
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q/A
(Amendment No. 1)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2018

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 000-55445

DREAM HOMES & DEVELOPMENT CORPORATION

(Exact Name of Registrant As Specified In Its Charter)

Nevada

20-2208821

(State Or Other Jurisdiction Of
Incorporation Or Organization)

(I.R.S. Employer
Identification No.)

314 South Main Street Forked River, New Jersey 08731
(Address of Principal Executive Offices and Zip Code)

609 693 8881

Registrant's Telephone Number, Including Area Code:

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Reporting Company
Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes No

The number of shares outstanding of the registrant's common stock, as of September 16, 2019, was 24,200,953.

Explanatory Note:

This Amendment No. 1 to the Quarterly Report on Form 10-Q (“Form 10-Q/A”) of Dream Homes & Development Corporation (the “Company”) amends our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018, which was originally filed with the Securities and Exchange Commission on May 21, 2018 (the “Original Form 10-Q”). The originally filed 10-Q was not reviewed by the Company’s independent registered public accounting firm. The Company subsequently terminated its prior independent registered public accounting firm and engaged Boyle, CPA LLC (“Boyle”) as its’ new independent registered public accounting firm. This amended Form 10Q has been reviewed by Boyle. The changes to the originally filed Form 10-Q are updates to subsequent events in Note 11 of the financial statements, a restatement in Note 12 of the financial statements and updates to the filing date and certifications.

DREAM HOMES & DEVELOPMENT CORPORATION
TABLE OF CONTENTS

<u>PART I. FINANCIAL INFORMATION</u>	F-1
ITEM 1. FINANCIAL STATEMENTS	F-1
<u>Consolidated Balance Sheet</u>	F-1
<u>Consolidated Statements of Operations and Comprehensive Income (Loss)</u>	F-2
<u>Consolidated Statements of Cash Flow</u>	F-3
<u>Notes to Consolidated Financial Statements</u>	F-4
<u>ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	3
<u>ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS</u>	8
<u>ITEM 4. CONTROLS AND PROCEDURES</u>	9
<u>PART II. OTHER INFORMATION</u>	9
<u>ITEM 1. LEGAL PROCEEDINGS</u>	9
<u>ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	9
<u>ITEM 3. DEFAULTS UPON SENIOR SECURITIES AND CONVERTIBLE NOTES</u>	9
<u>ITEM 4. MINE SAFETY DISCLOSURES</u>	9
<u>ITEM 5. OTHER INFORMATION</u>	9
<u>ITEM 6. EXHIBITS</u>	9
<u>SIGNATURES</u>	10

PART 1 - FINANCIAL INFORMATION

DREAM HOMES & DEVELOPMENT CORPORATION

CONSOLIDATED BALANCE SHEETS

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
	<u>Unaudited</u>	
ASSETS		
CURRENT ASSETS		
Cash	\$ 176,279	\$ 244,684
Accounts receivable	153,436	111,189
Costs in excess of billings and estimated earnings	149,706	69,499
Total current assets	<u>479,421</u>	<u>425,372</u>
PROPERTY AND EQUIPMENT, net	7,915	9,144
OTHER ASSETS		
Accounts receivable, net of allowance for doubtful accounts (\$43,000)	32,000	32,000
Security deposit	2,200	2,200
Deposits and costs coincident to acquisition of land for Development	224,382	210,129
Total assets	<u>\$ 745,918</u>	<u>\$ 678,845</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 428,499	\$ 391,003
Billings in excess of costs and estimated earnings	317,245	78,483
Accrued income taxes	640	-
Loans payable to related parties	14,743	14,743
Total current liabilities	<u>761,127</u>	<u>484,229</u>
STOCKHOLDERS' EQUITY (DEFICIENCY)		
Preferred stock; 5,000,000 shares authorized, \$.001 par value, as of March 31, 2018 and December 31, 2017, there are no shares outstanding	-	-
Common stock; 70,000,000 shares authorized, \$.001 par value, as of March 31, 2018 and December 31, 2017, there are 24,200,953 and 24,200,953 shares outstanding, respectively; and 202,510 shares committed not yet issued at March 31, 2018 and December 31, 2017 respectively	24,201	24,201
Additional paid-in capital	1,599,532	1,554,144
Accumulated deficit	<u>(1,638,942)</u>	<u>(1,383,729)</u>
Total stockholders' equity (deficiency)	<u>(15,209)</u>	<u>194,616</u>
Total liabilities and stockholders' equity (deficiency)	<u>\$ 745,918</u>	<u>\$ 678,845</u>

