



U.S. Dream Academy, Inc.

FINANCIAL STATEMENTS

December 31, 2022 and 2021



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
U.S. Dream Academy, Inc.
Silver Spring, Maryland

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of U.S. Dream Academy, Inc. (the Academy) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Academy as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Academy and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Academy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023, on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

Carr, Rigg & Ingram, L.L.C.

Houston, Texas
December 21, 2023

U.S. Dream Academy, Inc.
Statements of Financial Position

<i>December 31,</i>	2022	2021
Assets		
Cash and cash equivalents	\$ 898,026	\$ 150,010
Grants receivable	581,655	215,351
Promises to give	250,000	-
Prepaid expenses	17,345	10,127
Investments	-	1,095,487
Total assets	\$ 1,747,026	\$ 1,470,975
Liabilities and net assets		
Liabilities		
Accounts payable and accrued expenses	\$ 208,747	\$ 91,969
Payroll related liabilities	93,945	87,185
Refundable advances	73,711	128,172
Line of credit	-	584,615
Total liabilities	376,403	891,941
Net assets		
Without donor restrictions	825,623	305,781
With donor restrictions	545,000	273,253
Total net assets	1,370,623	579,034
Total liabilities and net assets	\$ 1,747,026	\$ 1,470,975

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

U.S. Dream Academy, Inc.
Statements of Activities

For the years ended December 31,

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and income						
Government and local grants	\$ 1,205,733	\$ 59,389	\$ 1,265,122	\$ 740,318	\$ 33,418	\$ 773,736
Contributions of cash and other financial assets	2,087,424	170,156	2,257,580	704,897	476,400	1,181,297
Contributions of nonfinancial assets	364,065	-	364,065	205,692	-	205,692
Special events	525,765	300,000	825,765	474,570	250,000	724,570
Publications and other income	180	-	180	29,608	-	29,608
Gain from debt forgiveness — PPP loan	-	-	-	399,652	-	399,652
Investment income (loss)	(27,486)	-	(27,486)	62,813	-	62,813
Total support and income	4,155,681	529,545	4,685,226	2,617,550	759,818	3,377,368
Net assets released from restrictions	257,798	(257,798)	-	888,003	(888,003)	-
Total support and income	4,413,479	271,747	4,685,226	3,505,553	(128,185)	3,377,368
Expenses						
Learning centers	2,682,152	-	2,682,152	2,319,875	-	2,319,875
Management and general	884,732	-	884,732	787,581	-	787,581
Fundraising	326,753	-	326,753	347,254	-	347,254
Total expenses	3,893,637	-	3,893,637	3,454,710	-	3,454,710
Change in net assets	519,842	271,747	791,589	50,843	(128,185)	(77,342)
Net assets at beginning of year	305,781	273,253	579,034	254,938	401,438	656,376
Net assets at end of year	\$ 825,623	\$ 545,000	\$ 1,370,623	\$ 305,781	\$ 273,253	\$ 579,034

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

U.S. Dream Academy, Inc.
Statement of Functional Expenses

<i>For the year ended December 31, 2022</i>	Learning Centers	Management and General	Fundraising	Total
Salaries and benefits	\$ 1,607,815	\$ 548,035	\$ 271,645	\$ 2,427,495
Payroll taxes	120,562	23,032	19,957	163,551
Program site expenses	118,462	-	-	118,462
Curriculum development and evaluation	184,741	-	-	184,741
General office expenses	97,604	126,355	20,641	244,600
Rent	278,441	87,044	-	365,485
Utilities	13,810	14,500	774	29,084
Special events fundraising	-	-	9,548	9,548
Professional fees	260,717	85,766	4,188	350,671
Total expenses	\$ 2,682,152	\$ 884,732	\$ 326,753	\$ 3,893,637

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

U.S. Dream Academy, Inc.
Statement of Functional Expenses

<i>For the year ended December 31, 2021</i>	Learning Centers	Management and General	Fundraising	Total
Salaries and benefits	\$ 1,478,665	\$ 407,567	\$ 247,069	\$ 2,133,301
Payroll taxes	117,137	25,054	17,888	160,079
Program site expenses	212,005	-	-	212,005
Curriculum development and evaluation	6,000	-	-	6,000
General office expenses	97,795	115,394	31,325	244,514
Rent	120,124	87,044	-	207,168
Utilities	16,824	8,208	2,713	27,745
Special events fundraising	-	-	48,259	48,259
Professional fees	271,325	113,520	-	384,845
Provision for bad debts	-	30,794	-	30,794
Total expenses	\$ 2,319,875	\$ 787,581	\$ 347,254	\$ 3,454,710

