



Barley | McNamara | Wild  
CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

Financial Statements and  
Independent Auditor's Report  
**Children's Dream Fund, Inc.**  
December 31, 2016 and 2015

**Children’s Dream Fund, Inc.**

**Table of Contents**

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Independent Auditor’s Report..... 1-2

Financial Statements:

    Statements of Financial Position .....3

    Statements of Activities ..... 4-5

    Statements of Cash Flows .....6

    Statements of Functional Expenses..... 7-8

Notes to Financial Statements ..... 9-15



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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
**Children's Dream Fund, Inc.:**

We have audited the accompanying statements of financial position of **Children's Dream Fund, Inc.** (the "Organization") as of December 31, 2016 and 2015, the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

### **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.

### **Auditor's 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 of 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 auditor's 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 opinions.



**Barley | McNamara | Wild**  
CERTIFIED PUBLIC ACCOUNTANTS & ASSOCIATES

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children's Dream Fund, Inc. as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Barley, McNamara, Wild*

Tampa, Florida  
June 29, 2017

**Children's Dream Fund, Inc.**  
**Statements of Financial Position**  
**As of December 31, 2016 and 2015**

<u>Assets</u>	<u>2016</u>	<u>2015</u>
Current assets:		
Cash and cash equivalents	\$ 528,451	\$ 355,951
Current portion of pledge receivable, net	14,568	20,964
Investments	1,131,497	1,048,393
Restricted investments	23,520	23,520
Beneficial interest in assets of Community Foundation of Tampa Bay, Inc.	15,701	14,534
Prepaid expenses	2,289	2,801
Total current assets	<u>1,716,026</u>	<u>1,466,163</u>
Property and equipment, net	1,048	1,838
Long-term pledge receivable, net	<u>23,069</u>	<u>50,386</u>
Total assets	<u>\$ 1,740,143</u>	<u>\$ 1,518,387</u>
 <b><u>Liabilities and Net Assets</u></b>  		
Liabilities:		
Accounts payable and accrued liabilities	<u>\$ 92,391</u>	<u>\$ 62,126</u>
Total liabilities	92,391	62,126
Net assets:		
Unrestricted		
Undesignated	1,585,232	1,422,741
Board designated endowment	<u>10,000</u>	<u>10,000</u>
Total unrestricted	1,595,232	1,432,741
Temporarily restricted	29,000	-
Permanently restricted	<u>23,520</u>	<u>23,520</u>
Total net assets	1,647,752	1,456,261
Total liabilities and net assets	<u>\$ 1,740,143</u>	<u>\$ 1,518,387</u>

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

**Children's Dream Fund, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2016**

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Contributions	\$ 682,511	\$ 29,000	\$ -	\$ 711,511
In-kind contributions	356,526	-	-	356,526
Bequests	219	-	-	219
Change in beneficial interest in assets of Community Foundation of Tampa Bay, Inc.	1,167	-	-	1,167
Special events:				
Proceeds	331,891	-	-	331,891
Less: Direct expenses	(75,142)	-	-	(75,142)
Donated services and facilities	74,900	-	-	74,900
Donated stock	1,075	-	-	1,075
Investment income	83,209	-	-	83,209
Other income	30,637	-	-	30,637
Net assets released from restrictions	-	-	-	-
Total revenues, gains and other support	1,486,993	29,000	-	1,515,993
<b>Expenditures:</b>				
Program	1,068,236	-	-	1,068,236
Administration	107,686	-	-	107,686
Fundraising	148,580	-	-	148,580
Total expenditures	1,324,502	-	-	1,324,502
<b>Changes in net assets</b>	162,491	29,000	-	191,491
Beginning of year	1,432,741	-	23,520	1,456,261
End of year	<u>\$ 1,595,232</u>	<u>\$ 29,000</u>	<u>\$ 23,520</u>	<u>\$ 1,647,752</u>

The accompanying notes are an integral part of this financial statement.

**Children's Dream Fund, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2015**

	<b>2015</b>		
	<b>Unrestricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Contributions	\$ 468,135	\$ -	\$ 468,135
In-kind contributions	464,034	-	464,034
Bequests	152,405	-	152,405
Change in beneficial interest in assets of Community Foundation of Tampa Bay, Inc.	(643)		(643)
Special events:			
Proceeds	505,259	-	505,259
Less: Direct expenses	(154,720)	-	(154,720)
Donated services and facilities	70,896	-	70,896
Donated stock	3,177	-	3,177
Investment income	19,515	-	19,515
Total revenues, gains and other support	1,528,058	-	1,528,058
<b>Expenditures:</b>			
Program	1,115,495	-	1,115,495
Administration	126,361	-	126,361
Fundraising	127,983	-	127,983
Total expenditures	1,369,839	-	1,369,839
<b>Changes in net assets</b>	158,219	-	158,219
Beginning of year	1,274,522	23,520	1,298,042
End of year	<u>\$ 1,432,741</u>	<u>\$ 23,520</u>	<u>\$ 1,456,261</u>

The accompanying notes are an integral part of this financial statement.

