



Beyond Accounting

TICKET TO DREAM FOUNDATION
A NONPROFIT ORGANIZATION

FINANCIAL STATEMENTS

MARCH 31, 2016 AND DECEMBER 31, 2015



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 March 31, 2016 and December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the periods 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 March 31, 2016 and December 31, 2015, and the changes in net assets and its functional expenses and cash flows for the periods 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
 MARCH 31, 2016 AND DECEMBER 31, 2015

ASSETS

	<u>2016</u>	<u>2015</u>
Current assets		
Cash and cash equivalents	\$ 1,323,901	\$ 1,495,173
Accounts receivable	141,933	159,550
Prepaid expenses	<u>4,380</u>	<u>4,380</u>
Total current assets	1,470,214	1,659,103
Property and equipment, net	<u>3,444</u>	<u>4,736</u>
Total assets	<u>\$ 1,473,658</u>	<u>\$ 1,663,839</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 28,899	\$ 10,164
Deferred revenue	<u>41,625</u>	<u>-</u>
Total current liabilities	<u>70,524</u>	<u>10,164</u>
Net assets		
Unrestricted	228,514	247,012
Unrestricted - designated	535,076	785,076
Temporarily restricted	<u>639,544</u>	<u>621,587</u>
Total net assets	<u>1,403,134</u>	<u>1,653,675</u>
Total liabilities and net assets	<u>\$ 1,473,658</u>	<u>\$ 1,663,839</u>

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

TICKET TO DREAM FOUNDATION

STATEMENTS OF ACTIVITIES
FOR THE THREE MONTHS ENDED MARCH 31, 2016
AND THE YEAR ENDED DECEMBER 31, 2015

	<u>2016</u>	<u>2015</u>
Revenues and support		
At-large cash contributions	\$ 11,780	\$ 7,307
Events	24,411	1,439,883
Contributed services and advertising	4,631,105	15,943,140
Interest income	155	454
In-kind contributions	<u>491,010</u>	<u>4,221,901</u>
Subtotal	5,158,461	21,612,685
Net assets released from restrictions	<u>376,997</u>	<u>890,695</u>
Total revenues and support	<u>5,535,458</u>	<u>22,503,380</u>
Expenses		
Program services		
Sleep Train and Mattress Firm Foster Kids	5,153,381	20,149,757
Sleep Train Charity Golf Classic	259,153	699,082
Sleep Train Pajama Bowl	234,284	950,180
BedTalks, Good Deed Dogs, 12 K, and Other	<u>105,803</u>	<u>89,707</u>
Total program services	5,752,621	21,888,726
Support services	<u>51,335</u>	<u>78,443</u>
Total expenses	<u>5,803,956</u>	<u>21,967,169</u>
Increase (decrease) in unrestricted net assets	<u>(268,498)</u>	<u>536,211</u>
Temporarily restricted net assets		
Cash contributions	394,954	1,178,694
Net assets released from restrictions	<u>(376,997)</u>	<u>(890,695)</u>
Increase in temporarily restricted net assets	<u>17,957</u>	<u>287,999</u>
Increase (decrease) in net assets	(250,541)	824,210
Net assets, beginning of year	<u>1,653,675</u>	<u>829,465</u>
Net assets, end of year	<u>\$ 1,403,134</u>	<u>\$ 1,653,675</u>

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

TICKET TO DREAM FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE THREE MONTHS ENDED MARCH 31, 2016

	Program Services					Total
	Sleep Train Charity Golf Classic	Sleep Train Pajama Bowl	Sleep Train Foster Kids & Mattress Firm Foster Kids	Bed Talks, Good Deed Dogs, 12 K, and Other	Support Services	
Donation expenses	\$ 250,000	-	275,277	105,000	-	\$ 630,277
Event expenses	-	6,757	-	803	-	7,560
In-kind expenses	-	-	491,010	-	-	491,010
Advertising	-	224,912	4,273,334	-	-	4,498,246
Bank expenses	-	-	-	-	4,100	4,100
Credit card processing fees	-	-	-	-	2,072	2,072
Management fees	-	-	-	-	25,400	25,400
Personnel	9,153	2,615	113,760	-	7,330	132,858
Professional fees	-	-	-	-	8,260	8,260
Taxes and licenses	-	-	-	-	2,189	2,189
Depreciation	-	-	-	-	1,292	1,292
Miscellaneous	-	-	-	-	692	692
Total	\$ 259,153	234,284	5,153,381	105,803	51,335	\$ 5,803,956

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	Bed Talks, 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

