

***SWEET DREAM MAKERS, INC.***

***FINANCIAL STATEMENTS***

***YEAR ENDED DECEMBER 31, 2018***

**SWEET DREAM MAKERS, INC.**  
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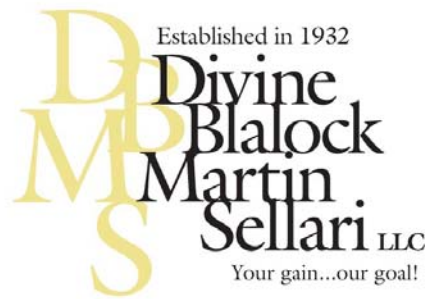
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GARY B. SELLARI, CPA/PFS, MSM  
J. RONALD ANDERSON, CPA/ABV, CVA  
SCOTT A. STEIN, CPA\*\*

BRADLEY M. ANDERSON, CPA\*  
VICTORIA BOLSKAR, CPA\*\*\*\*, LTD  
DUSTAN J. BROWN, CPA\*\*\*\*  
MARY L. CONTESSA, CPA\*, PA  
STEVE A. GOINDOO, CPA\*\*/PFS, MTAX, CFP®  
TOM KEYS, CPA\*, CGMA  
CHRISTINE M. MCKENNA, CPA\*  
SUZI J. RAPP, CPA\*, MAC  
JAMIE M. RUSSO, CPA\*  
B. CHARLES SELLARI, CPA\*, MTAX  
APRIL M. SINNOTT, CPA\*  
ARTHUR J. SINNOTT, CPA\*\*\*

BARBARA AHEARN-DUNN, EA  
JACQUELINE CARTIER, EA  
MARY ELIAS, CDFA, CFE, CMA  
ANTHONY J. SELLARI, EA



**Certified Public Accountants and Consultants**

580 Village Boulevard, Suite 110  
West Palm Beach, FL 33409  
Phone: (561) 686-1110 Fax: (561) 686-1330  
Toll Free: 1-888-686-1115  
info@dbmscpa.com

MEMBERS

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

WILBUR F. DIVINE, III, CPA (1896-1964)  
WILBUR F. DIVINE, IV, CPA (1925-1989)  
JAMES A. BLALOCK, CPA (1914-1996)  
G. MICHAEL MARTIN, CPA (1945-2014)

\*REGULATED BY THE STATE OF FL  
\*\*REGULATED BY THE STATE OF FL AND  
THE STATE OF TN  
\*\*\*REGULATED BY THE STATE OF FL  
AND THE STATE OF NY  
\*\*\*\*REGULATED BY THE STATE OF WI  
\*\*\*\*\*REGULATED BY THE STATE OF NJ

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Sweet Dream Malers, Inc.  
Boca Raton, Florida

We have audited the accompanying financial statements of Sweet Dream Makers, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2018 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Sweet Dream Makers, Inc. of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Divine, Blalock, Martin & Sellari, LLC*

**DIVINE, BLALOCK, MARTIN & SELLARI, LLC**  
**West Palm Beach, Florida**  
**April 10, 2019**

**SWEET DREAM MAKERS, INC**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2018**

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**ASSETS**

Cash and cash equivalents	\$ 261,749
Pledges and grants receivable	104,485
Property and equipment, net	<u>-</u>

**TOTAL ASSETS** \$ 366,234

**LIABILITIES AND NET ASSETS**

Accrued expenses	<u>44,489</u>
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**TOTAL LIABILITIES** 44,489

**NET ASSETS**

Net assets without donor restrictions	301,745
Net assets with donor restrictions	<u>20,000</u>

**TOTAL NET ASSETS** 321,745

**TOTAL LIABILITIES AND NET ASSETS** \$ 366,234

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

**SWEET DREAM MAKERS, INC**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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**CHANGE IN UNRESTRICTED NET ASSETS**

Support and Revenue	
Contributions	\$ 548,061
Contributions in kind	53,958
Grants revenue	<u>211,684</u>
<b>TOTAL SUPPORT AND REVENUE</b>	813,703
<b>TOTAL UNRESTRICTED REVENUES</b>	<u>813,703</u>
Expenses	
Program expenses	510,445
Fundraising	105,091
Management and General	<u>13,234</u>
<b>TOTAL EXPENSES</b>	<u>628,770</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<u>184,933</u>
<b>CHANGE IN NET ASSETS</b>	184,933
<b>NET ASSETS, beginning of year</b>	<u>136,812</u>
<b>NET ASSETS, end of year</b>	<u><u>\$ 321,745</u></u>