**Children's Dream Fund, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2016 and 2015**

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	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities:</b>		
Change in net assets:	\$ 191,491	\$ 158,219
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	790	1,011
Unrealized (gains) losses on investments	(27,799)	70,291
(Gain) loss on sale of investments	16	(13,602)
Change in beneficial interest in assets	(1,167)	643
Increase (decrease)		
Pledge and contribution receivables	33,713	(42,471)
Prepaid expenses	512	(237)
Accounts payable and accrued liabilities	30,265	27,566
Net cash provided by operating activities	<u>227,821</u>	<u>201,420</u>
 <b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	1,059	58,122
Purchases of investments	(56,380)	(195,420)
Net cash used by investing activities	<u>(55,321)</u>	<u>(137,298)</u>
 Net increase in cash	172,500	64,122
Cash, beginning of period	355,951	291,829
Cash, end of period	<u>\$ 528,451</u>	<u>\$ 355,951</u>
 <b>Supplemental and Non-Cash Disclosures:</b>		
In-kind donations	\$ 356,526	\$ 464,034
Donated services and facilities	\$ 74,900	\$ 70,896
Interest paid	\$ 120	\$ 22

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



**Children's Dream Fund, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2016**

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Expenditures	2016			Total
	Program	Supporting Services		
		Administration	Fundraising	
In-kind program expenses	\$ 356,526	\$ -	\$ -	\$ 356,526
Salaries	250,959	60,057	93,331	404,347
Program expenses	276,785	-	-	276,785
In-kind rent and services expense	59,920	7,490	7,490	74,900
Office and occupancy expense	41,471	9,922	15,421	66,814
Employee benefits	35,242	8,432	13,104	56,778
Payroll taxes	18,518	4,430	6,886	29,834
Staff development and travel	14,087	3,370	5,238	22,695
Rent expense	14,237	1,780	1,780	17,797
Professional services	-	12,088	-	12,088
Fundraising expense	-	-	5,148	5,148
Depreciation	491	117	182	790
Total expenditures	<u>\$ 1,068,236</u>	<u>\$ 107,686</u>	<u>\$ 148,580</u>	<u>\$ 1,324,502</u>

The accompanying notes are an integral part of this financial statement.

**Children's Dream Fund, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2015**

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Expenditures	2015			
	Program	Supporting Services		Total
		Administration	Fundraising	
In-kind program expenses	\$ 464,034	\$ -	\$ -	\$ 464,034
Salaries	213,971	73,742	86,792	374,505
Program expenses	272,539	-	-	272,539
In-kind rent and services expense	55,790	6,974	6,974	69,738
Office and occupancy expense	34,474	15,191	10,976	60,641
Employee benefits	36,436	9,961	7,991	54,388
Payroll taxes	14,615	6,841	7,032	28,488
Staff development and travel	10,239	1,799	1,799	13,837
Rent expense	12,570	1,571	1,571	15,712
Professional services	200	10,100	-	10,300
Fundraising expense	-	-	4,646	4,646
Depreciation	627	182	202	1,011
Total expenditures	<u>\$ 1,115,495</u>	<u>\$ 126,361</u>	<u>\$ 127,983</u>	<u>\$ 1,369,839</u>

The accompanying notes are an integral part of this financial statement.

# Children's Dream Fund, Inc.

## Notes to Financial Statements December 31, 2016 and 2015

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### **Note A – Organization and Description of Business**

The Children's Dream Fund, Inc. (the "Organization") is a nonprofit organization incorporated in the State of Florida on December 9, 1981. It was created with the single purpose of fulfilling dreams for children on the West Coast of Florida. The Organization grants dreams to children between the ages of three and eighteen who have been diagnosed with a life-threatening medical condition. In 2001, the Organization changed its name from Suncoast Children's Dream Fund, Inc. to the Children's Dream Fund, Inc.

The Organization granted its first wish in 1981 and has granted over 2,000 dreams through December 2016.

### **Note B – Significant Accounting Policies**

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

#### **Basis of Presentation**

In accordance with authoritative guidance, the Organization is required to report information regarding its financial position and activities according to three net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Unrestricted Net Assets** – Net assets representing assets generated from operations that are not subject to donor imposed stipulations.

