



Beyond Accounting

TICKET TO DREAM FOUNDATION
A NONPROFIT ORGANIZATION

FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014



Beyond Accounting

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Ticket to Dream Foundation
Rocklin, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Ticket to Dream Foundation (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

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. Those standards require that we plan and perform the audits 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 auditors' 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 the Ticket to Dream Foundation as of December 31, 2015 and 2014, and the changes in net assets and its functional expenses and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BFBA, LLP

Sacramento, California
August 12, 2016

TICKET TO DREAM FOUNDATION
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2015 AND 2014

ASSETS

	<u>2015</u>	<u>2014</u>
Current assets		
Cash and cash equivalents	\$ 1,495,173	\$ 707,881
Accounts receivable	159,550	110,000
Prepaid expenses	<u>4,380</u>	<u>4,558</u>
Total current assets	1,659,103	822,439
Property and equipment, net	<u>4,736</u>	<u>14,407</u>
Total assets	<u>\$ 1,663,839</u>	<u>\$ 836,846</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ <u>10,164</u>	\$ <u>7,381</u>
Total current liabilities	<u>10,164</u>	<u>7,381</u>
Net assets		
Unrestricted	247,012	310,784
Unrestricted - designated	785,076	185,092
Temporarily restricted	<u>621,587</u>	<u>333,589</u>
Total net assets	<u>1,653,675</u>	<u>829,465</u>
Total liabilities and net assets	<u>\$ 1,663,839</u>	<u>\$ 836,846</u>

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

TICKET TO DREAM FOUNDATION

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Revenues and support		
At-large cash contributions	\$ 7,307	\$ 39,771
Events	1,439,883	1,039,600
Contributed services and advertising	15,943,140	-
Interest income	454	275
In-kind contributions	<u>4,221,901</u>	<u>4,596,572</u>
Subtotal	21,612,685	5,676,218
Net assets released from restrictions	<u>890,695</u>	<u>451,806</u>
Total revenues and support	<u>22,503,380</u>	<u>6,128,024</u>
Expenses		
Program services		
Sleep Train, Mattress Firm, and Sleep Country Foster Kids	20,149,757	5,048,378
Sleep Train Charity Golf Classic	699,082	780,421
Sleep Train and Sleep Country Pajama Bowl	950,180	157,043
BedTalks, Good Deed Dogs, 12 K, and Other	<u>89,707</u>	<u>47,273</u>
Total program services	21,888,726	6,033,115
Support services	<u>78,443</u>	<u>70,639</u>
Total expenses	<u>21,967,169</u>	<u>6,103,754</u>
Increase in unrestricted net assets	<u>536,211</u>	<u>24,270</u>
Temporarily restricted net assets		
Cash contributions	1,178,694	727,021
Net assets released from restrictions	<u>(890,695)</u>	<u>(451,806)</u>
Increase in temporarily restricted net assets	<u>287,999</u>	<u>275,215</u>
Increase in net assets	824,210	299,485
Net assets, beginning of year	<u>829,465</u>	<u>529,980</u>
Net assets, end of year	<u>\$ 1,653,675</u>	<u>\$ 829,465</u>

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

TICKET TO DREAM FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services					
	Sleep Train Charity Golf Classic	Sleep Train Pajama Bowl	Sleep Train Foster Kids & Mattress Firm Foster Kids	BedTalks, Good Deed Dogs, 12 K, and Other	Support Services	Total
Donation expenses	\$ 520,000	141,179	810,695	89,707	-	\$ 1,561,581
Event expenses	157,354	21,366	-	-	-	178,720
In-kind expenses	-	-	4,221,901	-	-	4,221,901
Advertising	-	781,427	14,847,116	-	-	15,628,543
Bank expenses	-	-	-	-	3,602	3,602
Credit card processing fees	-	-	-	-	29,338	29,338
Insurance	-	-	-	-	2,619	2,619
Personnel	21,728	6,208	270,045	-	16,616	314,597
Professional fees	-	-	-	-	16,010	16,010
Taxes and licenses	-	-	-	-	836	836
Depreciation	-	-	-	-	6,733	6,733
Miscellaneous	-	-	-	-	2,689	2,689
Total	\$ 699,082	950,180	20,149,757	89,707	78,443	\$ 21,967,169