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

**SWEET DREAM MAKERS, INC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in net assets, unrestricted	\$ 184,933
<b>TOTAL CHANGE IN NET ASSETS</b>	184,933
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Pledges and grants receivable	(104,485)
Accrued expenses	34,990
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>115,438</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	115,438
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>146,311</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$ 261,749</u></u>

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

**SWEET DREAM MAKERS, INC**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Program</u> <u>Expenses</u>	<u>Fundraising</u>	<u>Management</u> <u>and General</u>	<u>Total</u>
Credit card processing fees	-	7,136	-	7,136
Fundraising events	-	84,077	-	84,077
Grant Writing	18,531	-	-	18,531
Household furniture - in kind	42,570	-	-	42,570
Insurance	-	-	3,443	3,443
Miscellaneous	633	-	302	935
New beds and bedding	372,669	-	-	372,669
Other fundraising expenses	-	5,190	-	5,190
Office expense	-	-	3,382	3,382
Payroll & payroll taxes	47,977	4,265	1,066	53,308
Postage & printing	-	4,423	522	4,945
Professional fees & services	-	-	1,000	1,000
Rent - office	9,000	-	-	9,000
Rent - trucks	2,388	-	-	2,388
Software expense	-	-	2,410	2,410
Supplies	-	-	1,109	1,109
Warehouse expenses	16,677	-	-	16,677
	<u>\$ 510,445</u>	<u>\$ 105,091</u>	<u>\$ 13,234</u>	<u>\$ 628,770</u>

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



**SWEET DREAM MAKERS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The Organization is organized as a 501(c)(3) nonprofit corporation located in Boca Raton, FL established in 2016 in accordance with the laws of the State of Florida. The Organization's is community based and their mission is to promote the health and wellness of children and families by providing, beds, bedding and essential furniture.

**Basis of Accounting**

The Organization's financial statements presented herein have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Basis of Presentation**

Sweet Dream Makers records unconditional promises to give (pledges) as contributions at fair value at the date the promises are received or made and distinguishes between promises received for each net asset category in accordance with donor restrictions, if any.

Net assets and revenue, expenses, gains and losses are classified as net assets with donor restrictions and net assets without donor restrictions based on the existence or absence, respectively, of donor-imposed restrictions. Accordingly, net assets of the Sweet Dream Makers and changes therein are classified as follows:

**Net assets without donor restrictions** – Net assets either not restricted by donors or the donor-imposed restrictions have expired.

**Net assets with donor restrictions** – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation or the passage of time and net assets subject to donor-imposed stipulations to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the earnings on related investments for general or specific purposes.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The use of estimates include, but are not limited to, amounts earned in the reporting period under grant contracts, the estimated value of in-kind services, the allocation of expenses among program and support categories, and useful lives of depreciable assets. Actual results could differ from those estimates.

**SWEET DREAM MAKERS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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**NOTE A – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

Cash and cash equivalents consist of non-interest bearing demand deposit accounts and interest-bearing money market accounts. Cash equivalents are short term investments with a maturity date of three months or less from the date of purchase. The concentration of credit risk associated with cash and cash equivalents is considered low due to the credit quality of the financial institutions and the immediate availability of these financial instruments.

**Concentrations of Credit and Market Risk**

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of cash. The Organization maintains its cash in bank deposit accounts, which has not exceeded federally insured limits. Management believes it is not exposed to any significant credit risk on cash.

The Organization considers pledges and grants receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If the amounts become uncollectible, they will be charged to operations when that determination is made.

**Property and Equipment**

Property and equipment is stated at cost, if purchased, or if acquired by contribution, at estimated fair value on the date of contribution. Depreciation is provided for using the straight-line method over the five to ten year estimated useful lives of the assets. Office, computers and medical equipment are generally assigned an estimated useful life of 5-years; office furniture is assigned a useful life of 7-years; and leasehold improvements are generally amortized over a 10-year period. Expenditures for furniture and equipment costing \$1,000 or more are capitalized; lesser amounts are expensed.

**In-Kind Contributions**

The Organization regularly receives contributions of Beds and bedding, household items and gently used furniture from the public. Items are assigned values using the goodwill average.

**Donated Services**

Donated services are recognized as contributions if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

The Organization received donated services from its officers, directors and community volunteers which totals in excess of 2000 person-hours for the year ended December 31, 2018. Using the Corporation for National and Community Service survey that estimates a \$24.74 value per hour of volunteer time, management estimates the value of these efforts to be approximately \$49,480 for the year ended December 31, 2018. As the recognition criteria for donated services were not met, these volunteer efforts were not recognized as contributions in the financial statements for the year ended December 31, 2018.

