



Beyond Accounting

**Ticket to Dream Foundation
A Nonprofit Organization**

Financial Statements

March 31, 2022 and 2021



Beyond Accounting

Independent Auditors' Report

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

Opinion

We have audited the financial statements of Ticket to Dream Foundation (a nonprofit organization), which comprise the statements of financial position as of March 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ticket to Dream Foundation as of March 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of Ticket to Dream Foundation 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Ticket to Dream Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued

Auditors' Responsibility for the Audits 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 auditors' 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 GAAS 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 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 GAAS, 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 Ticket to Dream Foundation's 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ticket to Dream Foundation'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.

BFBA, LLP

Sacramento, California
September 14, 2022

Ticket to Dream Foundation
Statements of Financial Position
March 31, 2022 and 2021

Assets

	<u>2022</u>	<u>2021</u>
Current assets		
Cash and cash equivalents	\$ 3,614,599	\$ 3,021,226
Investment	303,544	302,139
Accounts receivable	756,081	66,819
Prepaid expenses	13,428	7,039
Inventory	<u>768,023</u>	<u>952,611</u>
Total current assets	<u>\$ 5,455,675</u>	<u>\$ 4,349,834</u>

Liabilities and Net Assets

Current liabilities		
Accounts payable	\$ 21,686	\$ 48,464
Accrued liabilities	<u>7,055</u>	<u>-</u>
Total current liabilities	<u>28,741</u>	<u>48,464</u>
Net assets		
Without donor restrictions	<u>5,426,934</u>	<u>4,301,370</u>
Total net assets	<u>5,426,934</u>	<u>4,301,370</u>
Total liabilities and net assets	<u>\$ 5,455,675</u>	<u>\$ 4,349,834</u>

Ticket to Dream Foundation
Statements of Activities and Changes in Net Assets
For the Years Ended March 31, 2022 and 2021

	2022	2021
Revenues and support		
At-large cash contributions	\$ 6,401,291	\$ 4,806,000
Events	963,546	619,452
Contributed services and advertising	1,357,324	2,034,274
In-kind contributions	6,666,967	5,688,817
Paycheck Protection Program loan forgiveness	81,408	87,084
Employee Retention Credit income	26,462	-
Interest income	5,501	3,119
Total revenues and support	15,502,499	13,238,746
Expenses		
Program services		
Essentials	10,425,081	8,773,552
Take Flight	2,318,478	1,262,392
Go Play!	756,078	-
Other	450,234	101,878
Total program services	13,949,871	10,137,822
Support services		
Administrative	328,931	310,131
Fundraising	98,133	100,813
Total support services	427,064	410,944
Total expenses	14,376,935	10,548,766
Increase in net assets	1,125,564	2,689,980
Net assets, beginning of year	4,301,370	1,611,390
Net assets, end of year	\$ 5,426,934	\$ 4,301,370

Ticket to Dream Foundation
Statement of Functional Expenses
For the Year Ended March 31, 2022

	Program Services				Support Services		Total
	Essentials	Go Play!	Take Flight	Other	Administrative	Fundraising	
Donation expenses	\$ 1,942,980	616,000	755,000	417,295	-	-	\$ 3,731,275
Event expenses	-	-	85,358	-	-	-	85,358
In-kind expenses	6,870,419	132,068	1,344,152	-	30	-	8,346,669
Advertising	1,340,545	-	-	-	-	-	1,340,545
Bank expenses	-	-	-	-	565	-	565
Credit card processing fees	-	-	4,455	-	17	3,354	7,826
Dues and subscriptions	-	-	-	-	1,178	-	1,178
Employee benefits	-	-	-	-	9,603	-	9,603
Insurance	-	-	-	-	34,870	8,313	43,183
Management fees	-	-	-	-	39,147	-	39,147
Marketing	2,413	-	2,004	-	8,513	-	12,930
Payroll taxes	15,663	579	7,331	-	6,307	5,874	35,754
Personnel	8,379	-	8,400	-	-	-	16,779
Professional fees	-	-	-	-	22,145	-	22,145
Rent	-	-	-	-	55,022	-	55,022
Salaries and wages	182,266	7,386	93,455	-	80,978	74,878	438,963
Taxes and licenses	-	-	20	-	11,365	-	11,385
Travel	2,739	-	1,692	-	7,165	-	11,596
Miscellaneous	59,677	45	16,611	32,939	52,026	5,714	167,012
Total	\$ 10,425,081	756,078	2,318,478	450,234	328,931	98,133	\$ 14,376,935