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

U.S. Dream Academy, Inc.
Statements of Cash Flows

<i>For the years ended December 31,</i>	2022	2021
Operating activities		
Change in net assets	\$ 791,589	\$ (77,342)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Bad debt expense	-	30,794
Unrealized/realized (gain) loss	65,160	(62,443)
Gain from debt forgiveness — PPP loan	-	(399,652)
Change in operating assets and liabilities		
Grants receivable	(366,304)	50,957
Promises to give	(250,000)	20,123
Prepaid expenses	(7,218)	3,161
Accounts payable and accrued expenses	116,778	37,404
Payroll related liabilities	6,760	18,210
Refundable advances	(54,461)	128,172
Net cash provided by (used in) operating activities	302,304	(250,616)
Investing activities		
Purchases of investments	(244,367)	(479,263)
Proceeds from sales of investments	1,274,694	493,425
Net cash provided by (used in) investing activities	1,030,327	14,162
Financing activities		
Borrowings on line of credit	671,706	23,060
Repayments on line of credit	(1,256,321)	-
Net cash provided by (used in) financing activities	(584,615)	23,060
Net change in cash and cash equivalents	748,016	(213,394)
Cash and cash equivalents at beginning of year	150,010	363,404
Cash and cash equivalents at end of year	\$ 898,026	\$ 150,010
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 15,298	\$ 23,060

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

U.S. Dream Academy, Inc. Notes to Financial Statements

Note 1: ORGANIZATION

U.S. Dream Academy, Inc. (the Academy) was incorporated in the state of Florida on June 5, 1998 to develop and provide after-school learning centers that promote and assist positive youth development for students of incarcerated parents and children falling behind in school. The Academy is currently operating in seven cities.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during reporting period. Actual results could differ from those estimates.

Fair Value Considerations

The Academy uses fair value to measure financial assets and liabilities and certain nonfinancial assets and liabilities. The Academy's financial instruments (primarily cash and cash equivalents, receivables, investments, payables and accruals, and debt) are carried in the accompanying statements of financial position at amounts which approximate fair value.

Cash Equivalents

The Academy considers all highly liquid investments with original maturities of three months or less at date of purchase to be cash equivalents.

Grants Receivable

Grants receivable are stated at unpaid balances. The Academy provides for losses on grants receivable using the allowance method. The allowance is based on experience, contracts with grantors, and other circumstances, which may affect the ability of grantors to meet their obligations.

Grant receivables are considered impaired if billings are not collected in accordance with the contractual terms. It is the Academy's policy to charge off uncollectible grants receivable when management determines the receivable will not be collected. The Academy considers all grant receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If amounts become uncollectible, they will be charged to operations when that determination is made. Bad debt expense totaled \$0 and \$30,794 for 2022 and 2021, respectively.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows, if material. Unconditional promises to give are expected to be collected within one year. The Academy considers all amounts to be fully collectible; accordingly no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Investments

The Academy reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Investment return includes interest and realized and unrealized gains or losses. Investment return is reported in the statements of activities as an increase in net assets without donor restriction unless the use of the income is limited by donor-imposed restrictions. Investment return whose use is restricted by the donor is reported as an increase in net assets with donor restrictions until expended in accordance with the donor-imposed restrictions.

Property and Equipment

Property and equipment are recorded at cost if purchased, or in the case of donated assets, at the estimated fair market value at the date of donation. The Academy capitalizes all expenditures for property and equipment in excess of \$1,500. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to seven years. Routine maintenance and repair costs are charged to expense in the year incurred.

Net Assets

The Academy reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Academy, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Contributions with donor restrictions that are both received and released within the same year are recorded as an increase in net assets with donor restrictions and as a satisfaction of program restrictions.

Revenue Recognition

Government and Local Grants

A portion of the Academy's revenue is derived from cost-reimbursable federal, state and local grants, which are conditioned upon certain performance requirements and/or occurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Academy has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. As of December 31, 2022 and 2021, cost-reimbursable grant awards from the U.S. Department of Justice totaling \$48,340 and \$128,172, respectively have been received by the Academy prior to incurring qualifying expenditures. As such, it is reported as a refundable advance on the accompanying statements of financial position.

Contributions

The Academy recognizes contributions when cash, other assets, or an unconditional promise to give are received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met or the donor has explicitly released the restriction. At December 31, 2022, the Academy had conditional contributions totaling \$25,371 which are reported as a refundable advance on the accompanying statements of financial position. The Academy's contributions are recorded as increases in net assets without donor restrictions or net asset with donor restrictions depending on the existence and/or nature of any donor restrictions. When a 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 statements of activities as net assets release from restrictions.