**Temporarily Restricted Net Assets** – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

**Permanently Restricted Net Assets** – Net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization. Generally, the donors of these assets permit the use of all or part of the income earned on related investments for general or specific purposes.

#### **Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of property and equipment, split-interest agreements, investments, valuation of contributions receivable, accrued pending dream costs, and whether an allowance for uncollectible contributions receivable is required. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

#### **Cash and Cash Equivalents**

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

# Children's Dream Fund, Inc.

## Notes to Financial Statements December 31, 2016 and 2015

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### Note B – Significant Accounting Policies (continued)

#### Discount on Pledges Receivable

Pledges receivable are discounted at the time the receivable is initially recognized at an effective interest rate of 5%. The discount is amortized to contribution revenue over the life of the receivable. Unamortized discounts were approximately \$4,700 and \$9,000 at December 31, 2016 and 2015, respectively.

#### Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the statement of activities. Investment incomes and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the incomes and gains are recognized. Income from investments is reflected net of related expenses.

#### Fair Value Measurement

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The Organization has adopted the provisions of ASC Topic 820, Fair Value Measurements and Disclosures, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

# Children's Dream Fund, Inc.

## Notes to Financial Statements December 31, 2016 and 2015

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### Note B – Significant Accounting Policies (continued)

The Organization follows the provisions of ASU 2009-12 for certain investments in funds that do not have readily determinable fair values. This guidance amends ASC Topic 820 and allows for the estimation of fair value of investments for which the investment does not have a readily determinable fair value using Net Asset Value (NAV) per share or its equivalent. NAV, in many instances, may not equal fair values that would be calculated pursuant to ASC Topic 820.

The following table presents the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis at December 31, 2016 and 2015:

	<u>Fair Value Measurements at Reporting</u> <u>Date Using:</u>	
	Assets Measured	
	at Fair Value at	(Level 1)
	12/31/2016	
Cash and cash equivalents	\$ 40,475	\$ 40,475
Mutual funds:		
Domestic equity	650,650	650,650
International equity	73,636	73,636
Fixed income	271,060	271,060
Real estate	108,444	108,444
Other	10,752	10,752
	<u>\$ 1,155,017</u>	<u>\$ 1,155,017</u>

	<u>Fair Value Measurements at Reporting</u> <u>Date Using:</u>	
	Assets Measured	
	at Fair Value at	(Level 1)
	12/31/2015	
Cash and cash equivalents	\$ 71,189	\$ 71,189
Mutual funds:		
Domestic equity	586,896	586,896
International equity	76,384	76,384
Fixed income	238,595	238,595
Real estate	98,849	98,849
	<u>\$ 1,071,913</u>	<u>\$ 1,071,913</u>

The Organization's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no significant transfers into or out of Level 1, Level 2, or Level 3 for the years ended December 31, 2016 and 2015.

# Children's Dream Fund, Inc.

## Notes to Financial Statements December 31, 2016 and 2015

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### Note B – Significant Accounting Policies (continued)

#### Allocation of Investment Strategies

In addition to traditional stocks and fixed-income securities, the Organization may also hold shares or units in traditional institutional funds as well as in alternative investment funds involving hedged strategies, private equity, and real asset strategies. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges, and other instruments, and are valued accordingly. Private equity funds employ buy-out and venture capital strategies and focus on investments in turn-around situations. Real asset funds generally hold interests in public real estate investment trusts ("REITs") or commercial real estate through sole-member entities. Private equity and real asset strategies, therefore, often require the estimation of fair values by the fund managers in the absence of readily determinable market values. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales price, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Moreover, the fair values of the Organization's interests in shares or units of these funds, because of liquidity and capital commitment terms that vary depending on the specific fund or partnership agreement, may differ from the fair values of the funds' underlying net assets.

The following schedule summarizes investment income for the years ending December 31, 2016 and 2015, respectively:

	2016			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Dividends and interest	\$ 19,695	\$ -	\$ -	\$ 19,695
Unrealized gains/(loss)	27,799	-	-	27,799
Realized gains	35,715	-	-	35,715
Total investment income	<u>\$ 83,209</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,209</u>

	2015			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Dividends and interest	\$ 16,021	\$ -	\$ -	\$ 16,021
Capital gains	60,183	-	-	60,183
Unrealized gains/(loss)	(70,291)	-	-	(70,291)
Realized gains	13,602	-	-	13,602
Total investment income	<u>\$ 19,515</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,515</u>

# Children's Dream Fund, Inc.

## Notes to Financial Statements December 31, 2016 and 2015

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### Note C – Property and Equipment

Property and equipment and related accumulated depreciation consisted of the following as of December 31:

	2016	2015
Furniture and equipment	\$ 10,849	\$ 10,849
Computers	13,380	13,380
Sign	771	771
Total	<u>25,000</u>	<u>25,000</u>
Less: Accumulated depreciation	<u>(23,952)</u>	<u>(23,162)</u>
Property and equipment, net	<u>\$ 1,048</u>	<u>\$ 1,838</u>

Depreciation expense totaled \$790 and \$1,011 for the years ended December 31, 2016 and 2015, respectively.