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

DREAM HOMES & DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended March 31, 2018	Three months ended March 31, 2017
	<u>Unaudited</u>	<u>Unaudited</u>
Revenue:		
Construction contracts	\$ 381,727	\$ 725,944
Total revenue	<u>381,727</u>	<u>725,944</u>
Cost of construction contracts	<u>361,156</u>	<u>512,343</u>
Gross profit (loss)	<u>20,571</u>	<u>213,601</u>
Operating Expenses:		
Selling, general and administrative, including stock based compensation of \$33,988 and \$ 2,800, respectively	274,555	157,704
Depreciation expense	1,229	147
Total operating expenses	<u>275,784</u>	<u>157,851</u>
Income (loss) from operations	<u>(255,213)</u>	<u>55,750</u>
Other expenses (income):		
Interest expense	-	-
Consulting fee income	-	-
Total other expenses (income)	<u>-</u>	<u>-</u>
Net income (loss) before income taxes	(255,213)	55,750
Provision for income tax (expense) benefit	<u>-</u>	<u>(709)</u>
Net income (loss)	<u>\$ (255,213)</u>	<u>\$ 55,041</u>
Basic and diluted income (loss) per common share	\$ (.01)	\$.00
Weighted average common shares outstanding-basic and diluted	24,200,953	23,735,416

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

DREAM HOMES & DEVELOPMENT CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended March 31, 2018 Unaudited	Three months ended March 31, 2017 Unaudited
OPERATING ACTIVITIES		
Net income (loss)	\$ (255,213)	\$ 55,041
Adjustments to reconcile net income (loss) to net cash provided (used) in operating activities:		
Depreciation expense	1,229	147
Stock-based compensation	33,988	2,800
Changes in operating assets and liabilities:		
Accounts receivable	(42,247)	(227,122)
Costs in excess of billings and estimated earnings	(80,207)	5,402
Accounts payable and accrued liabilities	37,496	97,530
Accrued income taxes	640	-
Billings in excess of costs and estimated earnings	238,762	90,838
Net cash provided (used) in operating activities	<u>(65,552)</u>	<u>24,636</u>
INVESTING ACTIVITIES		
Purchase of office equipment	-	(2,200)
Deposit and costs coincident to acquisition of land for development	(14,253)	(11,300)
Net cash (used) in investing activities	<u>(14,253)</u>	<u>(13,500)</u>
FINANCING ACTIVITIES		
Proceeds from sale of common stock	11,400	-
Net cash provided (used) by financing activities	<u>11,400</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	(68,405)	11,136
CASH BALANCE, BEGINNING OF PERIOD	<u>244,684</u>	<u>266,709</u>
CASH BALANCE, END OF PERIOD	<u>\$ 176,279</u>	<u>\$ 277,845</u>
Supplemental Disclosures of Cash Flow Information:		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
Non-Cash Investing and Financing Activities:		
71,429 restricted shares of common stock committed to be issued to Dream Homes, Ltd. for refundable deposit under contract rights to develop land (see Notes 3 and 5)	\$ -	\$ 10,000

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

DREAM HOMES & DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Three Months Ended March 31, 2018 and 2017 (Unaudited)

Note 1 - Significant Accounting Policies

Nature of Operations

Dream Homes & Development Corporation is a regional builder and developer of new single-family homes and subdivisions, as well as a market leader in coastal construction, elevation and mitigation. In the five years that have passed since Superstorm Sandy flooded 30,000 owner-occupied homes, Dream Homes has helped hundreds of homeowners to rebuild or raise their homes to comply with new FEMA requirements.

In addition to the coastal construction market, Dream Homes will continue to pursue opportunities in new single and multi-family home construction, with 4 new developments totaling 123 units under contract and in development. Dream Homes' operations will include the development and sale of a variety of residential communities, including construction of semi-custom homes, entry-level and first time move-up single-family and multi-family homes.

In addition to the New Jersey market, the Company, through its Dream Building LLC subsidiary, has become licensed in Florida to pursue recent opportunities for elevation, restoration, renovation and new construction brought about by the damage caused by recent hurricanes. Initial markets to be targeted are located primarily in the southwest portion of the state, between Naples and Cape Coral.

