



Beyond Accounting

TICKET TO DREAM FOUNDATION
A NONPROFIT ORGANIZATION

FINANCIAL STATEMENTS

MARCH 31, 2018 AND 2017



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, 2018 and 2017, 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 March 31, 2018 and 2017, 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
May 31, 2018

TICKET TO DREAM FOUNDATION
 STATEMENTS OF FINANCIAL POSITION
 MARCH 31, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Current assets		
Cash and cash equivalents	\$ 1,354,657	\$ 1,595,243
Accounts receivable	12,151	146,145
Prepaid expenses	<u>5,001</u>	<u>8,540</u>
Total assets	<u>\$ 1,371,809</u>	<u>\$ 1,749,928</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 8,114	\$ 21,620
Accrued expenses	2,657	-
Deferred revenue	<u>-</u>	<u>88,504</u>
Total current liabilities	<u>10,771</u>	<u>110,124</u>
Net assets		
Unrestricted	67,341	214,736
Unrestricted - designated	720,449	555,496
Temporarily restricted	<u>573,248</u>	<u>869,572</u>
Total net assets	<u>1,361,038</u>	<u>1,639,804</u>
Total liabilities and net assets	<u>\$ 1,371,809</u>	<u>\$ 1,749,928</u>

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

TICKET TO DREAM FOUNDATION

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Revenues and support		
At-large cash contributions	\$ 544,058	\$ 315,248
Events	1,168,128	1,376,947
Contributed services and advertising	17,245,845	33,919,569
Interest income	650	622
In-kind contributions	<u>6,264,773</u>	<u>7,594,949</u>
Subtotal	25,223,454	43,207,335
Net assets released from restrictions	<u>1,106,338</u>	<u>1,750,501</u>
Total revenues and support	<u>26,329,792</u>	<u>44,957,836</u>
Expenses		
Program services		
Sleep Train and Mattress Firm Foster Kids	22,965,214	40,800,278
Sleep Train Charity Golf Classic	1,015,990	1,085,015
Sleep Train Pajama Bowl	922,858	1,845,669
BedTalks, and Other	<u>935,232</u>	<u>856,189</u>
Total program services	25,839,294	44,587,151
Support services	<u>472,940</u>	<u>364,043</u>
Total expenses	<u>26,312,234</u>	<u>44,951,194</u>
Increase in unrestricted net assets	<u>17,558</u>	<u>6,642</u>
Temporarily restricted net assets		
Cash contributions	810,014	1,980,529
Net assets released from restrictions	<u>(1,106,338)</u>	<u>(1,750,501)</u>
Increase (decrease) in temporarily restricted net assets	<u>(296,324)</u>	<u>230,028</u>
Increase (decrease) in net assets	(278,766)	236,670
Net assets, beginning of year	<u>1,639,804</u>	<u>1,403,134</u>
Net assets, end of year	<u>\$ 1,361,038</u>	<u>\$ 1,639,804</u>

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

TICKET TO DREAM FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2018

	Program Services					
	Mattress Firm Foster Kids	Mattress Firm Charity Golf Classic	Mattress Firm Pajama Bowl	Bed Talks, and Other	Support Services	Total
Donation expenses	\$ 486,686	744,850	77,860	840,849	16,844	\$ 2,167,089
Event expenses	-	153,588	26,874	-	-	180,462
In-kind expenses	6,140,378	58,172	-	66,223	-	6,264,773
Advertising	15,612,948	-	801,058	-	-	16,414,006
Bank expenses	-	-	-	-	1,537	1,537
Credit card processing fees	270	-	176	7,020	12,812	20,278
Dues and subscriptions	-	-	-	-	3,470	3,470
Insurance	-	-	-	-	3,127	3,127
Management fees	-	-	-	-	331,200	331,200
Personnel	723,699	58,229	16,637	-	33,273	831,838
Professional fees	-	-	-	-	21,728	21,728
Taxes and licenses	-	-	-	-	4,664	4,664
Travel	-	1,042	159	461	17,382	19,044
Miscellaneous	1,233	109	94	20,679	26,903	49,018
Total	\$ 22,965,214	1,015,990	922,858	935,232	472,940	\$ 26,312,234

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

TICKET TO DREAM FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2017

	Program Services					
	Mattress Firm Foster Kids & Sleep Train Foster Kids	Sleep Train Pajama Bowl	Sleep Train Charity Golf Classic	Bed Talks, and Other	Support Services	Total
Donation expenses	\$ 1,024,972	147,245	845,000	853,497	-	\$ 2,870,714
Event expenses	-	20,586	193,322	-	-	213,908
In-kind expenses	7,594,949	-	-	-	-	7,594,949
Advertising	31,638,499	1,665,184	-	-	-	33,303,683
Bank expenses	373	-	-	-	2,518	2,891
Credit card processing fees	5,665	336	3,353	2,692	20,185	32,231
Dues and subscriptions	-	-	-	-	4,107	4,107
Insurance	-	-	-	-	4,359	4,359
Management fees	-	-	-	-	231,600	231,600
Personnel	535,820	12,318	43,112	-	24,636	615,886
Professional fees	-	-	-	-	45,774	45,774
Taxes and licenses	-	-	-	-	6,662	6,662
Travel	-	-	228	-	5,325	5,553
Depreciation	-	-	-	-	3,444	3,444
Miscellaneous	-	-	-	-	15,433	15,433
Total	\$ 40,800,278	1,845,669	1,085,015	856,189	364,043	\$ 44,951,194

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

TICKET TO DREAM FOUNDATION
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

	2018	2017
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (278,766)	\$ 236,670
Reconciliation of net cash provided by operating activities		
Depreciation	-	3,444
Changes in		
Accounts receivable	133,994	(4,212)
Prepaid expenses	3,539	(4,160)
Accounts payable	(13,506)	(7,279)
Accrued expenses	2,657	-
Deferred revenue	(88,504)	46,879
Net cash provided by (used in) operating activities	(240,586)	271,342
Net increase (decrease) in cash and cash equivalents	(240,586)	271,342
Cash and cash equivalents, beginning of year	1,595,243	1,323,901
Cash and cash equivalents, end of year	\$ 1,354,657	\$ 1,595,243

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

TICKET TO DREAM FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017

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 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.