### Note D – Donated Services and Facilities

In accordance with ASC Topic 958, *NPO Entities*, the value of donated use of facilities and donated services that require specialized skills that would have been purchased if not donated are reflected in the accompanying financial statements. Donated use of facilities is recorded at fair rental value during the period of use, since the free use of facilities is not promised for a specified period of time. These recorded donated services and facilities for the years ended December 31, 2016 and 2015, consisted of:

	2016	2015
Printing services	\$ 1,200	\$ 1,159
Office space and parking	<u>73,700</u>	<u>69,737</u>
	<u>\$ 74,900</u>	<u>\$ 70,896</u>

In addition, a number of other volunteers have donated significant amounts of their time to the operations of the Organization. However, they are not reflected in the accompanying financial statements, since they do not meet the criteria for recognition under ASC Topic 958.

### Note E – Operating Lease

The Organization leases office facilities and equipment under a cancelable operating lease on a month-to-month basis. The lease can be terminated upon thirty days prior written notice by either party to the non-terminating party. Rent expense for the years ended December 31, 2016 and 2015 was \$91,497 and \$85,450, respectively, which includes donated office space and parking of \$73,700 and \$69,737, respectively (see Note D).

# Children's Dream Fund, Inc.

## Notes to Financial Statements December 31, 2016 and 2015

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### **Note F – In-Kind Contributions**

The majority of in-kind contributions consist of donations to fulfill children's dreams. In-kind contributions are recorded as both revenue and expense, based upon the donor's estimate of the fair market value of services or items provided. In-kind contributions for the years ended December 31, 2016 and 2015, amounted to \$356,526 and \$464,034, respectively, and are included in the Statements of Activities and Statements of Functional Expenses.

### **Note G – Beneficial Interest**

In 2005, the Organization entered into a non-revocable agreement to transfer and assign assets in the amount of \$10,000 to the Community Foundation of Tampa Bay, Inc. (the "Foundation"). Its purpose is to establish a permanent, designated endowment fund that directly benefits the Organization. Any person may make an irrevocable gift to the Foundation as an addition to the fund. Each year, the Organization may make a grant request from the Foundation, not to exceed 7% of the fair market value of the fund as of January 1<sup>st</sup> of said year, from the fund based on the average annual total return. Total return is defined as income plus or minus realized and unrealized capital gains or losses earned by the investment of the assets of the fund. There will be no grants from the principal of the fund. The fair market value at December 31, 2016 and 2015 was \$15,701 and \$14,534, respectively.

### **Note H – Permanently Restricted Net Assets**

Permanently restricted net assets represent a memorial donation of \$23,520. The donation is invested in a certificate of deposit and is reported as a restricted investment on the statements of financial position. The interest earned on the donation is used to fulfill the dreams of children with life-threatening illnesses.

### **Note I – Concentrations of Credit Risk**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash, cash equivalents and investments. The Organization places its cash and investments with high credit quality financial institutions and generally limits the amount of credit exposure to the amount of the FDIC Insurance coverage limit of \$250,000. From time to time throughout the year, the Organization's cash balances may exceed the amount of the FDIC insurance coverage.

### **Note J – Retirement Plan**

In 2007, the Organization agreed to provide retirement benefits to its employees through a simplified employee pension plan. Eligible employees have met all of the following requirements: have worked for the Organization in at least one of the last five years, have reached age 21, and have received the minimum compensation requirement. The Organization may make discretionary contributions each year, up to 25 percent of eligible compensation. Contributions to the plan during the years ended December 31, 2016 and 2015 were \$25,701 and \$24,271, respectively.



# Children's Dream Fund, Inc.

## Notes to Financial Statements December 31, 2016 and 2015

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### **Note K – Risks and Uncertainties**

The Organization invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, overall market volatility, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Organization's account balances and the amounts reported in the statements of financial position.

The Organization receives the majority of its support through contributions and in-kind contributions. Should these contribution levels decrease, the Organization may be adversely affected.

### **Note L – Subsequent Events**

Subsequent events have been evaluated through June 29, 2017, which is the date the financial statements were available to be issued.