

SECOND WIND DREAMS, INC.

FINANCIAL REPORT

DECEMBER 31, 2020

SECOND WIND DREAMS, INC.

**FINANCIAL REPORT
DECEMBER 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Second Wind Dreams, Inc.
Atlanta, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of **Second Wind Dreams, Inc.** (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Second Wind Dreams, Inc. as of December 31, 2020 and 2019, 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 Matters***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 audit 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2021, on our consideration of Second Wind Dreams, Inc.'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 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 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 Second Wind Dreams, Inc.'s internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
July 23, 2021

SECOND WIND DREAMS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 703,661	\$ 974,137
Grants receivable	254,221	180,139
Accounts receivable, net of allowance for doubtful accounts of \$13,064 in 2020 and 2019	23,797	52,914
Inventories	57,201	55,889
Prepaid expenses and other assets	23,292	17,962
Total current assets	<u>1,062,172</u>	<u>1,281,041</u>
Total assets	<u>\$ 1,062,172</u>	<u>\$ 1,281,041</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
CURRENT LIABILITIES		
Accounts payable	\$ 15,692	\$ 37,476
Deferred revenue	166,212	23,780
Deferred rent	5,923	6,163
Current portion of note payable, PPP	45,876	-
Total current liabilities	<u>233,703</u>	<u>67,419</u>
NONCURRENT LIABILITIES		
Deferred rent	46,865	32,519
Note payable, PPP	187,334	-
Total noncurrent liabilities	<u>234,199</u>	<u>32,519</u>
Total liabilities	<u>467,902</u>	<u>99,938</u>
NET ASSETS		
Without donor restrictions	<u>594,270</u>	<u>1,181,103</u>
Total net assets	<u>594,270</u>	<u>1,181,103</u>
Total liabilities and net assets	<u>\$ 1,062,172</u>	<u>\$ 1,281,041</u>

See Notes to Financial Statements.

SECOND WIND DREAMS, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions
REVENUES, GAINS, AND OTHER SUPPORT	
Grants	\$ 870,897
Dreams program	155,433
VDT, net of cost of goods sold	551,964
In-kind revenue	29,400
Other income	14,690
Investment income	304
Total revenues, gains, and other support	1,622,688
EXPENSES	
Program services	1,809,388
Supporting services	
Management and general	134,142
Fundraising	265,991
Total expenses	2,209,521
Change in net assets	(586,833)
Net assets, beginning of year	1,181,103
Net assets, end of year	\$ 594,270

See Notes to Financial Statements.

SECOND WIND DREAMS, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions
REVENUES, GAINS, AND OTHER SUPPORT	
Grants	\$ 1,200,215
Dreams program	143,480
VDT, net of cost of goods sold	1,253,767
In-kind revenue	30,400
Other income	13,868
Investment income	460
Total revenues, gains, and other support	2,642,190
EXPENSES	
Program services	2,057,710
Supporting services	
Management and general	225,568
Fundraising	113,567
Total expenses	2,396,845
Change in net assets	245,345
Net assets, beginning of year	935,758
Net assets, end of year	\$ 1,181,103

See Notes to Financial Statements.

SECOND WIND DREAMS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Totals</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Salary expenses	\$ 1,227,342	\$ 104,744	\$ 209,489	\$ 1,541,575
Travel and meetings	47,354	994	1,987	50,335
Training	107,371	46	93	107,510
Office expenses	57,167	5,783	11,566	74,516
Rent and utilities	139,343	17,058	34,116	190,517
Consultants and contractors	80,137	2,262	4,525	86,924
Sales expenses	105,881	-	-	105,881
Miscellaneous	44,793	2,107	4,215	51,115
Marketing	-	1,148	-	1,148
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 1,809,388</u>	<u>\$ 134,142</u>	<u>\$ 265,991</u>	<u>\$ 2,209,521</u>

See Notes to Financial Statements.