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

TICKET TO DREAM FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Program Services					
	Sleep Train Charity Golf Classic	Sleep Country Pajama Bowl	Sleep Train Foster Kids & Sleep Country Foster Kids	Camp Sweet Dreams, 12 K, and Other	Support Services	Total
Donation expenses	\$ 640,000	133,379	451,806	47,273	-	\$ 1,272,458
Event expenses	140,421	23,664	-	-	-	164,085
In-kind expenses	-	-	4,596,572	-	-	4,596,572
Accounting	-	-	-	-	29,780	29,780
Bank expenses	-	-	-	-	4,459	4,459
Board expenses	-	-	-	-	795	795
Credit card processing fees	-	-	-	-	23,598	23,598
Insurance	-	-	-	-	4,050	4,050
Taxes and licenses	-	-	-	-	440	440
Depreciation	-	-	-	-	7,517	7,517
Total	\$ 780,421	157,043	5,048,378	47,273	70,639	\$ 6,103,754

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

TICKET TO DREAM FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Increase in net assets	\$ 824,210	\$ 299,485
Reconciliation of net cash provided by operating activities		
Depreciation	6,733	7,517
Loss on disposal of property and equipment	2,938	-
Changes in		
Accounts receivable	(49,550)	(75,000)
Prepaid expenses	178	(4,558)
Accounts payable	<u>2,783</u>	<u>(7,384)</u>
Net cash provided by operating activities	<u>787,292</u>	<u>220,060</u>
Net increase in cash and cash equivalents	787,292	220,060
Cash and cash equivalents, beginning of year	<u>707,881</u>	<u>487,821</u>
Cash and cash equivalents, end of year	<u>\$ 1,495,173</u>	<u>\$ 707,881</u>

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

TICKET TO DREAM FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

The Ticket to Dream Foundation (the Foundation) was organized in March 2008, as a nonprofit mutual benefit corporation under the laws of the State of California. The Foundation was created to make a positive impact on the lives of thousands of children in need. Through its Sleep Train Foster Kids and Sleep Country Foster Kids programs, the Foundation provides both material and monetary contributions to nonprofit organizations in California, Nevada, Washington, Oregon, and Idaho to support charitable causes and nonprofits, with a particular emphasis on charities related to foster children. The principal programs of the Foundation comprise:

Sleep Train Charity Golf Classic – The Sleep Train Charity Golf Classic is an annual fundraising event that takes place in California each fall. Proceeds benefit nonprofit organizations that support current and former foster youth throughout California and the Northwest with pursuing secondary education, transitioning into independent living, and participating in special extracurricular activities.

Sleep Train Pajama Bowl & Sleep Country Pajama Bowl – Pajama Bowl is an annual fundraising event that takes place in Oregon and Washington each spring. Funds raised by Pajama Bowl participants are used to provide foster children with experiences such as music lessons, team sports, and summer camp.

Sleep Train Foster Kids, Mattress Firm Foster Kids, & Sleep Country Foster Kids – The Sleep Train Foster Kids, Mattress Firm Foster Kids, and Sleep Country Foster Kids programs hold six collection drives throughout the year to gather in-kind and monetary donations for nonprofit foster care organizations. Foster children throughout California, Oregon, Washington and Idaho benefit from in-kind donations such as new clothing, shoes, school supplies and toys. In addition, funding is provided to help foster youth participate in extra-curricular activities.

BedTalks – BedTalks is Mattress Firm’s annual leadership conference. Funds are raised a number of ways during the event by employees and vendor partners of Mattress Firm, the most successful of which are through an auction and merchandise sales. The funds raised at the event are split equally between the Foundation’s efforts supporting foster kids and pancreatic cancer research.