The principal programs of the Foundation comprise:

Mattress Firm and Sleep Train Foster Kids – The Sleep Train and 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.

Mattress Firm and 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 the United States with pursuing secondary education, transitioning into independent living, and participating in special extracurricular activities.

Mattress Firm and 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.

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.

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, 2018 and 2017.

TICKET TO DREAM FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2018 and 2017.

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 March 31, 2018 and 2017. Balances that are still outstanding after management has used reasonable collection efforts are charged to operations when that determination is made.

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.

TICKET TO DREAM FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2018 and 2017, 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 process. With few exceptions, the Foundation is no longer subject to U.S. federal examinations for years prior to fiscal year 2015, or state examinations for years prior to fiscal year 2014.

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, 2018, through May 31, 2018, the date these financial statements were available for issuance. Management was not aware of any additional subsequent events requiring disclosure.

TICKET TO DREAM FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

In August 2016, the FASB issued an accounting standard update that changes the financial statement reporting for not-for-profit entities. The accounting standard update is effective retrospectively for the Organization for the year ending March 31, 2019. Management is assessing the impact the accounting standard update will have on the financial statements when implemented. Early adoption is permitted. The main provisions of the accounting standard update are as follows:

- Present on the face of the statement of financial position amounts for two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) instead of the currently required three classes.
- Present on the face of the statement of activities the amount of the change in each of the two classes of net assets rather than that of the currently required three classes.
- Remove the requirement to present or disclose the reconciliation to the indirect method on the statement of cash flows if the direct method of reporting is used on the statement of cash flows.
- Enhance footnote disclosures about designations and restrictions of net assets.
- Enhance footnote disclosures to provide qualitative information that communicates how a not-for-profit entity manages its liquid resources available to meet cash needs for general expenditures within one year of the balance sheet date.
- Enhance footnote disclosures to provide qualitative information, either on the face of the statement of financial position or in the footnotes that communicates the availability of a not-for-profit organization's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year of the statement of financial position date.
- Report amounts of expenses by both their natural classification and their functional classification.
- Enhance footnote disclosures about the method(s) used to allocate costs among program and support functions.
- Report investment return net of expenses and remove the required footnote disclosures of those netted expenses.
- Use the placed-in-service date for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or construct long-term assets for such long-term assets that have been placed in service as of the beginning of the period of adoption (thus eliminating the current option to release the donor-imposed restriction over the estimated useful life of the acquired asset).

TICKET TO DREAM FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (Continued)

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 consolidated statements of operations and cash flows will be generally consistent with the current lease accounting guidance. The ASU is effective, retrospectively, for the year ending March 31, 2021. Management is assessing the impact the ASU will have on the Foundation’s statement of net assets.

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.

NOTE 2: PROPERTY AND EQUIPMENT

At March 31, 2018 and 2017, property and equipment consisted of the following:

	<u>2018</u>	<u>2017</u>
Office equipment	\$ -	\$ 15,500
Less: Accumulated depreciation	<u>-</u>	<u>(15,500)</u>
Property and equipment, net	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense was \$0 and \$3,444 for the years ended March 31, 2018 and 2017, respectively.

TICKET TO DREAM FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017

NOTE 3: DESIGNATED NET ASSETS

At March 31, 2018 and 2017, unrestricted – designated net assets consisted of the following:

	<u>2018</u>	<u>2017</u>
Golf donations	\$ 720,449	\$ 555,496
Total	<u>\$ 720,449</u>	<u>\$ 555,496</u>

NOTE 4: TEMPORARILY RESTRICTED NET ASSETS

At March 31, 2018 and 2017, temporarily restricted net assets consisted of the following:

	<u>2018</u>	<u>2017</u>
Foster Kids program	\$ 337,645	\$ 322,462
BedTalks program	<u>235,603</u>	<u>547,110</u>
Total	<u>\$ 573,248</u>	<u>\$ 869,572</u>

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 at their estimated fair values. During the years ended March 31, 2018 and 2017, the Foundation received \$16,021,183 and \$16,414,006, respectively, in contributed advertising and \$831,838 and \$831,838, respectively, in contributed personnel costs from MFRM, which is included in the accompanying statements of activities. In addition, during the years ended March 31, 2018 and 2017, MFRM collected cash donations on behalf of the Foundation in MFRM stores. Related to these collections, the Foundation has recorded receivables from MFRM as of March 31, 2018 and 2017, of \$3,077 and \$13,356, respectively.

TICKET TO DREAM FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017

NOTE 5: RELATED PARTY TRANSACTIONS (CONTINUED)

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 statement of activities. During the years ended March 31, 2018 and 2017, the Foundation recorded \$331,200 and \$231,600, respectively, in management fees from Bunker Wilson, LLC, which is included in the accompanying statements of activities.