STATEMENTS OF CASH FLOWS
 FOR THE THREE MONTHS ENDED MARCH 31, 2016
 AND THE YEAR ENDED DECEMBER 31, 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (250,541)	\$ 824,210
Reconciliation of net cash provided by operating activities		
Depreciation	1,292	6,733
Loss on disposal of property and equipment	-	2,938
Changes in		
Accounts receivable	17,617	(49,550)
Prepaid expenses	-	178
Accounts payable	18,735	2,783
Deferred revenue	<u>41,625</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>(171,272)</u>	<u>787,292</u>
Net increase (decrease) in cash and cash equivalents	(171,272)	787,292
Cash and cash equivalents, beginning of year	<u>1,495,173</u>	<u>707,881</u>
Cash and cash equivalents, end of year	<u>\$ 1,323,901</u>	<u>\$ 1,495,173</u>

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

TICKET TO DREAM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016 AND DECEMBER 31, 2015

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 Mattress Firm Foster Kids 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 children.

During the spring of 2016, the Foundation elected to change its fiscal year end from December 31 to March 31.

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 – 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 – The Sleep Train Foster Kids & Mattress Firm 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 the United States 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. This program was discontinued during the three months ended March 31, 2016.

TICKET TO DREAM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016 AND DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization and Operations (Continued)

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 March 31, 2016 and December 31, 2015.

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 March 31, 2016 and December 31, 2015.

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 periods ended March 31, 2016 and December 31, 2015. 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 periods ended March 31, 2016 and December 31, 2015.

TICKET TO DREAM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016 AND DECEMBER 31, 2015

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 March 31, 2016 and December 31, 2015, the Foundation did not have net unrelated business taxable income.

TICKET TO DREAM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016 AND DECEMBER 31, 2015

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 2013, or state examinations for years prior to fiscal year 2012.

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.

Subsequent Events

In preparing the accompanying financial statements, management has considered events that have occurred after March 31, 2016, 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 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
 MARCH 31, 2016 AND DECEMBER 31, 2015

NOTE 2: PROPERTY AND EQUIPMENT

At March 31, 2016 and December 31, 2015, property and equipment consisted of the following:

	2016	2015
Office equipment	\$ 15,500	\$ 15,500
Less: Accumulated depreciation	(12,056)	(10,764)
Property and equipment, net	\$ 3,444	\$ 4,736

Depreciation expense was \$1,292 and \$6,733 for the periods ended March 31, 2016 and December 31, 2015, respectively.

NOTE 3: DESIGNATED NET ASSETS

At March 31, 2016 and December 31, 2015, unrestricted – designated net assets consisted of the following:

	2016	2015
Golf donations	\$ 535,076	\$ 785,076
Total	\$ 535,076	\$ 785,076

NOTE 4: TEMPORARILY RESTRICTED NET ASSETS

At March 31, 2016 and December 31, 2015, temporarily restricted net assets consisted of the following:

	2016	2015
Foster Kids program	\$ 318,039	\$ 392,017
BedTalks program	321,505	145,875
Good Deed Dogs program	-	83,695
Total	\$ 639,544	\$ 621,587

TICKET TO DREAM FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016 AND DECEMBER 31, 2015

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 donates limited administrative resources and support to the Foundation, including computer and office equipment, office supplies, and office space, as well as administrative, advertising, public relations and external communications support. The Foundation does not reimburse MFRM for the administrative resources and support which it provides. As such, the resulting revenue and related expenses have been recognized in the financial statements for these donated administrative resources and support. As of March 31, 2016 and December 31, 2015, the Foundation did not have an outstanding balance due to MFRM. During the periods ended March 31, 2016 and December 31, 2015, the Foundation received \$4,498,246 and \$15,628,543, respectively, in contributed advertising and \$130,759 and \$310,397, respectively, in contributed personnel from MFRM, which is included in the accompanying statements of activities. In addition, during the three months ended March 31, 2016 and the year ended December 31, 2015, MFRM collected cash donations on behalf of the Foundation in MFRM stores. As of March 31, 2016 and December 31, 2015, the Foundation has recorded receivables from MFRM of \$139,141 and \$56,050, respectively.

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. During the periods ended March 31, 2016 and December 31, 2015, the Foundation received \$2,100 and \$4,200, respectively, in contributed personnel from Bunker Wilson, LLC, which is included in the accompanying statements of activities. The Foundation reimburses Bunker Wilson, LLC for a portion of the administrative resources and support which it provides and the related expense is recorded as management fees in the accompanying statement of activities. During the three months ended March 31, 2016, the Foundation recorded \$25,400 in management fees from Bunker Wilson, LLC, which is included in the accompanying statements of activities. As of March 31, 2016, the Foundation had an outstanding balance of \$25,400 due to Bunker Wilson, LLC. There were no management fees during the year ended December 31, 2015, and no outstanding balance due to Bunker Wilson, LLC as of that date.

NOTE 6: SUBSEQUENT EVENTS

Subsequent to year end, the Foundation has expanded its operations 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 years.