Good Deed Dogs – Good Deed Dogs is dedicated to raising funds and awareness for highly skilled assistance dogs that are needed to enhance the lives of people living with disability or recovering from a serious medical condition. All funds raised benefit the exclusive partner, Canine Companions For Independence, which is a nationwide 501(c)(3) non-profit organization dedicated to training highly skilled assistance dogs and matching them with clients.

TICKET TO DREAM FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization and Operations (Continued)

Camp Sweet Dreams – The Camp Sweet Dreams campaign, initiated by Entercom Communications Corp. through the Sleep Train Foster Kids and Sleep Country Foster Kids Program, is focused on providing extra-curricular activities and summer camps to foster youth.

12 K's of Christmas – The Sleep Country Foster Kids Program is the beneficiary of the 12 K's of Christmas Holiday Run that takes place in the Seattle area each December. The Sleep Country Foster Kids Program receives a \$1 monetary donation for each race participant and online donations. In addition, race participants donate toys for the Sleep Country Foster Kids program at the event.

Basis of Accounting and Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting and are presented in conformity with Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. Under ASC Topic 958, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There were no permanently restricted net assets as of December 31, 2015 and 2014.

Fair Value of Financial Instruments

The Foundation has financial instruments whereby the fair market value of the instruments could be different than that recorded on a historical basis on the accompanying statement of financial position. The financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable. The carrying amounts of the Foundation's financial instruments generally approximate their fair values at December 31, 2015 and 2014.

Cash and Cash Equivalents

Cash and cash equivalents are considered to be all highly liquid investments with original maturities of three months or less. Cash equivalents are stated at cost, which approximates their market value.

Accounts Receivable

Management considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been recorded for the years ended December 31, 2015 and 2014. Balances that are still outstanding after management has used reasonable collection efforts are charged to operations when that determination is made. No such balances existed during the years ended December 31, 2015 and 2014.

TICKET TO DREAM FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

The Foundation capitalizes all expenditures for property and equipment in excess of \$1,000. Assets donated with explicit restrictions regarding their use, including contributions of cash that must be used to acquire property and equipment, are reported as temporarily or permanently restricted support, as appropriate. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Repairs and maintenance are expensed in the year incurred.

Revenue Recognition

Event revenue is recognized when the related event occurs. Contributions and in-kind contributions are recorded when received. Interest and other revenues are recorded when they are earned. Contributions and in-kind contributions received are recorded as restricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. When a restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions.

In-Kind Contributions

During the Foundation's annual collection drives, new and gently-used non-cash items, such as clothing, school supplies, and toys, are collected for local foster children. Fair market value of these in-kind donations is determined based on average retail costs of the items whether they are new or used. In addition, in-kind contributions are received from the Foundation's business partners and supporters for golf tournament auctions. The value of the contributions is determined based on current retail value of the items at the time that they are received.

Income Taxes

The Foundation was organized as a California nonprofit organization and is exempt from income taxes in accordance with Section 501(c)(3) of the Internal Revenue Code (IRC). The Foundation has been classified as an organization other than a private foundation under IRC Section 509(a)(2) and qualifies for the charitable contribution deduction under Section 170(b)(1)(A). This allows for donations to the organization to be deductible as charitable contributions on the donors' income tax returns. However, income from certain activities not directly related to the organization's tax-exempt purpose is subject to taxation as unrelated business income. As of December 31, 2015 and 2014, the Foundation did not have net unrelated business taxable income.

TICKET TO DREAM FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Foundation's tax returns are subject to examination by federal and state tax jurisdictions. There are no examinations currently in process. With few exceptions, the Foundation is no longer subject to U.S. federal examinations for years prior to fiscal year 2012, or state examinations for years prior to fiscal year 2011.

Concentrations of Credit Risk

The Foundation maintains cash in demand deposit accounts with federally insured institutions. At times during the fiscal year, the balances in these accounts may exceed the federally insured limits. The Foundation has not experienced any losses on such accounts and believes they are not exposed to any significant credit risk on cash and cash equivalents.