SECOND WIND DREAMS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Totals</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Salary expenses	\$ 959,475	\$ 181,096	\$ 90,547	\$ 1,231,118
Travel and meetings	127,740	5,624	2,812	136,176
Training	437,554	147	74	437,775
Office expenses	81,467	13,098	6,549	101,114
Rent and utilities	73,824	17,921	8,961	100,706
Consultants and contractors	285,934	-	-	285,934
Sales expenses	21,008	-	-	21,008
Miscellaneous	70,708	7,682	3,841	82,231
Marketing	-	-	783	783
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 2,057,710</u>	<u>\$ 225,568</u>	<u>\$ 113,567</u>	<u>\$ 2,396,845</u>

See Notes to Financial Statements.

SECOND WIND DREAMS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

OPERATING ACTIVITIES

Change in net assets	\$	(586,833)	\$	245,345
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:				
(Increase) decrease in:				
Grants receivable		(74,082)		104,214
Accounts receivable		29,117		12,978
Inventories		(1,312)		(6,871)
Prepaid expenses and other assets		(5,330)		(6,983)
Increase (decrease) in:				
Accounts payable		(21,784)		6,104
Deferred revenue		142,432		23,780
Deferred rent		14,106		(3,920)
Net cash (used in) provided by operating activities		(503,686)		374,647

FINANCING ACTIVITIES

Proceeds from Note payable, PPP		233,210		-
Net cash provided by financing activities		233,210		-
 (Decrease) increase in cash and cash equivalents		 (270,476)		 374,647
Cash and cash equivalents, beginning of year		974,137		599,490
Cash and cash equivalents, end of year	\$	703,661	\$	974,137

See Notes to Financial Statements.

SECOND WIND DREAMS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Second Wind Dreams, Inc. (“the Organization”) was founded in 1997 to change the perception of aging through the fulfillment of dreams and the offering of innovative educational opportunities to caregivers and communities. The Organization is headquartered in Atlanta, Georgia. The Organization has become involved in more than 1,000 eldercare communities in 20 countries. Financial support for Second Wind Dreams comes from individual contributions, memberships, corporations, government entities and eldercare industry associations. Additional revenue is generated as a result of Second Wind Dreams’ education program, the Virtual Dementia Tour (VDT), a scientifically proven method to increase sensitivity towards those with dementia.

Basis of Accounting

These financial statements are presented on the accrual basis of accounting to present the results of activities and financial position in conformity with accounting principles generally accepted in the United States of America.

The Organization follows the requirements of the Financial Accounting Standards Board (FASB)’s *Financial Statements of Not-for-Profit Organizations*. Under this guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restriction and with donor restriction. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, this is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were no net assets with donor restrictions at both December 31, 2020 and 2019,

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Grants Receivable

Grants and contracts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of contractors to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization’s policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected and no allowance for doubtful accounts is determined to be needed. There were \$254,221 and \$180,139 in grants receivable at December 31, 2020 and 2019, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are shown less an allowance for uncollectible amounts. Sales are considered available for unrestricted use. There were \$23,797 and \$52,914 in accounts receivable, net of allowance for doubtful accounts, at December 31, 2020 and 2019, respectively.

Inventory

Inventory is made up of materials used for sale and use in the Virtual Dementia Tour program. Inventory is recorded at the estimated fair market value using an industry standard valuation.

Revenue Recognition

In accordance with FASB, unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. All contributions and investment income are available for unrestricted use unless specifically restricted by the donor. Amounts received and investment income earned that are designated for future periods or restricted by the donor for specific purposes are reported as donor restricted support that increases those net asset classes. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. The Organization reports donor-restricted support whose restrictions are met in the same reporting period as unrestricted support.

The Organization records the value of donated property, goods or services when there is an objective basis available to measure their value. Donated property, materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. No amounts have been reflected in the statement of activity for volunteer services because the criteria for recognition of such volunteer effort under FASB guidance have not been satisfied. Nevertheless, volunteers have donated a substantial amount of their time to the program services of the Organization. The Organization recognized \$29,400 and \$30,400 in donated legal services during the years ended December 31, 2020 and 2019, respectively.

Grants and Contracts Support

The Organization is funded, in part, by contracts with various federal, state, and local government agencies and other nonprofit agencies. These contracts are generally cost reimbursement contracts for specific expenses and require the Organization to perform specific services to eligible populations. Any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Organization with the terms of the contracts.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional Expenses

Directly identifiable expenses are charged to programs and supporting services. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. The expenses that are allocated on the basis of time and effort include salaries, travel, training, office expenses and other general and administrative expenses.

