

SWEET DREAM MAKERS, INC.

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

SWEET DREAM MAKERS, INC.
TABLE OF CONTENTS
DECEMBER 31, 2021 AND 2020

	<u>Page</u>
Independent Auditors' Report.....	1
Statements of Financial Position.....	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows.....	8
Notes to the Financial Statements.....	9

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Sweet Dream Makers, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2021 and 2020 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sweet Dream Makers, Inc as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sweet dream Makers, Inc and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sweet Dream Makers Inc's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Sweet Dream Makers, Inc internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sweet Dream Makers, Inc's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Divine, Blalock, Martin & Sellari, LLC

DIVINE, BLALOCK, MARTIN & SELLARI, LLC
West Palm Beach, Florida
April 6, 2022

SWEET DREAM MAKERS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Assets		
Cash and cash equivalents	\$ 1,299,568	\$ 779,717
Pledges and grants receivable	243,908	70,000
Accounts Receivable	2,225	-
Prepaid expenses	3,329	17,500
Property and equipment, net	24,650	34,510
Deposits	1,500	1,500
	\$ 1,575,180	\$ 903,227
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued expenses	\$ 88,128	\$ 36,148
Deferred Contributions	43,061	-
	131,189	36,148
Net Assets		
Without donor restrictions	1,103,083	797,079
With donor restrictions	340,908	70,000
	1,443,991	867,079
Total Net Assets	\$ 1,443,991	\$ 867,079
Total Liabilities and Net assets	\$ 1,575,180	\$ 903,227

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

SWEET DREAM MAKERS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	\$ 228,201	\$ 175,000	\$ 403,201
Events	601,096	130,908	732,004
Grants revenue	763,867	-	763,867
Contributions in kind	65,551	-	65,551
Interest Income	439	-	439
Net assets released from restrictions	35,000	(35,000)	-
Total revenue and support	1,694,154	270,908	1,965,062
Expenses:			
Program expenses	1,000,282	-	1,000,282
Fundraising	371,572	-	371,572
Management and General	16,296	-	16,296
Total expenses	1,388,150	-	1,388,150
Increase in net assets	306,004	270,908	576,912
Net assets at beginning of the year	797,079	70,000	867,079
Net assets at end of year	<u>\$ 1,103,083</u>	<u>\$ 340,908</u>	<u>\$ 1,443,991</u>

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

SWEET DREAM MAKERS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	\$ 193,720	\$ 70,000	\$ 263,720
Events	283,160	-	283,160
Grants revenue	631,669	-	631,669
Contributions in kind	59,844	-	59,844
Interest Income	457	-	457
Conditional Contribution	-	11,768	11,768
Net assets released from restrictions	11,768	(11,768)	-
Total revenue and support	1,180,618	70,000	1,250,618
Expenses:			
Program expenses	830,462	-	830,462
Fundraising	65,047	-	65,047
Management and General	12,050	-	12,050
Total expenses	907,559	-	907,559
Increase in net assets	273,059	70,000	343,059
Net assets at beginning of the year	524,020	-	524,020
Net assets at end of year	\$ 797,079	\$ 70,000	\$ 867,079

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, 2021

	Program Expenses	Fundraising	General and Adminstrative	Total
Credit card fees	\$ -	\$ 8,600	\$ -	\$ 8,600
Depreciation expense	9,860	-	-	9,860
Development expense	-	2,827	-	2,827
Fundraising event expenses	-	303,069	-	303,069
Grant writing	11,249	16,873	-	28,122
In-Kind household furniture	65,551	-	-	65,551
Insurance	-	-	1,907	1,907
Miscellaneous	-	-	762	762
New beds and bedding	739,775	-	-	739,775
Other fundraising expenses	-	2,450	-	2,450
Payroll & payroll taxes	131,870	16,965	5,655	154,490
Postage and printing	-	14,348	522	14,870
Professional services	-	-	7,000	7,000
Rent - office	6,750	1,800	450	9,000
Software expense	1,555	4,016	-	5,571
Supplies	1,213	624	-	1,837
Truck expenses	5,131	-	-	5,131
Warehouse expenses	27,328	-	-	27,328
	<u>\$ 1,000,282</u>	<u>\$ 371,572</u>	<u>\$ 16,296</u>	<u>\$ 1,388,150</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, 2020

	<u>Program</u> <u>Expenses</u>	<u>Fundraising</u>	<u>General and</u> <u>Administrative</u>	<u>Total</u>
Credit card fees	\$ -	\$ 4,858	\$ -	\$ 4,858
Depreciation expense	9,860	-	-	9,860
Development expense	-	887	-	887
Fundraising event expenses	-	4,099	-	4,099
Grant writing	19,500	29,300	-	48,800
In-Kind household furniture	59,844	-	-	59,844
Insurance	-	-	898	898
Miscellaneous	-	-	47	47
New beds and bedding	606,444	-	-	606,444
Other fundraising expenses	-	1,430	-	1,430
Payroll & payroll taxes	91,881	10,900	3,633	106,414
Postage and printing	-	7,697	22	7,719
Professional services	-	-	7,000	7,000
Rent - office	6,750	1,800	450	9,000
Software expense	2,716	3,802	-	6,518
Supplies	1,028	274	-	1,302
Truck expenses	4,276	-	-	4,276
Warehouse expenses	28,163	-	-	28,163
	<u>\$ 830,462</u>	<u>\$ 65,047</u>	<u>\$ 12,050</u>	<u>\$ 907,559</u>