In addition to the Company's construction operations, the Company holds a bi-monthly "Dream Homes Nearly Famous Rebuilding Seminar", and publishes an informational blog known as the "Dream Homes Rebuilding Blog". The Rebuilding Seminar is an educational tool for homeowners who need rebuilding or renovations. This seminar has been presented steadily since early 2013, and is designed to educate and assist homeowners in deciphering the confusion about planning and executing complex residential construction projects. A professional team attends each seminar and presents on a diverse variety of topics, including expert advice from architects, engineers, finance people, attorneys, project managers, elevation professionals and builder/general contractors. The "Dream Homes Rebuilding Blog" is an educational platform written by Vincent Simonelli, which offers comprehensive advice on all aspects of construction, finance, development and real estate. The Blog is located at <http://blog.dreamhomesltd.com>.

History

Dream Homes & Development Corporation was originally incorporated as The Virtual Learning Company, Inc. ("Virtual Learning") on January 6, 2009 as a Nevada corporation with 75,000,000 shares of capital stock authorized, of which 70,000,000 shares are common shares (\$.001 par value), and 5,000,000 shares are preferred shares (\$.001 par value).

On August 19, 2016, Virtual Learning acquired 4.5% of Dream Homes, Ltd. ("DHL"), 100% of Dream Building, LLC ("DBL"), a wholly owned subsidiary of DHL, and use of all construction licensing and registrations held by Atlantic Northeast Construction LLC ("ANCL"), a wholly owned subsidiary of DHL, in exchange for the issuance of 2,225,000 shares of Virtual Learning common stock to DHL at an agreed price of \$.05 per common share.

The majority stockholder and chief executive officer of DHL was also the controlling stockholder and chief executive officer of Virtual Learning. As Virtual Learning and DHL were entities under common control, the acquired assets were reflected by Virtual Learning at DHL's \$0 carrying amount on the date of transfer pursuant to Accounting Standards Codification ("ASC") 805-50-30-5.

From August 19, 2016 to August 23, 2016, Virtual Learning acquired the rights to complete 6 in process construction contracts of ANCL in exchange for the issuance of 2,287,367 shares of Virtual Learning common stock to DHL at an agreed price of \$.05 per common share for those ANCL contracts. As Virtual Learning and DHL were entities under common control, the acquired rights were reflected at DHL's \$0 carrying amount on the date of transfer pursuant to ASC 805-50-30-5.

Due to the Company's change in focus to its construction business, the Company wrote off the remaining unamortized capitalized curriculum development costs of \$20,534 at December 31, 2016.

On March 14, 2017, Virtual Learning changed its name to Dream Homes & Development Corporation ("DHDC"). DHDC maintains a web site at www.dreamhomesltd.com as well as a blog, located at <http://blog.dreamhomesltd.com>.

Interim Financial Statements

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules and regulations of the United States Securities and Exchange Commission for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they may not include all the information and footnotes necessary for a comprehensive presentation of financial position, results of operations or cash flows. It is management's opinion, however, that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statement presentation.

The unaudited interim financial statements should be read in conjunction with the Company's Annual Report filed on Form 10-K/A for the year ended December 31, 2017, which contains the audited financial statements and notes thereto, together with Management's Discussion and Analysis of Financial Conditions and Results of Operations, for the year ended December 31, 2017. Operating results for the three months ended March 31, 2018 are not necessarily indicative of the results to be expected for the year ending December 31, 2018.

Principles of Consolidation

The consolidated financial statements include the accounts of DHDC and its wholly owned subsidiary DBL (collectively, the "Company"). All intercompany balances and transactions have been eliminated in consolidation.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is provided using the straight-line method over an estimated useful life of five years. Repairs and maintenance costs are expensed as incurred, and renewals and betterments are capitalized.

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 the amounts reported and disclosed in the financial statements and the accompanying notes. Actual results could differ materially from these estimates.

Fair Value of Financial Instruments

Fair value is defined as the price that we would receive to sell an asset or pay to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date. In determining fair value, GAAP establishes a three-level hierarchy used in measuring fair value, as follows:

- Level 1 inputs are quoted prices available for identical assets and liabilities in active markets.
- Level 2 inputs are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets and liabilities in active markets or other inputs that are observable or can be corroborated by observable market data.
- Level 3 inputs are less observable and reflect our own assumptions.