Reclassification

Certain prior year amounts have been reclassified to conform to current year presentation.

Subsequent Events

In preparing the accompanying financial statements, management has considered events that have occurred after December 31, 2015, through August 12, 2016, the date these financial statements were available for issuance. Except those discussed in Note 6, management was not aware of any additional subsequent events requiring disclosure.

New Accounting Pronouncements

In April 2013, the FASB issued an accounting standard update that requires a Not-for-profit organization (NFP) to recognize all services received from personnel of an affiliate that directly benefit the recipient NFP entity and for which the affiliate does not charge the recipient NFP. Those services should be measured at the cost recognized by the affiliate for the personnel providing those services. However, if measuring a service received from personnel of an affiliate at cost will significantly overstate or understate the value of the service received, the recipient NFP entity may elect to recognize that service received at either (1) the cost recognized by the affiliate for the personnel providing that service or (2) the fair value of that service. This guidance is effective prospectively for the Foundation for the year ending December 31, 2015.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TICKET TO DREAM FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 2: PROPERTY AND EQUIPMENT

At December 31, 2015 and 2014, property and equipment consisted of the following:

	<u>2015</u>	<u>2014</u>
Office equipment	\$ 15,500	\$ 22,550
Less: Accumulated depreciation	<u>(10,764)</u>	<u>(8,143)</u>
Property and equipment, net	<u>\$ 4,736</u>	<u>\$ 14,407</u>

Depreciation expense was \$6,733 and \$7,517 for the years ended December 31, 2015 and 2014, respectively.

NOTE 3: DESIGNATED NET ASSETS

At December 31, 2015 and 2014, unrestricted – designated net assets consisted of the following:

	<u>2015</u>	<u>2014</u>
Golf donations	\$ <u>785,076</u>	\$ <u>185,092</u>
Total	<u>\$ 785,076</u>	<u>\$ 185,092</u>

NOTE 4: TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2015 and 2014, temporarily restricted net assets consisted of the following:

	<u>2015</u>	<u>2014</u>
Foster Kids program	\$ 392,017	\$ 265,182
BedTalks program	145,875	-
Good Deed Dogs program	<u>83,695</u>	<u>68,407</u>
Total	<u>\$ 621,587</u>	<u>\$ 333,589</u>

TICKET TO DREAM FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 5: RELATED PARTY TRANSACTIONS

Some officers and directors of the Foundation are also employees or officers of Mattress Firm, Inc., (MFRM) and Bunker Wilson, LLC. As a result, MFRM and Bunker Wilson, LLC are related parties to the Foundation. MFRM and Bunker Wilson, LLC donate limited administrative resources and support to the Foundation, including computer and office equipment, office supplies, and office space, as well as administrative, public relations and external communications support. The Foundation does not reimburse MFRM or Bunker Wilson, LLC for the administrative resources and support which they provide. As such, the resulting revenue and related expenses have been recognized in the financial statements for these donated administrative resources and support. As of December 31, 2015 and 2014, the Foundation did not have an outstanding balance due to MFRM or Bunker Wilson, LLC. During the year ended December 31, 2015, the Foundation received \$15,628,543 in contributed advertising and \$314,597 in contributed personnel from MFRM and Bunker Wilson, LLC, which is included in the accompanying statement of activities. In addition, during the years ended December 31, 2015 and 2014, MFRM collected cash donations on behalf of the Foundation in MFRM stores. As of December 31, 2015, the Foundation has recorded receivables from MFRM of \$56,050. There were no receivables from MFRM as of December 31, 2014.

NOTE 6: SUBSEQUENT EVENTS

Subsequent to year end, the Foundation has expanded into numerous new markets across the United States. This expansion is expected to have a significant impact on the Foundation's program revenue and expenses in future periods.

In addition, subsequent to year end, the Foundation has elected to change its fiscal year end from December 31 to March 31.