Special events revenue represents the amount paid by donors, sponsors, and attendees of a fundraising event. Ticket sales include elements of both contributions and exchange transactions and are recorded when the event occurs. Cost of direct donor benefits provided represents the costs of goods and services provided in exchange for the amount paid by event attendees. There were no direct donor benefits in 2022 or 2021 as the Academy's events were held virtually.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions of Nonfinancial Assets

Donated assets are recognized at fair value when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of unpaid volunteers make significant contributions of their time to develop the Academy's programs. The value of the contributed time is not reflected in these statements because these services did not meet the criteria for recognition.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Certain costs are allocated based upon management's estimates of the proportion of these costs applicable to each function. The expenses that are allocated are salaries and benefits and payroll taxes, which are allocated on the basis of estimates of time and effort. Certain general office expenses are also allocated based on estimated usage.

Federal Income Taxes

The Academy is a non-profit organization that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Academy was granted an individual ruling under the same section and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code and, as such, qualifies for the charitable contribution deduction for individual donors.

The Academy utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2022 and 2021, the Academy has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Subsequent Events

The Academy has evaluated subsequent events through the date the financial statements were available for issuance on December 21, 2023 and, except as noted in Note 16, determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

U.S. Dream Academy, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued guidance ASC 842, Leases to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the combined statements of financial position. Most prominent among these changes in the new standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objectives of enabling users of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The standard did not have a material impact on the Academy's financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this update apply to Not-for-Profit entities that receive contributed nonfinancial assets. Under the guidance, entities are required to (1) present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash and other financial assets and (2) disclose a disaggregation of the amount of contributed nonfinancial assets recognized within the statements of activities by category that depicts the type of contributed nonfinancial assets and certain qualitative information. This new guidance is required to be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021. The Academy adopted this standard effective January, 1, 2022. The standard did not have a material impact on the Academy's financial statements. The Academy has updated disclosures as necessary (See Note 15).

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Academy's primary sources of support are contributions and grants. Fundraising events are held during the year to support the Academy's budget. Should it be necessary, the Academy has access to a line of credit for borrowings (See Note 8).

<i>December 31,</i>	2022	2021
Cash and cash equivalents	\$ 898,026	\$ 150,010
Grants receivable	581,655	215,351
Promises to give, net	250,000	-
Investments	-	1,095,487
	1,729,681	1,460,848
Less: amounts with donor restrictions not expected to be spent	(181,000)	(181,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,548,681	\$ 1,279,848

Note 4: INVESTMENTS AND FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
 - observable; or
 - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

Government and agency securities: Fair values of U.S. Treasury securities reflect the closing price reported in the active market in which the security is traded (Level 1 inputs). Agency securities are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings (Level 2 inputs).

Equities: Valued at the closing price reported on the active market on which the individual securities are traded.

U.S. Corporate bonds: Valued at the closing bid price reported on the last business day of the fiscal year on the active market on which the individual securities are traded.

Mutual funds: Valued at the daily closing price as reported by the fund and are deemed to be actively traded.

U.S. Dream Academy, Inc.
Notes to Financial Statements

Note 4: INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Academy believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Academy believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. For the year ended December 31, 2021, there were no significant transfers in or out of Levels 1, 2 or 3.

During 2022, the Academy liquidated its investments and repaid the related line of credit balance in full (See Note 7).

Assets and liabilities measured at fair value on a recurring basis, are summarized for the year ended December 31, 2021:

<i>December 31, 2021</i>	Prices in Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Government and agency securities	\$ 217,984	\$ 178,773	\$ -	\$ 396,757
U.S. Corporate bonds	172,198	-	-	172,198
Equities	269,105	-	-	269,105
Mutual funds				
Equities	150,124	-	-	150,124
Exchange-traded funds	52,068	-	-	52,068
Fixed income	55,235	-	-	55,235
	\$ 916,714	\$ 178,773	\$ -	\$ 1,095,487

U.S. Dream Academy, Inc.
Notes to Financial Statements

Note 5: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<i>December 31,</i>	2022	2021
Computers and equipment	\$ 324,759	\$ 324,759
Office furniture	33,028	33,028
	357,787	357,787
Accumulated depreciation	(357,787)	(357,787)
	\$ -	\$ -

Note 6: PAYROLL PROTECTION PROGRAM LOAN

During 2020, the Academy obtained a loan in the amount of \$399,652, pursuant to the Paycheck Protection Program (PPP Loan). In April 2021, the Academy received full forgiveness of principal and interest on the PPP Loan. Gain on forgiveness of the loan is recorded as revenue in the accompanying statements of activities and also shows as noncash reconciling item to changes in net assets in the operating section of the accompanying statements of cash flows.