Our financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses and loans payable to related parties. The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, and loans payable to related parties approximates fair value because of their short maturities.

Construction Contracts

Revenue recognition:

The Company recognizes construction contract revenue using the percentage-of-completion method, based primarily on contract cost incurred to date compared to total estimated contract cost. Cost of revenue includes an allocation of depreciation, amortization and general overhead cost. Changes to total estimated contract cost or losses, if any, are recognized in the period in which they are determined.

The Company generally provides limited warranties for work performed under its construction contracts with periods typically extending for a limited duration following substantial completion of the Company's work on a project.

The Company classifies construction-related receivables and payables that may be settled in periods exceeding one year from the balance sheet date, if any, as current assets and liabilities consistent with the length of time of its project operating cycle. For example:

- Costs and estimated earnings in excess of billings represent the excess of contract costs and profits (or contract revenue) over the amount of contract billings to date and are classified as a current asset.
- Billings in excess of costs and estimated earnings represent the excess of contract billings to date over the amount of contract costs and profits (or contract revenue) recognized to date and are classified as a current liability.

Costs and estimated earnings in excess of billings result when either: 1) costs are incurred related to certain claims and unapproved change orders, or 2) the appropriate contract revenue amount has been recognized in accordance with the percentage-of-completion accounting method, but a portion of the revenue recorded cannot be billed currently due to the billing terms defined in the contract. Claims occur when there is a dispute regarding both a change in the scope of work and the price associated with that change. Unapproved change orders occur when there is a dispute regarding only the price associated with a change in scope of work. For both claims and unapproved change orders, the Company recognizes revenue, but not profit, when it is determined that recovery of incurred cost is probable and the amounts can be reliably estimated.

Change in Estimates:

The Company's estimates of contract revenue and cost are highly detailed and many factors change during a contract performance period that result in a change to contract profitability. These factors include, but are not limited to, differing site conditions: availability of skilled contract labor: performance of major material suppliers and subcontractors: on-going subcontractor negotiations and buyout provisions: unusual weather conditions: changes in the timing of scheduled work: change orders: accuracy of the original bid estimate: changes in estimated labor productivity and costs based on experience to date: achievement of incentive-based income targets: and the expected, or actual, resolution terms for claims. The factors that cause changes in estimates vary depending on the maturation of the project within its lifecycle. For example, in the ramp-up phase, these factors typically consist of revisions in anticipated project costs and during the peak and close-out phases, these factors include the impact of change orders and claims as well as additional revisions in remaining anticipated project costs. Generally, if the contract is at an early stage of completion, the current period impact is smaller than if the same change in estimate is made to the contract at a later stage of completion. Management focuses on evaluating the performance of contracts individually and uses the cumulative catch-up method to account for revisions in estimates. Material changes in estimates are disclosed in the notes to the consolidated financial statements.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax reporting purposes. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the provision for income tax in the statements of operations. The Company evaluates the probability of realizing the future benefits of its deferred tax assets and provides a valuation allowance when realization of the assets is not reasonably assured.

The Company recognizes in its financial statements the impact of tax positions that meet a “more likely than not” threshold, based on the technical merits of the position. The tax benefits recognized from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement.

Net Income (Loss) Per Common Share

Basic net income (basic net loss) per common share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period.

Diluted net income (loss) per common share is computed using the weighted average number of common shares outstanding and potentially dilutive securities outstanding during the period.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Accounting Standards Codification “ASC” Topic 606). The purpose of this ASU is to converge revenue recognition requirements per GAAP and International Financial Reporting Standards (“IFRS”). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in this ASU were originally effective for interim and annual reporting periods beginning after December 15, 2016, with early adoption not permitted by the FASB; however, in August 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date after public comment respondents supported a proposal to delay the effective date of this ASU to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. The impact of this ASU on our financial position, results of operations and cash flows at March 31, 2018 and for the three months then ended has not been significant.

Certain other accounting pronouncements have been issued by the FASB and other standard setting organizations which are not yet effective and therefore have not yet been adopted by the Company. The impact on the Company's financial position and results of operations from adoption of these standards is not expected to be material.