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

SWEET DREAM MAKERS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets without donor restrictions	\$ 306,004	\$ 273,059
Change in net assets with donor restrictions	270,908	70,000
TOTAL CHANGE IN NET ASSETS	576,912	343,059
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,860	9,860
Changes in operating non-cash assets & liabilities:		
Pledges and grants receivable	(173,908)	(4,197)
Prepaid expenses	11,946	(17,500)
Accrued expenses	51,980	(34,850)
Deferred Contributions	43,061	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>519,851</u>	<u>296,372</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	519,851	296,372
CASH AND CASH EQUIVALENTS, beginning of year	<u>779,717</u>	<u>483,345</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 1,299,568</u></u>	<u><u>\$ 779,717</u></u>

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

SWEET DREAM MAKERS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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 Organization 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.

The amounts for each class of net assets are required to be displayed in a statement of financial position and the amount of the change in each class of net assets are required to be displayed in a statement of activities.

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.

SWEET DREAM MAKERS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable

Pledges receivable represent unconditional promises to give support over a period of time. Unconditional promises to give are reported as an increase in net assets with or without donor restrictions, depending on the nature of the donor-imposed restriction, if any. The Organization recognizes pledges receivable at estimated net realizable value for pledges due within one year. Pledges receivable that are expected to be collected in future years are recorded at the present value of their net realizable value. No allowance was deemed necessary for pledges receivable as they were deemed fully collectible by management

Property and Equipment

Property and equipment are 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.

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.

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.

SWEET DREAM MAKERS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 3000 person-hours for the years ended December 31, 2021 and 2020. Using the Corporation for National and Community Service survey that estimates a \$28.54 value per hour of volunteer time, management estimates the value of these efforts to be approximately \$85,620 for the year ended December 31, 2021. As the recognition criteria for donated services were not met, these volunteer efforts were not recognized as contributions in the financial statements for the years ended December 31, 2021 and 2020.

Compensated Absences

Employees compensated absences are not accrued as of December 31, 2021 and 2020, because no reasonable estimate of this amount can be made.

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 authorities for years before 2017. 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.

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.

Concentrations of Credit and Market Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of cash and cash equivalents. The Organization maintains its cash and cash equivalents in various bank accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. As of December 31, 2021, the Organization had approximately \$1,110,178 in excess of insured limits.

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.

SWEET DREAM MAKERS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 includes, but is 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.

Changes in Accounting Principles

The Financial Accounting Standards Board (FASB) issued the following Accounting Standards Updates (ASU) that were effective for the Organization in 2021:

- ASU 2014-09, *Revenue from Contracts with Customers*, and five subsequent amendments to ASU 2014-09 (collectively “ASU 2014-09”), clarifies the principles for recognizing revenue and creates common revenue recognition guidance for U.S. generally accepted accounting principles (GAAP). The revenue recognition principles of ASU 2014-09 apply only to exchange transactions and not to contributions and other nonreciprocal transfers to the Organization. The adoption of ASU 2014-09 resulted in no impact to the financial statement during the year ended December 31, 2021.
- In June 2018, the FASB released ASU 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The adoption of ASU 2018-08 resulted in no impact to the financial statement during the year ended December 31, 2021.

The cumulative impact from adopting these ASUs did not result in any changes to the previously reported amounts as of and for the year ended December 31, 2021.

Recent Accounting Pronouncements

The FASB has issued the following accounting standards updates that may affect the Organization in future years. Management has not completed its analysis of effects, if any, of the following updates:

ASU 2016-02, *Leases*, will be effective for the Organization for the year ending December 31, 2022 and must be adopted using a modified retrospective method. ASU 2016-02 generally requires lessees to recognize assets and liabilities arising from leases on the statement of financial position.

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, will be effective for the year ending December 31, 2022. ASU 2020-07 seeks to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure.

SWEET DREAM MAKERS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain prior year amounts have been reclassified to conform to current year's presentation. The reclassifications had no effect on previously reported net assets or increase in net assets.

NOTE B – INVESTMENTS

All investments are stated at estimated fair value based upon current market quotes and are available to support current operations. The Organization currently has investments in stocks and mutual funds. These investments total \$50 at December 31, 2021 and 2020 and the carrying amount approximates the fair value.

