2011, the date that the Foundation's annual financial statements were available to be issued.

**B. PROPERTY AND EQUIPMENT**

Property and equipment, at cost, was comprised of the following at December 31, 2010:

Buildings	\$	66,500
Vehicles		94,867
		161,367
Less accumulated depreciation		(15,956)
		\$ 145,411

**C. IN-KIND DONATIONS**

The Foundation received \$67,953 of in-kind donations of products, materials, and services from various donors for the year ended December 31, 2010. Allocations of in-kind donations between programs were as follows:

Global Relief Services	\$	4,889
Rosalie's House		9,791
Wishes Granted		53,273
		\$ 67,953

Refer to footnote E for additional in-kind donations.

**D. TEMPORARILY RESTRICTED ASSETS**

In 2009, the Foundation received a house, located in Canton, Ohio, as a temporarily restricted donation. The general warranty deed, dated October 9, 2009, specifies that the house be utilized only for charitable purposes that are uses normally associated with the Foundation. The donation has been recorded at fair value of the date of the donation, as valued by a third party property appraisal, in the amount of \$66,500. Donation restrictions will be released annually coincident with depreciation expense. Depreciation expense and donation restrictions, released related to the house, totaled \$1,705 for the year ended December 31, 2010. The net book value of the house totaling \$64,369 is included in temporarily restricted net assets at December 31, 2010.

Temporarily restricted assets also include pledged hotel rooms, event tickets, and airplane tickets associated with the Granted Wishes program. These donations, with a fair market value totaling \$16,459, were pledged in December 2010 but not used until 2011.

**The Granted Wish Foundation**  
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During 2010, the Foundation collected a total of \$381,364 of donations allocated to the Global Relief Services Program for expenses related to relief efforts in Haiti. Total expenditures in 2010 for Haiti relief, including \$7,781 of depreciation on fixed assets, totaled \$309,158. The difference between contributions collected and total expenditures of \$72,206 is temporarily restricted at December 31, 2010.

**E. RELATED PARTY TRANSACTIONS**

The Foundation receives in-kind donations from a company whose sole shareholder is also the President of the Foundation's board of governors. The Foundation occupies, without charge, certain administrative facilities located in the company's building. The fair rental value of these premises, including utilities and services such as security and parking, was estimated by management to be approximately \$18,500. The company also donates a portion of the wages and associated payroll taxes of the Foundation's executive director. The wages and associated payroll taxes was estimated to be approximately \$40,000. The company has an in-bound call center which solicits donations on behalf of the Foundation. The estimated cost for these services was approximately \$35,000. Total in-kind contributions and related expense of approximately \$93,500 have been recorded in the statement of activities.

During 2010, the company reimbursed the Foundation for transportation costs, of approximately \$54,400, incurred related to the Global Relief Services program.