2 - Property and Equipment

Property and equipment is summarized as follows:

	March 31, 2018 <u>(Unaudited)</u>	December 31, 2017 <u></u>
Office equipment	\$ 4,115	\$ 4,115
Vehicles	24,565	24,565
Less: Accumulated depreciation	<u>(20,765)</u>	<u>(19,536)</u>
Property and Equipment- net	<u>\$ 7,915</u>	<u>\$ 9,144</u>

Depreciation expense for the three months ended March 31, 2018 and 2017 was \$1,229 and \$147, respectively.

3-Deposits and Costs Coincident to Acquisition of Land for Development

Deposits and costs coincident to acquisition of land for development are summarized as follows:

	March 31, 2018 <u>(Unaudited)</u>	December 31, 2017 <u></u>
Lacey Township, New Jersey, Marina contract:		
Deposit	25,000	25,000
Site engineering, permits and other costs:	<u>23,657</u>	<u>23,657</u>
Total Marina Contract	<u>48,657</u>	<u>48,657</u>
Lacey Township, New Jersey, Pines contract:		
Deposit	0	10,000
Cost to acquire contract	10,000	10,000
Site engineering, permits, and other costs	<u>118,288</u>	<u>111,215</u>
Total Pines contract	<u>138,288</u>	<u>131,215</u>
Berkeley Township, New Jersey, Tallwoods contract:		
Deposit	10,000	10,000
Site engineering, permits, and other costs	<u>27,437</u>	<u>20,257</u>
Total Tallwoods contract	<u>37,437</u>	<u>30,257</u>
Total	<u>\$ 224,382</u>	<u>\$ 210,129</u>

Lacey Township, New Jersey, “Dream Homes at the Pines”, Contract

On December 15, 2016, the Company acquired from General Development Corp. (“GDC”) rights to a contract to purchase over 9 acres of undeveloped land without amenities in Lacey Township, New Jersey (the “Lacey Contract or Dream Homes at the Pines”) for \$15,000 cash (paid in December 2016) and 100,000 restricted shares of Company common stock (issued in April 2017) valued at \$5,000. GDC acquired the rights to the contract from DHL on December 14, 2016 for \$10,000 cash. As discussed in Note 8, Commitments and Contingencies under Line of Credit, the Company also has an available line of credit of \$50,000 with GDC.

The Lacey Contract between DHL and the seller of the land was dated March 18, 2016 and provides for a \$1,000,000 purchase price with closing on or about 60 days after memorialization of final Development Approvals has been obtained. DHL paid the seller a \$10,000 refundable deposit in March 2016 pursuant to the Lacey Contract. In the event the transaction has not closed on at least a portion of the property within 24 months of the completion of the Due Diligence Period (as may be extended by two 6-month extensions), the seller has the option of terminating the contract. Notwithstanding this provision, the Company retains the right at all times to waive any remaining contingencies and proceed to close on the property.

At this time, the contract is in good standing and there is no risk of cancellation. As per the contract, the Company is required to close on this property no later than March 18, 2019, which date is inclusive of the 24-month development period, and 2 additional 6-month extensions.

Due diligence for the above property was completed as of May 17, 2016, and all costs were incurred by Dream Homes Ltd., which was in the contract for the property at the time. No additional costs for due diligence have been incurred by the Company, nor are any anticipated. The Company will incur all current costs associated with this property necessary to obtain all approvals, acquire the land, install the infrastructure and prepare the property to commence construction.

In order to obtain all developmental approvals and be prepared to begin installing infrastructure, various permits and engineering work are required. These permits include but are not limited to township subdivision, county, municipal utility authority, CAFRA (NJ Department of Environmental Protection) and NJ Department of Transportation. To date, design engineering has been completed and a CAFRA application has been prepared and submitted to the environmental scientist, along with a check for \$36,750 payable to the NJ DEP. Application for this permit was made in April 2017. As of this date, the CAFRA application has been put on hold pending a determination if the township will be approved by the State of New Jersey for a CAFRA Town Center designation. A permit is expected to be issued in June or July of 2018. A Lacey Township Planning Board meeting was held on December 11, 2017. Additional information was requested from the board and the next meeting will be scheduled upon receipt of outside agency permits and the other requested information.

It is anticipated that complete development approvals will cost approximately \$50,000 more to complete. In addition to these approval costs and acquisition costs, infrastructure costs are anticipated to cost approximately \$1,000,000. The total amount of funding required to acquire and make this property ready for home construction is approximately \$2,090,000 as of March 31, 2018.

