

**CATCH-A-DREAM FOUNDATION, INC.**  
**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2019 AND 2018**

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

**DECEMBER 31, 2019 AND 2018**

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## INDEPENDENT AUDITORS' REPORT

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Debby H. Gray, CPA, CPC  
Clayton H. Richardson, III, CPA, CVA  
J. Michael Prince, CPA, CSEP  
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Wesley Hulett, CPA

To the Board of Directors  
Catch-A-Dream Foundation, Inc.  
Starkville, MS 39759

We have audited the accompanying financial statements of Catch-A-Dream Foundation, Inc., which comprise the statements of financial position as of December 31, 2019 and 2018, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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***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, 2019 and 2018, 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.

***Supplementary Information***

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 17 and 18 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. Coats, Company

Starkville, Mississippi  
September 1, 2020

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

<i><b>ASSETS</b></i>	<u>2019</u>	<u>2018</u>
<i><b>CURRENT ASSETS</b></i>		
Cash and cash equivalents	\$ 883,594	\$ 686,265
Accounts receivable	-	450
Prepaid expenses	10,186	8,977
Supply inventories	-	6,670
Accrued interest receivable	7,483	8,405
Total current assets	<u>901,263</u>	<u>710,767</u>
<i><b>INVESTMENTS</b></i> , at fair value	2,263,536	2,014,153
<i><b>PROPERTY</b></i>		
Building	351,834	351,834
Land	70,722	70,722
Vehicle	25,200	25,200
Furniture	16,163	16,163
Equipment	55,975	55,926
Accumulated depreciation	<u>(130,254)</u>	<u>(115,856)</u>
	389,640	403,989
<i><b>OTHER ASSETS</b></i>	<u>675</u>	<u>675</u>
Total Assets	<u>\$ 3,555,114</u>	<u>\$ 3,129,584</u>
<i><b>LIABILITIES AND NET ASSETS</b></i>		
<i><b>CURRENT LIABILITIES</b></i>		
Accounts payable	\$ 21,571	\$ 8,431
Accrued liabilities	7,369	9,953
Accrued pending dream costs	<u>9,000</u>	<u>4,500</u>
Total current liabilities	37,940	22,884
<i><b>NET ASSETS</b></i>		
Without donor restrictions:		
Undesignated - available for general activities	3,216,478	2,848,154
Designated by Board for reserve	-	258,546
With donor restrictions:	<u>300,696</u>	<u>-</u>
Endowment fund		
Total net assets	<u>3,517,174</u>	<u>3,106,700</u>
Total Liabilities and Net Assets	<u>\$ 3,555,114</u>	<u>\$ 3,129,584</u>

The accompanying notes are an integral part of these statements.

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES</b>			
Contributions	\$ 916,633	\$ 42,150	\$ 958,783
Special event revenue	160,472	-	160,472
Less cost of direct benefit to donor	<u>(86,950)</u>	<u>-</u>	<u>(86,950)</u>
	73,522	-	73,522
Investment income, net of expenses	74,332	-	74,332
Realized and unrealized gains (losses) on investments, net	240,837	-	240,837
Transfer from without donor restrictions	<u>-</u>	<u>258,546</u>	<u>258,546</u>
Total revenues	1,305,324	300,696	1,606,020
<b>EXPENSES</b>			
Program services	616,266	-	616,266
Supporting services:			
Management and general	248,576	-	248,576
Fund-raising	<u>72,158</u>	<u>-</u>	<u>72,158</u>
Total supporting services	320,734	-	320,734
Transfer to with donor restrictions	<u>258,546</u>	<u>-</u>	<u>258,546</u>
Total expenses	<u>1,195,546</u>	<u>-</u>	<u>1,195,546</u>
Change in net assets	109,778	300,696	410,474
Net assets, beginning of year	<u>3,106,700</u>	<u>-</u>	<u>3,106,700</u>
Net assets, end of year	<u>\$ 3,216,478</u>	<u>\$ 300,696</u>	<u>\$ 3,517,174</u>

The accompanying notes are an integral part of these statements.

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

## FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
Contributions	\$ 975,593	\$ -	\$ 975,593
Special event revenue	157,559	-	157,559
Less cost of direct benefit to donor	<u>(128,906)</u>	<u>-</u>	<u>(128,906)</u>
	28,653	-	28,653
Investment income, net of expenses	90,585	-	90,585
Realized and unrealized gains (losses) on investments, net	<u>(185,822)</u>	<u>-</u>	<u>(185,822)</u>
Total revenues	909,009	-	909,009
<b>EXPENSES</b>			
Program services	504,557	-	504,557
Supporting services:			
Management and general	262,790	-	262,790
Fund-raising	<u>92,373</u>	<u>-</u>	<u>92,373</u>
Total supporting services	<u>355,163</u>	<u>-</u>	<u>355,163</u>
Total expenses	<u>859,720</u>	<u>-</u>	<u>859,720</u>
Change in net assets	49,289	-	49,289
Net assets, beginning of year	<u>3,057,411</u>	<u>-</u>	<u>3,057,411</u>
Net assets, end of year	<u><u>\$ 3,106,700</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,106,700</u></u>

The accompanying notes are an integral part of these statements.