Ticket to Dream Foundation
Statement of Functional Expenses
For the Year Ended March 31, 2021

	Program Services			Support Services		Total
	Essentials	Take Flight	Other	Administrative	Fundraising	
Donation expenses	\$ 924,190	564,919	77,800	127	-	\$ 1,567,036
Event expenses	15	13,137	-	-	-	13,152
In-kind expenses	5,580,878	614,037	6,280	-	-	6,201,195
Advertising	2,034,274	-	-	-	-	2,034,274
Bank expenses	-	-	-	1,773	-	1,773
Credit card processing fees	-	3,120	131	-	3,985	7,236
Dues and subscriptions	-	-	-	1,963	450	2,413
Insurance	-	-	-	32,167	5,280	37,447
Management fees	-	-	-	47,386	-	47,386
Marketing	-	3,015	329	15,640	-	18,984
Payroll taxes	16,558	5,294	-	3,915	8,211	33,978
Professional fees	-	-	-	21,595	-	21,595
Rent	-	-	-	15,993	-	15,993
Salaries and wages	152,472	49,676	-	128,326	77,369	407,843
Taxes and licenses	-	-	-	11,748	-	11,748
Travel	1,331	996	-	1,913	-	4,240
Miscellaneous	63,834	8,198	17,338	27,585	5,518	122,473
Total	\$ 8,773,552	1,262,392	101,878	310,131	100,813	\$ 10,548,766

Ticket to Dream Foundation
Statements of Cash Flows
For the Years Ended March 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Increase in net assets	\$ 1,125,564	\$ 2,689,980
Changes in operating assets and liabilities		
Accounts receivable	(689,262)	(26,686)
Prepaid expenses	(6,389)	6,409
Inventory	184,588	2,036,629
Accounts payable	(26,778)	19,910
Accrued liabilities	7,055	-
Accrued distributions	-	(2,401,639)
Net cash provided by operating activities	594,778	2,324,603
Cash flows from investing activities		
Change in investment	(1,405)	(302,139)
Cash used in investing activities	(1,405)	(302,139)
Net increase in cash and cash equivalents	593,373	2,022,464
Cash and cash equivalents, beginning of year	3,021,226	998,762
Cash and cash equivalents, end of year	\$ 3,614,599	\$ 3,021,226

Ticket to Dream Foundation
Notes to the Financial Statements
March 31, 2022 and 2021

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 various programs, the Foundation provides both material and monetary contributions to nonprofit organizations throughout the United States to support charitable causes and nonprofits, with a particular emphasis on charities related to foster youth.

The principal programs of the Foundation comprise:

Essentials – Through the Essentials for foster kids program, the Foundation collects and distributes in-kind essentials through consumer donation collections and retail bulk product donations to provide foster youth with the everyday items they need.

Take Flight – Through the Take Flight program, the Foundation’s goal is to empower foster youth for the future, particularly preparing youth prior to and while aging out of care. Proceeds benefit nonprofit organizations that support current and former foster youth throughout the United States with pursuing secondary education and transitioning into independent living.

GoPlay! – The Foundation’s GoPlay! program brings joy and normal childhood experiences to foster youth across the nation by providing access to extra-curricular activities and tickets to fun events.