The Company may need to seek loans from banks to finance this project. As part of their financing agreements, the banks typically require Vincent Simonelli to personally guarantee these loans. If Mr. Simonelli cannot qualify as a guarantor and there is no one other than him in the Corporation to provide those guarantees, the financing of the deal may be adversely affected. The exact amount of funding required for this particular property is not clear at the present time but will be determined when full approvals have been obtained and the Company is prepared to take title to the property.

Berkeley Township, New Jersey, "Dream Homes at Tallwoods", Contract

On March 1, 2017, the Company acquired from DHL rights to a contract to purchase over 7 acres of land in Berkeley Township, NJ (the "Tallwoods Contract or Dream Homes at Tallwoods") for 71,429 restricted shares of Company common stock (issued in April 2017). The Tallwoods Contract between DHL and the seller of the land was dated January 5, 2017 and provides for a \$700,000 purchase price with closing on or about 60 days after final development approvals have been obtained and memorialized. DHL paid the seller a refundable \$10,000 deposit in January 2017 pursuant to the Tallwoods contract.

The due diligence period associated with this property expired on March 4, 2017 and all costs associated with same were paid by Dream Homes Ltd. prior to the expiration date. The Company will incur no further costs related to the due diligence aspect of this purchase. The Company will incur all current and future costs associated with this property necessary to obtain all approvals, acquire the land and prepare the property to commence construction.

The land is currently improved with streets and all public utilities in place. As such, the necessary steps required to bring the property through the approval process involve primarily design engineering. Since the property is on an improved street, a major subdivision application will be filed with the township, which will create 13 conforming buildable lots from the existing single 7-acre parcel. Accordingly, the remaining costs will primarily involve engineering and approval costs, as opposed to costs associated with the installation of infrastructure.

At this time, the Company estimates that the total engineering and approval costs will be approximately \$40,000. The amount of money required to purchase the property is \$700,000 of which \$10,000 is currently on deposit. The Company has made application to the Berkeley Township Zoning Board.

In the event the transaction has not closed on at least a portion of the Property within 12 months of the completion of the Due Diligence Period (as may be extended by two 6-month extensions), the seller has the option of terminating the contract. Notwithstanding this provision, the Company retains the right at all times to waive any remaining contingencies and proceed to close on the property.

The Company may need to seek loans from banks to finance this project. As part of their financing agreements, the banks typically require Vincent Simonelli to personally guarantee these loans. If Mr. Simonelli cannot qualify as a guarantor and there is no one other than him in the Corporation to provide those guarantees, the financing of the deal may be adversely affected. The exact amount of funding required for this particular property is not clear at the present time but will be determined when full approvals have been obtained and the Company is prepared to take title to the property.

Lacey Township, New Jersey, "Dream Homes at Forked River", Marina Contract

The Company has acquired the rights to a purchase contract via contract assignment for 48 waterfront townhomes with boat slips in Lacey, NJ. The project is currently in the approval process and significant engineering, environmental, traffic and architectural work has been completed. The property is a waterfront property, and is partially improved with all boat slips currently installed, the Department of Transportation permit received and the curb cut from Route 9 in place. The property when completely constructed has a retail value of \$21 million and is expected to begin site improvements in late 2018 or early 2019.

On December 8, 2017, the Company acquired from DHL rights to a contract to purchase over +/- 7.5 acres of land in Lacey Township, NJ (the "Marina Contract or Dream Homes at Forked River") for 162,200 restricted shares of Company common stock (committed but not issued as of May 21, 2018). The Contract between DHL and the seller of the land was dated February 24, 2016 and provides for a \$2,166,710 purchase price with closing on or about 60 days after final development approvals have been obtained and memorialized. DHL paid the seller a refundable \$25,000 deposit in February 2016 pursuant to the Marina contract.

The due diligence period associated with this property expired on May 1, 2016 and all costs associated with same were paid by Dream Homes Ltd. prior to the expiration date. The Company will incur no further costs related to the due diligence aspect of this purchase. The Company will incur all current and future costs associated with this property necessary to obtain all approvals, acquire the land and prepare the property to commence construction.