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b><i>CASH FLOWS FROM OPERATING ACTIVITIES</i></b>		
Change in net assets	\$ 410,474	\$ 49,289
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized (gains) losses	(237,789)	188,848
Realized gains	(3,048)	(3,026)
Depreciation	18,098	21,108
Loss on disposal of fixed asset	-	2,286
(Increase) decrease in accounts receivable	450	(450)
Increase in prepaid expenses	(1,209)	(136)
Decrease in supply inventories	6,670	10,312
Decrease in accrued interest receivable	922	-
Increase in accounts payable	13,140	3,764
Increase (decrease) in accrued liabilities	(2,584)	348
Increase (decrease) in accrued pending dream costs	<u>4,500</u>	<u>(9,000)</u>
Net cash provided by operating activities	209,624	263,343
<b><i>CASH FLOWS FROM INVESTING ACTIVITIES</i></b>		
Purchase of investments	(466,415)	(154,207)
Proceeds from sale of investments	457,869	83,784
Purchase of fixed assets	<u>(3,749)</u>	<u>(25,200)</u>
Net cash used in investing activities	<u>(12,295)</u>	<u>(95,623)</u>
Net increase in cash and cash equivalents	197,329	167,720
Cash and cash equivalents at beginning of year	<u>686,265</u>	<u>518,545</u>
Cash and cash equivalents at end of year	<u>\$ 883,594</u>	<u>\$ 686,265</u>

The accompanying notes are an integral part of these statements.



NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

**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:

*Without donor restrictions*

Contributions made to the Foundation that are free of any donor stipulation or restriction and will be classified as without donor restrictions. Contributions without donor restrictions are available for Foundation operations.

*With donor restrictions*

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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Contributions with donor restrictions designated by the donor for the endowment fund will have the principle balance restricted in perpetuity. Any earnings on the endowment fund are without restriction and available to support the Foundation operations.

**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 \$193,523 and \$177,456 during 2019 and 2018, respectively, which met the previously discussed criteria.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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

**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.

**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 net assets with donor restriction support that increases that net asset class. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 without donor restrictions, unless they are restricted by the donor.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

*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, 2019 and 2018, the Foundation had two and one, respectively, 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 \$18,098 and \$21,108 for the years ended December 31, 2019 and 2018, 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.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)**12. Revenue From Contracts With Customers**

Effective January 1, 2019, the Organization adopted ASC 606 - Revenue from Contracts with Customers. Under ASC 606, the Organization recognizes revenue from licensing agreements and contracts by applying the following steps: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to each performance obligation in the contract; and (5) recognize revenue when each performance obligation is satisfied. There was no impact to the Organization's statement of activities on the date of adoption of Topic 606.

**13. Subsequent Events**

Management has evaluated the effect of subsequent events on these financial statements through September 1, 2020, the date the financial statements were available to be issued.

**NOTE B - INVESTMENTS AND 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, 2019 AND 2018

**NOTE B - INVESTMENTS AND FAIR VALUE MEASUREMENTS** (Continued)

The following is a summary of the levels within the fair value hierarchy as of December 31, 2019 and 2018:

	Level 1	Level 2	Level 3	2019 Total
Fixed Income:				
Certificates of Deposit	\$ -	\$ 172,523	\$ -	\$ 172,523
Agency Securities	-	20,132	-	20,132
Corporate Bonds	-	123,928	-	123,928
Mortgage-Backed Securities	-	27,742	-	27,742
Municipal Bonds	-	523,117	-	523,117
Other Securities	-	145,124	-	145,124
Total Fixed Income	-	1,012,566	-	1,012,566
Equities:				
Stock Mutual Funds	740,397	-	-	740,397
Exchange-Traded Products	510,573	-	-	510,573
Total Equities	1,250,970	-	-	1,250,970
Total	<u>\$ 1,250,970</u>	<u>\$ 1,012,566</u>	<u>\$ -</u>	<u>\$ 2,263,536</u>
	Level 1	Level 2	Level 3	2018 Total
Fixed Income:				
Certificates of Deposit	\$ -	\$ 165,287	\$ -	\$ 165,287
Agency Securities	-	34,037	-	34,037
Corporate Bonds	-	158,693	-	158,693
Mortgage-Backed Securities	-	28,514	-	28,514
Municipal Bonds	-	531,187	-	531,187
Other Securities	-	96,619	-	96,619
Total Fixed Income	-	1,014,337	-	1,014,337
Equities:				
Stock Mutual Funds	625,454	-	-	625,454
Exchange-Traded Products	374,362	-	-	374,362
Total Equities	999,816	-	-	999,816
Total	<u>\$ 999,816</u>	<u>\$ 1,014,337</u>	<u>\$ -</u>	<u>\$ 2,014,153</u>

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

***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, 2019 and 2018, the Foundation's uninsured cash balances totaled \$157,178 and \$342,550, respectively.