NOTE C – PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable at December 31, 2021 and 2020 consisted of:

	2021	2020
Grants receivable	\$ 243,908	\$ 70,000

Management has determined that neither a present value discount nor an allowance for doubtful accounts is necessary as of December 30, 2021 and 2020.

NOTE D – PROPERTY AND EQUIPMENT

The following is a summary of property and equipment and related accumulated depreciation as of December 31, 2021 and 2020:

	2021	2020
Vehicles	\$ 49,300	\$ 49,300
Less: accumulated depreciation	(24,650)	(14,790)
Property and equipment, net	\$ 24,650	\$ 34,510

Depreciation and amortization expense totaled \$9,860 for the years ended December 31, 2021 and 2020, respectively.

NOTE E – CONDITIONAL CONTRIBUTION

On April 22, 2020 the Organization borrowed \$11,768 under the Paycheck Protection Program (PPP). The term note requires 18 monthly payments, including interest at 1%, accrued from the date of the loan, commencing November 22, 2020. Under the PPP, the borrower may qualify for partial or full loan forgiveness. On June 10, 2020 the AICPA issued guidance TQA 3200.18, *Borrower Accounting for a Forgivable Loan Received Under the Small Business Administration Paycheck Protection Program*.

SWEET DREAM MAKERS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE E – CONDITIONAL CONTRIBUTION (CONTINUED)

The Organization has chosen to account for the PPP loan above as conditional contribution based on the above guidance. The Organization prepared a PPP loan forgiveness calculation provided by the Small Business Administration (SBA) indicating that the full \$11,768 amount received was to be forgiven and on January 5, 2021 the Organization received approval of the full forgiveness. For the year ended December 31, 2020, the Organization recognized \$11,768 related to the PPP loan as a conditional contribution included in revenue and support on the statement of activities.

NOTE F – DEFERRED CONTRIBUTIONS

During 2021 contribution were received in advance for a fundraising event that was postponed in response to the COVID-19 pandemic. The amount was deferred and will be recognized when the event occurs in 2022. For the year ended December 31, 2021 the amount deferred was \$43,061.

NOTE G – RESTRICTIONS ON NET ASSETS

In 2021 the organization received a gift of \$100,000 from the H. F. Lenfest Fund to establish an endowment. The principal amount of the endowment shall be kept in perpetuity and the investment income generated by the fund can be used for general operating costs and expenses.

In addition, during 2021, the Organization received pledges from the Jim Moran Foundation in the amount of \$75,000 and the Gillman Family Foundation in the amount of \$130,908. Both pledges are time restricted along the remaining balance of a \$70,000 pledge that was received in 2020 from the Pat Moran Family Foundation, of which \$35,000 was received in 2021 and \$35,000 is due in 2022.

As of December 31, 2021 and 2020 the net assets with donor restrictions was \$340,908 and \$70,000, respectively.

NOTE H – 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.

SWEET DREAM MAKERS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE H – FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2021.

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

NOTE I – LEASE COMMITMENTS

The Organization has commitments related to operating lease agreements for the rental of office and warehouse space at December 31, 2021. Up to December 31, 2019 the rent for the administrative offices had been contributed to the organization as a donation in kind by a board member. Commencing January 1, 2020, 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 \$842 on a month-to-month basis. The lease payments for the years ended December 31, 2021 and 2020 were \$18,823 and \$18,768, respectively.

Future annual lease payments for the administrative office and warehouse for the remaining terms of the leases in effect at December 31, 2021 are as follows:

Year ending December 31,

2022	\$ 19,104
2023	-
2024	-
2025	-
2026 and thereafter	-
	\$ 19,104

NOTE J – SPECIAL EVENTS

The Organization conducts special events for the purpose of raising money for operations. For the years ended December 31, 2021 and 2020 the Organization had revenues of \$732,004 and \$283,160 less related expenses of \$303,569 and \$4,099, respectively.

NOTE K – COMMITMENTS AND CONTINGENCIES

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

SWEET DREAM MAKERS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE L – LIQUIDITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general expenditures within one year of the statement of financial position date.

Financial assets:			
Cash and cash equivalents	\$	1,299,568	\$ 779,717
Pledges and other receivable, net		243,908	70,000
Total Financial assets, at year end		1,543,476	849,717
Less those unavailable for general expenditures within one year due to:			
Donor restricted		100,000	35,000
Financial assets available to meet cash needs for general expenditures within one year	\$	1,443,476	\$ 814,717

As part of the Organization's liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE M – RISK AND UNCERTAINTIES

In March 2020, the World Health Organization declared the novel strain of the coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As of the date of these financial statements, the Organization is unable to determine if COVID-19 disruption will materially impact Results of operations or financial position. The Organization cannot reasonably estimate the overall length or severity of this pandemic, which if prolonged for a longer duration, could potentially have material impact to the Organization's financial position or results of operations.

NOTE N – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 6, 2022, the date which the financial statements were available to be issued and nothing has occurred that would require disclosure.