

**CATCH-A-DREAM FOUNDATION, INC.**  
**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2015 AND 2014**

**CATCH-A-DREAM FOUNDATION, INC.**

**DECEMBER 31, 2015 AND 2014**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Catch-A-Dream Foundation, Inc.  
Mississippi State, Mississippi

We have audited the accompanying financial statements of Catch-A-Dream Foundation, Inc., which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, and cash flows, for the years then ended, and the related notes to 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 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 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 auditors consider 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 purposes 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.

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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 Catch-A-Dream Foundation, Inc., as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matter***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 7 and 8 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*T. E. Holt & Company*

Starkville, Mississippi  
June 24, 2016

## CATCH-A-DREAM FOUNDATION, INC.

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## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015 AND 2014

<i>ASSETS</i>	<u>2015</u>	<u>2014</u>
<b><i>CURRENT ASSETS</i></b>		
Cash and cash equivalents	\$ 578,197	\$ 544,108
Accounts receivable	675	110,950
Prepaid expenses	9,026	5,231
Supply inventories	12,916	5,561
Accrued interest receivable	<u>22,680</u>	<u>34,618</u>
Total current assets	623,494	700,468
<b><i>INVESTMENTS</i></b> , at fair value	1,590,774	1,533,422
<b><i>PROPERTY</i></b>		
Building	351,834	339,584
Land	70,722	70,722
Vehicle	16,000	16,000
Furniture	9,691	7,191
Equipment	48,366	43,705
Accumulated depreciation	<u>(68,020)</u>	<u>(49,330)</u>
	428,593	427,872
<b><i>OTHER ASSETS</i></b>		
	<u>675</u>	<u>675</u>
Total Assets	<u>\$ 2,643,536</u>	<u>\$ 2,662,437</u>
<b><i>LIABILITIES AND NET ASSETS</i></b>		
<b><i>CURRENT LIABILITIES</i></b>		
Accounts payable	\$ 7,463	\$ 6,107
Accrued liabilities	5,027	6,202
Accrued pending dream costs	<u>13,500</u>	<u>10,500</u>
Total current liabilities	25,990	22,809
<b><i>NET ASSETS</i></b>		
Unrestricted	2,617,546	2,539,628
Temporarily Restricted	<u>-</u>	<u>100,000</u>
Total net assets	<u>2,617,546</u>	<u>2,639,628</u>
Total Liabilities and Net Assets	<u>\$ 2,643,536</u>	<u>\$ 2,662,437</u>

The accompanying notes are an integral part of these statements.

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES</b>			
Contributions	\$ 793,952	\$ -	\$ 793,952
Special event revenue	108,057	-	108,057
Less cost of direct benefit to donor	<u>(132,130)</u>	<u>-</u>	<u>(132,130)</u>
	(24,073)	-	(24,073)
Investment income	56,440	-	56,440
Realized and unrealized losses on investments, net	(36,890)	-	(36,890)
Net assets released from restrictions	<u>100,000</u>	<u>(100,000)</u>	<u>-</u>
Total revenues	889,429	(100,000)	789,429
<b>EXPENSES</b>			
Program services	518,533	-	518,533
Supporting services:			
Management and general	253,761	-	253,761
Fund-raising	<u>39,217</u>	<u>-</u>	<u>39,217</u>
Total supporting services	<u>292,978</u>	<u>-</u>	<u>292,978</u>
Total expenses	<u>811,511</u>	<u>-</u>	<u>811,511</u>
Change in net assets	77,918	(100,000)	(22,082)
Net assets, beginning of year	<u>2,539,628</u>	<u>100,000</u>	<u>2,639,628</u>
Net assets, end of year	<u>\$ 2,617,546</u>	<u>\$ -</u>	<u>\$ 2,617,546</u>

The accompanying notes are an integral part of this statement.