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

The Foundation receives a substantial portion of its contributions from a small pool of donors. Management believes these donors can be replaced, although not immediately. For the years ended December 31, 2019 and 2018, two donors and three donors contributed \$167,394 and \$312,566, or 17% and 32%, respectively, 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 - 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, 2019, had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

***NOTE G - 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, 2019 and 2018, the amount of retirement expense was \$10,777 and \$10,596, respectively.

***NOTE H - LIQUIDITY AND AVAILABLE RESOURCES***

Financial assets, at year-end	\$ 3,154,613
Less Endowment funds	<u>(300,696)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,853,917</u>

Financial assets at year-end include cash and cash equivalents, accounts receivable, accrued interest receivable and investments. The Foundation is substantially supported by current year contributions and historically operates with an operating surplus year to year, as expenses are managed annually based on current contributions.

***NOTE I – ENDOWMENT FUND***

On December 11, 2019, an endowment fund was created for the long-term well-being of the Organization. The earnings on the endowment fund are available for any Foundation use and not restricted funds, unless prohibited by the donor.

The Foundation's endowment fund includes donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

*NOTE I – ENDOWMENT FUND* (Continued)

The Foundation is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Most of those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors has interpreted SPMIFA as not requiring the maintenance or purchasing power of the original gift amount that was contributed to an endowment fund, unless a donor stipulates to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Foundation has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Endowment Net Asset Composition by Fund Type as of December 31, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<i>December 31, 2019</i>			
<b>Donor-restricted endowment funds</b>	\$ -	\$ 300,696	\$ 300,696
<b>Board-designated endowment funds</b>	-	-	-
<b>Total funds</b>	<u>\$ -</u>	<u>\$ 300,696</u>	<u>\$ 300,696</u>



## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

*NOTE I – ENDOWMENT FUND* (Continued)

Changes in endowment net assets for the years ended December 31, 2019:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<i>December 31, 2019</i>			
<b>Endowment net assets, beginning of year</b>	\$ -	\$ -	\$ -
<b>Contributions</b>	-	<b>300,696</b>	<b>300,696</b>
<b>Gain on investments</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Endowment net assets, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 300,696</u></u>	<u><u>\$ 300,696</u></u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor or SPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature result from unfavorable market fluctuations and would be included in net assets with donor restrictions. As of December 31, 2019, there were no such deficiencies.

Description of assets classified as with donor restrictions:

	<u>2019</u>
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by state law	<b>\$ 300,696</b>
The portion of endowment funds with purpose restrictions	<u>-</u>
Total endowment funds classified as with donor restrictions	<u><b>\$ 300,696</b></u>

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

***NOTE J – SUBSEQUENT EVENTS***

The outbreak of Coronavirus Disease 2019 (“COVID-19”) could adversely impact the Foundation’s ability to raise funds through private donations or other fundraising events. The World Health Organization has declared COVID-19 to be a global pandemic indicating that almost all public commerce and related business activities must be, to varying degrees, curtailed with the goal of decreasing the rate of new infections.

The spread of the outbreak has caused disruptions in the U.S. economy and is highly likely to disrupt fundraising and other events put on by the Foundation and could potentially create widespread business continuity issues for the Foundation and its stakeholders.

The Foundation’s business is dependent upon the willingness and ability of its donors and employees to willingly give their time, money and other resources to the Foundation. If the global response to contain COVID-19 is unsuccessful, the Foundation could experience a material adverse effect on its business, financial condition and results of operations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration and its impacts on the Foundation’s donors, employees and vendors. Therefore, the extent to which COVID-19 may impact the Foundation’s financial condition or results of operations cannot be reasonably estimated at this time.

On April 21, 2020, the Foundation received a Paycheck Protection Program loan in the amount of \$96,500. The note is a 24 month note with an interest rate of 1%. The Foundation may qualify for forgiveness up to the entirety of the principal; however, the forgiveness amount is not reasonable estimable at this time.