Income Taxes

Second Wind Dreams, Inc. qualifies as a charitable organization as defined by Internal Revenue Code Section 501(c)(3) and, accordingly, is generally exempt from federal income taxes under Internal Revenue Code Section 501(a). It is however, required to file Federal Form 990 – Return of Organization Exempt from Income Tax. This is an informational return only. Accordingly, no provision for income taxes is made in the financial statements. Management evaluated the Organization's tax positions and concluded that they have taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions on accounting for uncertainty in income taxes.

The Organization files Form 990 in the State of Georgia.

NOTE 2. CONCENTRATIONS

The Organization maintains deposit accounts at a bank which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization has all cash deposited in one financial institution. Cash balances were in excess of the FDIC insured level by \$455,272 and \$785,875 at December 31, 2020 and 2019, respectively. Management does not believe it is exposed to significant credit risk on cash and cash equivalents.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEASE COMMITMENTS

Rental expenses for the old and new corporate headquarters amounted to a total of \$169,721 and \$111,605 for the years ended December 31, 2020 and 2019, respectively.

The old lease was amortized on a straight-line basis over the life of the lease with a payment of \$2,200 due monthly. The old lease expired in June 2019.

The new lease is amortized on a straight-line basis over the life of the lease with a payment of \$7,427 due monthly starting in January 2019, \$7,715 for January and February 2020 and \$15,429 for the remaining months in 2020. The monthly payment increases by 2.5% every 12 months thereafter. The new lease expires in December 2024.

The remaining cannula rental commitments on the leases are as follows:

2021	\$	189,750
2022		194,580
2023		199,410
2024		204,355
	\$	<u>788,095</u>

NOTE 4. LIQUIDITY

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 703,661	\$ 974,137
Accounts receivable, net of allowance	23,797	52,914
Grants receivable	254,221	180,139
Other assets	11,741	4,408
	<u>\$ 993,420</u>	<u>\$ 1,211,598</u>

Other assets on the statement of financial position include \$8,227 as of both December 31, 2020 and 2019, in security deposits, which are not available for use in the next year. Grants receivable are reimbursement funds for expenditures already purchased and are therefore available for general expenditures.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. NOTE PAYABLE – PPP

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act commonly referred to as the CARES Act. One component of the CARES Act was the paycheck protection program (“PPP”) which provides small businesses with the resources needed to maintain their payroll and cover applicable overhead. The PPP is implemented by the Small Business Administration (“SBA”) with support from the Department of Treasury. The PPP provides funds to pay up to 24 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities. HOA applied for and was accepted to participate in this program. On April 8, 2020, the Organization received funding for \$233,210.

The loan is a 2 year loan with a maturity date of April 8, 2022. The loan bears an annual interest rate of 1%. It is the Organization’s intent to apply for loan forgiveness under the provisions of Section 1106 of the CARES Act. Loan forgiveness is subject to the sole approval of the SBA. The Organization is eligible for loan forgiveness in an amount equal to payments made during the 24 week period beginning on the Loan date, with the exception that no more than 40% of the amount of loan forgiveness may be for expenses other than payroll expenses. Per the terms of the note payable, the first 7 months of principal and interest payments are deferred, with interest accruing, then converting to monthly principal and interest payments, amortized over 17 months, with all remaining unpaid principal and accrued interest due and payable 24 months from the date of the note.

Annual principal payments for the notes payable are as follows for the years ended December 31:

2021	\$ 45,876
2022	117,971
2023	<u>69,363</u>
Total	<u>\$ 233,210</u>

NOTE 6. EFFECTS OF COVID-19 CORONAVIRUS

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact the change in net assets. Other financial impacts could occur though the extent of potential impact is unknown at this time.

NOTE 7. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through July 23, 2021, the date the financial statements were available to be issued.