Note 7: LOAN MANGEMENT ACCOUNT AGREEMENT

During 2019, the Academy entered into a loan management account agreement with Bank of America. Any advances were due on demand and were secured by the securities accounts established, held or maintained at Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S) Bank. Interest was charged on the revolving line of credit based on one-month LIBOR plus a spread as defined by the agreement. During 2022, in conjunction with the liquidation of investments the Academy repaid the loan balance in full. As of December 31, 2021, the outstanding balance on the loan management account agreement was \$584,615. The agreement was terminated in 2022.

Note 8: LINE OF CREDIT AGREEMENT

During 2012, the Academy established a line of credit agreement with a bank which provides for maximum borrowings of \$100,000. The annual interest rate is 10% and is payable in monthly installments. There was no outstanding balance at December 31, 2022 or 2021 on the line of credit.

Note 9: NET ASSETS RELEASED FROM RESTRICTIONS

Net assets totaling \$257,798 and \$888,003 were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of events specified by the donors for the years ended December 31, 2022 and 2021, respectively.

U.S. Dream Academy, Inc.
Notes to Financial Statements

Note 10: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for use in subsequent years' activities for the following centers or overall programs:

<i>December 31,</i>	2022	2021
Purpose Restricted		
All programs	\$ 10,000	\$ 77,390
Chicago, Illinois	100,000	100,000
Charlotte, North Carolina	81,000	81,000
Houston, Texas	54,000	14,863
Total purpose restricted	245,000	273,253
Passage of time	300,000	-
Total net assets with donor restrictions	\$ 545,000	\$ 273,253

Note 11: COMMITMENTS AND CONTINGENCIES

The Academy receives funding through contracts and grants with departments and agencies of the federal government that are subject to compliance audits by the grantors or their representatives. The disallowance of costs could adversely affect the Academy's financial statements by reducing estimated reimbursable costs and, thus, grant revenue. Management believes, however, that adjustments by government auditors, if any, will not be material to the financial statements.

Note 12: RELATED PARTIES

In February 2020, the Academy relocated its business office and headquarters to Silver Spring, Maryland. The office is leased through a sublease agreement from Adventist HealthCare, Inc., of which one of the Academy's board members is associated. Rent and related charges are abated through the term of the agreement and totaled \$91,791 and \$89,100 for the years ended December 31, 2022 and 2021. The lease expires June 30, 2026 unless terminated earlier based on the terms of the agreement.

Note 13: RETIREMENT PLAN

The Academy maintains a defined contribution retirement plan (the Plan) as defined under Section 403(b) of the U.S. Internal Revenue Code for eligible employees. Participants may elect to make pretax contributions from their compensation to the Plan during each plan year, subject to the maximum deferral amount. Per the Plan document, the Academy provides a match of employee contributions up to 3% of total annual compensation. Contributions to the plan by the Academy were \$14,145 and \$1,780 in 2022 and 2021, respectively.

Note 14: CONCENTRATIONS

The Academy maintains cash accounts at various banks, which at times, may exceed the Federal Deposit Insurance Corporation's limit. The Academy has not experienced any losses from maintaining cash accounts in excess of the federally insured limit. Management believes that it is not exposed to any significant credit risk on cash accounts, due to the financial strength of the financial institutions where deposits are held. The Academy's cash deposits with financial institutions were in excess of federally insured limits by approximately \$648,000 at December 31, 2022.

Investments are exposed to various risks such as interest rate risk, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position and the statements of activities. Additionally, from time to time, the Academy's investment balances may exceed the \$500,000 limit secured by the Securities Investor Protection Corporation.

For the year ended December 31, 2022, one donor accounted for 45% of contributions of cash and other financial assets. For the year ended December 31, 2021, two donors accounted for 39% of contributions of cash and other financial assets. For the years ended December 31, 2022 and 2021, three donors accounted for 91% and 62% of the special event revenue, respectively. As of December 31, 2022, one donor accounted for 100% of promises to give and two grantors accounted for 84% of grant receivables. As of December 31, 2021, three grantors accounted for 100% of grant receivables.

Note 15: DONATED FACILITIES

Contributed nonfinancial assets recognized within the statements of activities included donated facilities for learning centers and National headquarters of the Academy. These facilities are provided at no cost to the Academy but based on current market rates for rental facilities the Academy would have paid \$364,065 and \$205,692 for the years ended December 31, 2022 and 2021, respectively. There were no donor-imposed restrictions associated with the contributed nonfinancial assets. The donated space for the National headquarters is received from a related party (Note 12).

NOTE 16: SUBSEQUENT EVENTS

In August 2023, the Academy received a \$2.5 million unconditional promise to give to be used to further the mission of the Academy.