**SWEET DREAM MAKERS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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**NOTE A – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

Financial support is provided by private sector grants, public donations and gifts. Private grants and public contributions are recognized when received or when a donor or grantor makes an unconditional promise to give. Donor pledges are considered intent to give rather than an unconditional promise to give. Accordingly, pledges are not recognized as support at the time of the pledge. Donations that contain donor stipulations that limit the use of an asset for specific purposes or designates the support for future periods, are reported as an increase in net assets with donor restrictions and net assets without donor restrictions depending upon the nature of the restriction. When a donor restriction expires, that is, when a stipulation time restriction ends or a purpose restriction is accomplished; net assets with donor restrictions are reclassified and reported in the statements of activities as net assets released from restrictions. Donor contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Contributions of long-lived assets (e.g., property and equipment) or contributions that the donor requires to be used to acquire long-lived assets are reported as net assets with donor restrictions. Sweet Dream Makers reflects the expiration of the donor-imposed restriction when long-lived assets have been placed in service, at which time net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income Taxes**

The Organization qualifies as a tax-exempt Organization, other than a private foundation, under Section 501(c) (3) of the Internal Revenue Code and therefore, has no provision for federal income taxes. The Organization qualifies as a public charity under the Internal Revenue Code.

The Organization files required income tax returns in the U.S. federal jurisdiction. With few exceptions, the Organization is no longer subject to U.S. federal income tax examinations by tax authority's for years before 2013. The Organization has concluded no material uncertain tax positions have been taken on any open tax returns. For the current year the Organization believes all tax positions are fully supportable by existing Federal law and related interpretations and there are no uncertain tax positions to consider.

**SWEET DREAM MAKERS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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**NOTE B – PLEDGES AND GRANTS RECEIVABLE**

Pledges and grants receivable at December 31, 2018 consisted of:

Pledges receivable	\$ 20,000
Grants receivable	<u>84,485</u>
	<u>\$ 104,485</u>

**NOTE C – FAIR VALUE MEASUREMENTS**

The Organization uses a three-tier hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by generally accepted accounting principles, requires that entities maximize the use of observable market inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1: Quoted prices for similar assets or liabilities in active markets to which the organization has access at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted process for identical or similar assets in markets that are not active;
- Observable inputs other than quoted prices for assets or liability (for example, interest rates and yield curves); and
- Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure fair value to the extent that observable inputs are not available.

The Organization recognizes transfers into and out of levels within the fair value hierarchy at the end of each fiscal year. There were no transfers between levels during the year ended December 31, 2018.

The primary use of fair value measurements in the Organization's financial statements are the measurement of in-kind contributions.

**SWEET DREAM MAKERS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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**NOTE D – LEASE COMMITMENTS**

The Organization has commitments related to operating lease agreements for the rental of office and warehouse space at December 31, 2018. Up to December 31, 2018 the rent for the administrative offices had been contributed to the organization as a donation in kind by a board member. Commencing January 1, 2019 the organization has agreed to an operating lease agreement with the board member for these same administrative offices. The lease requires monthly payments of \$750 and has no expiration date, but either party may terminate the lease by giving at least ninety (90) days prior written notice . The Organization also has a lease agreement with a third party for warehouse space. This lease requires monthly payments of \$814 and expires in April 2019 at which time the lease will convert to month-to-month. For the year ended December 31, 2018, facility lease expense totaled \$18,672 of which \$9,000 was from in-kind contributions.

Future annual lease payments for the administrative office and warehouse for the remaining terms of the leases in effect at December 31, 2018 are as follows:

<u>Year ending December 31,</u>	
2019	\$ 12,256
2020	-
2021	-
2022	-
2023	-
	<u>\$ 12,256</u>

**NOTE E – SPECIAL EVENTS**

The Organization conducts special events for the purpose of raising money for operations and for in the year ended December 31, 2018. The Organization had revenues of \$309,555 less related expenses of \$69,690 for the year ended December 31, 2018.

**NOTE F – COMMITMENTS AND CONTINGENCIES**

Certain grant provisions include compliance audits. No audits are currently in process.

**NOTE G – SUBSEQUENT EVENTS**

In the normal course of preparing the Organization’s financial statements, management reviews events that occur after the statement of financial position date, December 31, 2018, for potential recognition or disclosure in the financial statements. Management has evaluated subsequent events through April 10, 2019, which is the date the financial statements were available to be issued.