SINGLE AUDIT SECTION

SECOND WIND DREAMS, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>CFDA Number</u>	<u>Awarding Agency</u>	<u>Program Name</u>	<u>Grant Award Number</u>	<u>Contract Term</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)					
<i>Passed through the North Carolina Department of Health and Human Services Division of Health Service Regulation (HHS)</i>					
93.636	HHS - NC HHS	Reinvestment of Civil Money Penalties to Benefit Nursing Home Residents	00036693	3/19/18 - 3/18/20	\$ 103,156
<i>Passed through the Mississippi Division of Medicaid in the Office of the Governor (DOM)</i>					
93.636	HHS - MS DOM	Reinvestment of Civil Money Penalties to Benefit Nursing Home Residents	2019-04-MS-0313	10/1/19 - 9/30/22	243,311
<i>Passed through the Kentucky Office of the Inspector General Division of Health Care (DHC)</i>					
93.636	HHS - KY DHC	Reinvestment of Civil Money Penalties to Benefit Nursing Home Residents	2019-04-KY-0524	2/1/20 - 12/31/21	192,504
<i>Passed through the Tennessee Department of Health Services (DHS)</i>					
93.636	HHS - TN DHC	Reinvestment of Civil Money Penalties to Benefit Nursing Home Residents	GR-20-65320-01	1/1/20 - 1/31/23	163,229
Total Reinvestment of Civil Money Penalties to Benefit Nursing Home Residents					\$ 702,200
Medicaid Cluster					
<i>Passed through the Wisconsin Department of Health Services (DHS)</i>					
93.778	HHS - WI DHS	Medical Assistance Program	435600-G19-DementTour-00	10/1/18 - 9/30/20	85,372
Total Medical Assistance Program (Medicaid Cluster)					85,372
TOTAL - U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)					787,572
TOTAL EXPENDITURES OF FEDERAL AWARDS					\$ 787,572

SEE NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SECOND WIND DREAMS, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Second Wind Dreams, Inc. under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. INDIRECT COST RATE

Second Wind Dreams, Inc. has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

**To the Board of Directors
Second Wind Dreams, Inc.**

We have audited, in accordance with the 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, the financial statements of Second Wind Dreams, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Second Wind Dreams, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Second Wind Dreams, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

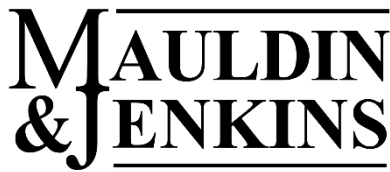
As part of obtaining reasonable assurance about whether Second Wind Dreams, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
July 23, 2021



CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Second Wind Dreams, Inc.

Report on Compliance for Each Major Federal Program

We have audited Second Wind Dreams, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Second Wind Dreams, Inc.'s major federal programs for the year ended December 31, 2020. Second Wind Dreams, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards as applicable.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Second Wind Dreams, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Second Wind Dreams, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Second Wind Dreams, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Second Wind Dreams, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of Second Wind Dreams, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Second Wind Dreams, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Second Wind Dreams, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
July 23, 2021

**SECOND WIND DREAMS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

SECTION I - SUMMARY OF AUDITOR'S RESULTS:

Financial Statements:

Type of auditors' report issued	<u>Unmodified</u>	
	<u>Yes</u>	<u>No</u>
Internal control over financial reporting:		
Material weaknesses identified?	_____	<u>X</u>
Significant deficiencies identified not considered to be material weaknesses?	_____	<u>None reported</u>
Noncompliance material to the financial statements noted?	_____	<u>X</u>

Federal Awards:

Internal controls over major programs:		
Material weaknesses identified?	_____	<u>X</u>
Significant deficiencies identified not considered to be material weaknesses?	_____	<u>None reported</u>
Type of auditors' report issued on compliance for major programs	<u>Unmodified</u>	
Audit findings required to be reported in accordance with 2 CFR Section 200.516(a)	<u>No</u>	

Identification of major programs:

Reinvestment of Civil Money Penalties to Benefit Nursing Home Residents	93.636	
Dollar threshold used to distinguish between type A and type B programs	\$ 750,000	
	<u>Yes</u>	<u>No</u>
Auditee qualified as low-risk auditee?	<u>X</u>	_____
Financial statement findings?	_____	<u>X</u>
Findings and questioned costs for Federal awards?	_____	<u>X</u>

**SECOND WIND DREAMS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Section II – Financial Statement Findings

None

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

None

**SECOND WIND DREAMS, INC.
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR YEAR ENDED DECEMBER 31, 2019**

Section II – Financial Statement Findings

None

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

None