Basis of Accounting and Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting. Financial statement presentation follows the recommendations of the 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 two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. As of March 31, 2022 and 2021, there were no net assets with donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents are considered to be all highly liquid investments with original maturities of three months or less, including money market mutual funds. Cash equivalents are stated at cost because that approximates market value.

Investment

Investment consists of a twelve-month Certificate of Deposit (CD) which earns interest of 0.30% per annum and matures in June 2022. Subsequent to year end, the CD has been renewed and has a new maturity date of June 2023.

Ticket to Dream Foundation
Notes to the Financial Statements
March 31, 2022 and 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Management considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been recorded for the years ended March 31, 2022 and 2021. Balances that are still outstanding after management has used reasonable collection efforts are charged to operations when that determination is made.

Inventory

Inventory consists of clothing, laptops, and accessories which were collected through in-kind contributions and have yet to be distributed to foster youth. Inventory is valued as discussed in “In-Kind Contributions” below.

Accrued Distributions

Accrued distributions consists of in-kind donations for which a recipient has been selected and a commitment made, but has yet to be distributed as of year end.

Fair Market Value of Financial Instruments

Fair value is a market-based measurement, rather than an entity-specific measurement. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell an asset or transfer a liability would take place between market participants, under market conditions, as of a specific date.

For some assets and liabilities, observable market transaction or market information might be available, while such information may not be available for other assets and liabilities. FASB ASC 820-10, *Fair Value Measurements and Disclosures*, establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. FASB ASC 820-10 defines levels within the hierarchy based on the reliability of inputs as follows:

- Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets.
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

Ticket to Dream Foundation
Notes to the Financial Statements
March 31, 2022 and 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Fair Market Value of Financial Instruments (Continued)

When a price for an identical asset or liability is not observable, a reporting entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that a market participant would use when pricing the asset or liability, including assumptions about risk. As a result, a reporting entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

Certain financial instruments, including cash and cash equivalents, investment, accounts receivable, prepaid expenses, inventory, accounts payable, and accrued distributions, are carried at cost, which management believes approximates fair value based on the short-term nature of the instrument, or because the variable and fixed-rate debt approximates market interest rates.

Revenue Recognition

Revenue is primarily derived from cash donations, in-kind contributions, contributed services and advertising, special events, and interest income. Revenue from exchange transactions is recognized in accordance with FASB ASC Topic 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers.

In accordance with FASB ASC Topic 606, the Foundation recognizes revenue from exchange transactions when it transfers promised products or services to customers in an amount that reflects the consideration to which the Foundation expects to be entitled in exchange for those products or services. The consideration received is generally based on the stand-alone fee for the products or service provided.

Revenues from special events and corporate sponsorship of the events are recognized over the period in which the related event occurs. All funds collected in advance are recorded as deferred revenues until earned.

In-Kind Contributions

Throughout the year, new and gently used non-cash items, such as clothing, laptops, school supplies, and toys, are collected for local foster youth. Fair market value of these in-kind donations is determined based on average retail value 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.

Ticket to Dream Foundation
Notes to the Financial Statements
March 31, 2022 and 2021

Note 1: Summary of Significant Accounting Policies (Continued)

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 March 31, 2022 and 2021, the Foundation did not have net unrelated business taxable income.

The Foundation's tax returns are subject to examination by federal and state tax jurisdictions. There are no examinations currently in progress. With few exceptions, the Foundation is no longer subject to U.S. federal examinations for years prior to fiscal year 2019, or state examinations for years prior to fiscal year 2018.

Financial Restrictions and Availability

The Foundation is substantially supported by cash and in-kind contributions from private parties and various business partners. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Foundation has \$4,370,680 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$3,614,599 and accounts receivables of \$756,081.

Program and Support Function Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and payroll taxes, dues and subscriptions, management fees, and travel expenses, which are allocated on the basis of estimates of time and effort.

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.