## **SUPPLEMENTARY INFORMATION**

## SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services	Supporting Services		Total
		Management and General	Fund-raising	
Clothing	\$ 3,491	\$ -	\$ -	\$ 3,491
Depreciation	-	18,098	-	18,098
Direct costs of dreams	229,936	-	-	229,936
Donor and volunteer recognition	-	13,786	-	13,786
Dues and subscriptions	-	10,310	-	10,310
Fees	-	7,820	-	7,820
Gifts-in-kind	-	-	0	-
Insurance	3,927	26,728	3,179	33,834
Marketing and promotional expense	-	-	22,965	22,965
Occupancy	-	7,246	-	7,246
Office expense	-	12,012	4,053	16,065
Other	-	4,548	-	4,548
Plaques	3,054	-	-	3,054
Postage/delivery costs	3,617	1,695	-	5,312
Professional fees	-	13,225	-	13,225
Repairs and maintenance	-	5,759	-	5,759
Retirement	-	10,777	-	10,777
Salaries	249,659	78,411	41,961	370,031
Taxes	-	25,788	-	25,788
Telephone	-	7,939	-	7,939
Travel	122,582	4,434	-	127,016
Total	<u>\$ 616,266</u>	<u>\$ 248,576</u>	<u>\$ 72,158</u>	<u>\$ 937,000</u>

The accompanying notes are an integral part of this schedule.

## SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services	Supporting Services		Total
		Management and General	Fund-raising	
Clothing	\$ 5,385	\$ -	\$ -	\$ 5,385
Depreciation	-	21,108	-	21,108
Direct costs of dreams	138,973	-	-	138,973
Donor and volunteer recognition	-	4,326	-	4,326
Dues and subscriptions	-	11,589	-	11,589
Fees	-	5,088	-	5,088
Gifts-in-kind	-	-	1,000	1,000
Insurance	3,041	35,122	2,552	40,715
Marketing and promotional expense	-	-	36,313	36,313
Occupancy	-	7,820	-	7,820
Office expense	-	10,379	13,508	23,887
Other	-	4,691	-	4,691
Plaques	3,330	-	-	3,330
Postage/delivery costs	6,928	1,300	-	8,228
Professional fees	-	14,356	-	14,356
Repairs and maintenance	-	3,027	-	3,027
Retirement	-	10,596	-	10,596
Salaries	218,650	95,554	39,000	353,204
Taxes	-	21,855	-	21,855
Telephone	-	9,314	-	9,314
Travel	128,250	6,665	-	134,915
Total	<u>\$ 504,557</u>	<u>\$ 262,790</u>	<u>\$ 92,373</u>	<u>\$ 859,720</u>

The accompanying notes are an integral part of this schedule.

September 1, 2020



T. E. Lott, CPA (1889-1971)  
T. E. Lott, Jr., CPA (1936-2018)  
Stewart R. Greene, CPA  
Thomas J. Buckley, CPA  
Charles M. Hawkins, CPA, CBA  
Jeffry H. Read, CPA  
Vivian L. Yeatman, CPA  
Bobby G. Shaw, CPA, CBA  
Debby H. Gray, CPA, CPC  
Clayton H. Richardson, III, CPA, CVA  
J. Michael Prince, CPA, CSEP  
Mark A. Vickers, CPA, CVA  
Leslie W. Wood, CPA, CRCM  
J. Aubrey Adair, CPA, CGMA  
Robert M. Whitaker, CPA  
Katherine W. Little, CPA, CSEP  
Joshua B. Shaw, CPA, CGMA  
S. Dale Brown, CPA, CGMA  
Michael D. Watkins, CPA  
Trent F. Yeatman, CPA  
Camille G. Watkins, CPA  
Nataliya Winters, CPA  
Wesley Hulett, CPA

To the Board of Directors  
Catch-A-Dream Foundation, Inc.  
Starkville, MS 39759

We have audited the financial statements of Catch-A-Dream Foundation, Inc. (the Foundation), for the year ended December 31, 2019, and have issued our report thereon dated September 1, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 9, 2020. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

#### COLUMBUS

221 Seventh St. North  
P. O. Box 471  
Columbus, MS 39703-0471  
Tel: 662.328.5387  
Fax: 662.329.4993

#### STARKVILLE

106 B South Washington St.  
P. O. Box 80282  
Starkville, MS 39759-0282  
Tel: 662.323.1234  
Fax: 662.323.1284

#### TUSCALOOSA

6834 Hwy. 69 South  
Tuscaloosa, AL 35405  
Tel: 205.759.4195  
Fax: 205.759.1018

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info@telott.com

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Foundation, are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except for the recent accounting pronouncement disclosed in Note A-12, in the above referenced report. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the recording of in-kind contributions is based on the donor's estimate of fair market value. We evaluated the key factors and assumptions used to develop the recording of in-kind contributions in determining that they are reasonable in relation to the financial statements taken as a whole.

To the Board of Directors  
Catch-A-Dream Foundation, Inc.  
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September 1, 2020

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 1, 2020.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

To the Board of Directors  
Catch-A-Dream Foundation, Inc.  
Page 3  
September 1, 2020

This information is intended solely for the use of the Board of Directors and management of Catch-A-Dream Foundation, Inc., and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

T. E. Watt<sup>1</sup> Company