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES</b>			
Contributions	\$ 872,265	\$ -	\$ 872,265
Special event revenue	110,606	-	110,606
Less cost of direct benefit to donor	<u>(134,017)</u>	<u>-</u>	<u>(134,017)</u>
	(23,411)	-	(23,411)
Investment income	76,661	-	76,661
Realized and unrealized gains on investments	61,980	-	61,980
Net assets released from restrictions	<u>100,000</u>	<u>(100,000)</u>	<u>-</u>
Total revenues	1,087,495	(100,000)	987,495
<b>EXPENSES</b>			
Program services	522,350	-	522,350
Supporting services:			
Management and general	236,498	-	236,498
Fund-raising	<u>39,808</u>	<u>-</u>	<u>39,808</u>
Total supporting services	<u>276,306</u>	<u>-</u>	<u>276,306</u>
Total expenses	<u>798,656</u>	<u>-</u>	<u>798,656</u>
Change in net assets	288,839	(100,000)	188,839
Net assets, beginning of year	<u>2,250,789</u>	<u>200,000</u>	<u>2,450,789</u>
Net assets, end of year	<u>\$ 2,539,628</u>	<u>\$ 100,000</u>	<u>\$ 2,639,628</u>

The accompanying notes are an integral part of this statement.

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b><i>CASH FLOWS FROM OPERATING ACTIVITIES</i></b>		
Change in net assets	\$ (22,082)	\$ 188,839
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized (gains) losses	73,877	(58,685)
Realized gains	(36,986)	(3,295)
Depreciation	19,756	18,232
Decrease in accounts receivable	110,275	89,550
(Increase) decrease in supply inventories	(7,355)	3,039
(Increase) decrease in prepaid expenses	(3,795)	5,573
(Increase) decrease in accrued interest receivable	11,938	(25,974)
Increase in accounts payable	1,356	3,655
Increase (decrease) in accrued liabilities	(1,175)	108
Increase (decrease) in accrued pending dream costs	<u>3,000</u>	<u>(25,500)</u>
Net cash provided by operating activities	148,809	195,542
<b><i>CASH FLOWS FROM INVESTING ACTIVITIES</i></b>		
Purchase of investments	(485,761)	(128,051)
Proceeds from sale of securities and principal paydowns	391,518	137,982
Purchase of fixed assets	<u>(20,477)</u>	<u>(12,435)</u>
Net cash used in investing activities	<u>(114,720)</u>	<u>(2,504)</u>
Net increase in cash and cash equivalents	34,089	193,038
Cash and cash equivalents at beginning of year	<u>544,108</u>	<u>351,070</u>
Cash and cash equivalents at end of year	<u>\$ 578,197</u>	<u>\$ 544,108</u>

The accompanying notes are an integral part of these statements.



CATCH-A-DREAM FOUNDATION, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services	Supporting Services		Total
		Management and General	Fund-raising	
Bank, credit card, and investment fees	\$ -	\$ 5,950	\$ -	\$ 5,950
Clothing	12,576	1,833	-	14,409
Depreciation	-	19,756	-	19,756
Direct costs of dreams	189,132	-	-	189,132
Donor and volunteer recognition	-	6,956	-	6,956
Dues and subscriptions	-	6,797	-	6,797
Fees	-	1,427	-	1,427
Insurance	1,129	31,492	3,776	36,397
Marketing and promotional expense	-	8,878	-	8,878
Miscellaneous	857	892	510	2,259
Occupancy	-	8,191	-	8,191
Office expense	-	22,767	-	22,767
Plaques	13,391	-	-	13,391
Postage/delivery costs	3,050	2,032	-	5,082
Professional fees	-	14,968	-	14,968
Repairs and maintenance	-	2,968	-	2,968
Retirement	-	10,990	-	10,990
Salaries	181,724	73,558	34,931	290,213
Taxes	-	22,681	-	22,681
Telephone	-	7,465	-	7,465
Travel	116,674	4,159	-	120,833
Total	<u>\$ 518,533</u>	<u>\$ 253,761</u>	<u>\$ 39,217</u>	<u>\$ 811,511</u>

The accompanying notes are an integral part of this schedule.

## SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2014

	Program Services	Supporting Services		Total
		Management and General	Fund-raising	
Bank, credit card, and investment fees	\$ -	\$ 2,992	\$ -	\$ 2,992
Clothing	5,603	-	-	5,603
Depreciation	-	18,232	-	18,232
Direct costs of dreams	161,460	-	-	161,460
Donor and volunteer recognition	-	8,284	-	8,284
Dues and subscriptions	-	3,891	-	3,891
Fees	-	2,237	-	2,237
Guide expenses	750	-	-	750
Insurance	5,384	30,199	5,139	40,722
Marketing and promotional expense	-	6,656	-	6,656
Miscellaneous	291	-	919	1,210
Occupancy	-	7,008	-	7,008
Office expense	-	18,961	-	18,961
Plaques	15,897	-	-	15,897
Postage/delivery costs	5,834	2,489	-	8,323
Professional fees	-	17,298	-	17,298
Repairs and maintenance	-	6,904	-	6,904
Retirement	-	7,820	-	7,820
Salaries	166,123	66,484	33,750	266,357
Taxes	-	25,923	-	25,923
Telephone	-	7,551	-	7,551
Travel	161,008	3,569	-	164,577
Total	<u>\$ 522,350</u>	<u>\$ 236,498</u>	<u>\$ 39,808</u>	<u>\$ 798,656</u>

The accompanying notes are an integral part of this schedule.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****1. Nature of Activities**

Catch-A-Dream Foundation, Inc., (the Foundation) is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The singular mission of the Foundation is to grant once-in-a-lifetime outdoor experiences to children 18 years old or younger who have a life-threatening illness.

**2. Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Net assets and revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

*Unrestricted Net Assets*

Net assets 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 Foundation and/or the passage of time. When a donor restriction expires, that is, 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 and changes in net assets as net assets released from restrictions.

**3. Donated Property, Facilities, Auction Items, and Donated Services**

Contributions of assets other than cash are recorded at their estimated fair value. Contributions of services are recognized if the services received (1) create or enhance nonfinancial assets or (2) require specialized skills or are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Foundation received services, facilities, property and various items that are included in the accompanying statements of activities and changes in net assets at an estimated fair market value of \$218,885 and \$205,831 during 2015 and 2014, respectively, which met the previously discussed criteria.

**4. Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

*NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES* (Continued)**5. Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increase those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

**6. Description of Program and Supporting Services**

The following program and supporting services are included in the accompanying financial statements:

*Program*

Activities performed by the Foundation, which grants dreams to children with life-threatening medical conditions.

*Management and General*

Includes all costs not specifically identifiable with dream granting or fund-raising activities, but indispensable to the conduct of the Foundation's mission. These include expenses for the overall direction of the organization, business management, general recordkeeping, and activities relating to these functions such as salaries, supplies, equipment and other general overhead. Expenses that benefit more than one function of the Foundation are allocated among the functions based, generally, on the amount of time spent by employees on each function.

*Fund-raising*

Activities performed by the Foundation to generate funds and/or resources to support its programs and operations.

**7. Investments**

Investments in marketable securities with determinable fair values are stated at their fair values in the statements of financial position. Unrealized gains and losses and investment income are recorded in the statements of activities and changes in net assets in unrestricted net assets, unless they are permanently or temporarily restricted by the donor.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)**8. *Accrued Pending Dream Costs***

The Foundation accrues for the estimated cost of reportable pending dreams when certain measurable dream criteria are met. The reportable pending dream criteria include formal referral of the child to the Foundation, a medical eligibility form signed by the child's physician, formal approval by the Foundation, determination of the dream, and reasonable expectation that the dream will be granted within the following year. As of December 31, 2015 and 2014, the Foundation had three reportable pending dreams recorded in the accompanying statements of financial position.

**9. *Supply Inventories***

Supply inventories consist mainly of prints and knives imprinted with the Catch-a-Dream Foundation, Inc., logo provided to donors for contributions to the Foundation. These inventories are recorded at cost.

**10. *Property***

Property is stated at cost or at the estimated fair value at date of donation. The Foundation's policy is to capitalize asset purchases over \$1,000. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Building	39 years
Equipment	5 years
Furniture and Vehicle	7 years

Depreciation expense was \$19,756 and \$18,232 for the years ended December 31, 2015 and 2014, respectively.

**11. *Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. The Foundation believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from these estimates.