Reclassifications

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

Ticket to Dream Foundation
Notes to the Financial Statements
March 31, 2022 and 2021

Note 1: Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncement

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02 amending the accounting for leases. The new standard requires the recognition of lease liabilities, and a corresponding right-of-use asset, for any non-cancellable leases with terms in excess of 12 months. Presentation of leases within the statements of activities and changes in net assets and cash flows will be generally consistent with the current lease accounting guidance. The ASU is effective, retrospectively, for the year ending March 31, 2023. Management is assessing the impact the ASU will have on the Foundation's financial statements.

Management's 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.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 14, 2022, the date these financial statements were available to be issued. As of such date, management was not aware of any subsequent events requiring additional disclosure.

Note 2: Paycheck Protection Program Loan Forgiveness

In May 2021 and April 2020, the Foundation applied for and obtained Small Business Administration Paycheck Protection Program (PPP) loans from a financial institution in the amount of \$81,408 and 87,084, respectively. Under the terms of the program, the loan amounts would be forgiven to the extent that the loan proceeds were used to pay eligible expenses within a specified 24-week period that commenced on the loan funding date. During the years ended March 2022 and 2021, the Foundation received full forgiveness of its PPP loans, and recognized forgiveness income of \$81,408 and 87,084, in each year respectively.

Note 3: Employee Retention Credit Income

During the year ended March 31, 2022, the Foundation qualified for Employee Retention Credits (ERC) totaling \$26,462. The Foundation received refunds associated with these credits totaling \$26,462 during the year ended March 31, 2022 and is included on the accompanying statement of activities and changes in net assets for the year then ended.

Ticket to Dream Foundation
Notes to the Financial Statements
March 31, 2022 and 2021

Note 4: Retirement Plan

The Foundation maintains a SIMPLE IRA covering all employees who have completed at least \$5,000 in compensation during any two preceding years, and who are expected to receive at least \$5,000 in compensation during the current year. Participants in the Foundation are 100% vested in the Foundation's contributions. The Foundation may match the employee's elective deferral contributions up to 3% of an employee's contributions. Contributions of \$9,603 were made to the plan during the year ended March 31, 2022, which is included in the accompanying statements of activities and changes in net assets.

Note 5: Operating Leases

The Foundation leases office space under a non-cancelable lease agreement requiring monthly payments of \$1,925 through September 2024. Total rent expense under this lease for the years ended March 31, 2022 and 2021, was \$55,022 and \$15,993, respectively.

Future minimum payments under this lease agreement are as follows:

<u>For the year ending March 31,</u>	
2023	\$ 23,447
2024	24,150
2025	12,253

Note 6: Related Party Transactions

Some officers and directors of the Foundation are also employees or officers of Bunker Wilson, LLC. As a result, Bunker Wilson, LLC is a related party to the Foundation.

Bunker Wilson, LLC provides limited administrative resources and support to the Foundation, including computer and office equipment, office supplies, and office space, as well as administrative support. The Foundation reimburses Bunker Wilson, LLC for the administrative resources and support which it provides and the related expense is recorded as management fees in the accompanying statements of activities. During the years ended March 31, 2022 and 2021, the Foundation recorded \$39,147 and \$47,386, respectively, in management fees from Bunker Wilson, LLC, which is included in the accompanying statements of activities and changes in net assets.

Note 7: Functional Allocation of Expenses

The Foundation allocates its expenses on a functional basis between its program and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural classification. Any expenses that are common to several functions are allocated among the programs and support services benefited. For the years ended March 31, 2022 and 2021, these expenses were approximately 97% and 96%, respectively, for program expense and 3% and 4%, respectively, for support services.

Ticket to Dream Foundation
Notes to the Financial Statements
March 31, 2022 and 2021

Note 8: Contingencies

The COVID-19 outbreak in the United States has caused economic uncertainties that could negatively impact operations. The extent of the impact of COVID-19 on the Foundation's operational and financial performance will depend on a variety of developments and factors that cannot be currently predicted. As a result, the related financial impact and duration cannot be reasonably estimated at this time.