**12. *Subsequent Events***

Management has evaluated the effect of subsequent events on these financial statements through June 24, 2016, the date the financial statements were available to be issued.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

**NOTE B - INVESTMENTS**

Investments were stated at fair value and consisted of the following at December 31, 2015 and 2014:

	2015		2014	
	Cost	Estimated Market Value	Cost	Estimated Market Value
<b>Unrestricted:</b>				
Fixed Income:				
Certificates of Deposit	\$ 205,142	\$ 202,701	\$ 164,980	\$ 169,851
Agency Securities	75,188	75,090	96,010	95,093
Corporate Bonds	266,727	265,769	317,386	320,850
Mortgage Backed Securities	63,722	61,942	105,537	103,370
Municipal Bonds	469,924	478,681	434,611	446,767
Other Securities	48,052	45,664	28,618	27,675
Total Fixed Income	1,128,755	1,129,847	1,147,142	1,163,606
Equities:				
Stock Mutual Funds	408,311	431,326	288,545	369,817
Exchange-Traded Products	29,849	29,601	-	-
Total Equities	438,160	460,927	288,545	369,817
Total	\$ 1,566,915	\$ 1,590,774	\$ 1,435,687	\$ 1,533,423
Unrealized gains (losses)		\$ (73,877)		\$ 58,685
Realized gains		36,986		3,295
Total realized and unrealized gains (losses) on investments		\$ (36,891)		\$ 61,980

**NOTE C - CONCENTRATION OF CREDIT RISK**

The Foundation maintains cash balances at a financial institution and a security brokerage firm. Accounts at the financial institution are insured by the FDIC up to \$250,000 and the account at the brokerage firm is insured by the SIPC up to \$2,500,000. At December 31, 2015 and 2014, the Foundation's uninsured cash balances totaled \$86,330 and \$180,121, respectively.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

***NOTE D - CONCENTRATION OF DONOR RISK***

The Foundation receives a substantial portion of its contributions from three donors. Management believes these donors can be replaced, although not immediately. For the year ended December 31, 2015, the three donors contributed \$250,000 or 31% of total contributions.

***NOTE E - FUNCTIONAL ALLOCATION OF EXPENSES***

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

All of the costs associated with fund-raising are determined to be assigned to the fund-raising function, and, therefore, none are allocated to other functional expense categories.

***NOTE F - FAIR VALUE MEASUREMENTS***

The carrying amounts reported in the statements of financial position for cash and cash equivalents, other current assets, accounts payable, and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments. Investments are reflected in the accompanying financial statements at fair value.

Generally accepted accounting principles require that the Foundation establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) available in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the measurement date, and fair value can be determined through the use of models or other valuation methodologies.

Level 3 inputs are unobservable inputs where there is little or no market activity for the asset or liability, and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability, including assumptions regarding risk.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

**NOTE F - FAIR VALUE MEASUREMENTS** (Continued)

The following is a summary of the levels within the fair value hierarchy as of December 31, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	<u>\$ 1,590,774</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,590,774</u>

**NOTE G - INCOME TAX STATUS**

ASC Topic 740, *Income Taxes*, provides guidance on financial statement recognition and measurement of tax positions taken, or expected to be taken, in tax returns. ASC Topic 740 requires an evaluation of tax positions to determine if the tax positions will more likely than not be sustainable upon examination by the appropriate tax authority. The Foundation, at December 31, 2015, had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Foundation's federal tax returns for the year 2012 and subsequent years remain subject to examination by tax authorities.

**NOTE H - ACCOUNTS RECEIVABLE**

The accounts receivable at December 31, 2014, consists principally of a pledge from an individual donor to give \$100,000 for the year ended 2015 to replenish the funds used for the purchase of the new facilities.

**NOTE I - RETIREMENT PLAN**

The Catch-A-Dream Foundation sponsors a retirement plan that covers all full-time employees with a minimum of six months employment. Contributions to the plan are based on a dollar-for-dollar match up to 3% of compensation. For the years ended December 31, 2015 and 2014, the amount of retirement expense was \$10,990 and \$7,820, respectively.

**NOTE J - RECLASSIFICATIONS**

Certain reclassifications have been made to the 2014 financial statements to conform with classifications used in 2015.