The land is currently approved for a marina and it is the Company's intention to modify the approvals to a townhome use, as per the ordinance. The property is currently unimproved. As such, the necessary steps required to bring the property through the approval process involve design engineering as well as environmental approvals. Accordingly, the remaining costs will primarily involve engineering, legal and approval costs.

At this time, the Company estimates that the total engineering and approval costs will be approximately \$100,000. The amount of money required to purchase the property is \$2,430,000 of which \$25,000 is currently on deposit.

The Company may need to seek loans from banks to finance this project. As part of their financing agreements, the banks typically require Vincent Simonelli to personally guarantee these loans. If Mr. Simonelli cannot qualify as a guarantor and there is no one other than him in the Corporation to provide those guarantees, the financing of the deal may be adversely affected. The exact amount of funding required for this particular property is not clear at the present time but will be determined when full approvals have been obtained and the Company is prepared to take title to the property.

Little Egg Harbor Township, New Jersey, “Dream Homes at Radio Road”, Contract

On March 14, 2018, the Company signed a contract to purchase 4 improved lots in Little Egg Harbor Township, NJ (the “Dream Homes at Radio Road”) for a total of \$260,000. The Contract between the Company and the seller of the land provides for a \$65,000 per lot purchase price with closing occurring on a rolling basis, as each house is built and sold. In addition, the Company has obtained a term sheet on April 5, 2018 and is waiting for a formal commitment from 1st Constitution Bank for a funding facility comprised of acquisition and development funding.

The Company intends to begin construction in the second quarter and the homes are projected to sell in the \$350,000 - \$375,000 range.

4-Loans Payable to Related Parties

Loans payable to related parties is summarized as follows:

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
	(Unaudited)	
Loans payable to chief executive officer	\$ 11,525	\$ 11,525
Loans payable to GPIL (see Note 5)	3,118	3,118
Loan payable to DHL	100	100
Total	<u>\$ 14,743</u>	<u>\$ 14,743</u>

All the loans above are non-interest bearing and due on demand.

5 - Common Stock Issuances

On August 18, 2016, Virtual Learning issued 2,000,000 restricted shares of common stock to GPIL in satisfaction of \$20,000 loans payable (see Note 4).

On August 19, 2016 (see Note 1), Virtual Learning issued 2,225,000 restricted shares of common stock to Dream Homes Ltd. for a 4.5% equity interest in Dream Homes Ltd. and certain other assets, at an agreed price of \$.05 per share.

From August 19, 2016 to August 23, 2016 (see Note 1), Virtual Learning issued a total of 2,287,367 restricted shares of common stock to Dream Homes Ltd. for rights to complete 6 in process construction contracts of Atlantic Northeast Construction LLC, a wholly owned subsidiary of Dream Homes Ltd. at an agreed price of \$.05 per share.

On August 19, 2016, Virtual Learning issued 250,000 restricted shares of common stock to Mr. Roger Fidler for legal services. The 250,000 shares were valued at \$2,500 (or \$.01 per share), which amount was expensed in the three months ended September 30, 2016.

On October 13, 2016, DHL assigned 100,000 restricted shares of Company common stock it held to a minority shareholder of DHL. This minority shareholder of DHL had contributed \$100,000 out of approximately \$500,000 in a private placement of common stock of DHL in 2010. In addition, this minority stockholder of DHL also received 275,000 restricted shares from DHL in 2011 for consulting services. Accordingly, the Company has not deemed it appropriate to measure stock-based compensation relating to the 100,000 shares assigned by DHL to its minority stockholder.

On October 21, 2016, Virtual Learning issued 160,000 restricted shares of common stock to an individual for accounting services. The 160,000 restricted shares were valued at \$8,000 (or \$.05 per share), which amount was expensed in the three months ended December 31, 2016.

On December 29, 2016, Virtual Learning issued a total of 326,857 restricted shares of common stock to convertible noteholders for their notes and accrued interest totaling \$65,371.

On December 29, 2016, Virtual Learning issued a total of 180,000 restricted shares of common stock (50,000 shares to the Company's chief executive officer, 50,000 shares to the Company's secretary, 10,000 shares each to our two outside directors, and a total of 60,000 shares to four other individuals, principally DHL employees, for services rendered. The 180,000 shares were valued at \$9,000 (Company officers and outside directors- \$6,000, DHL employees-\$3,000) (or \$.05 per share), which amount was expensed in the three months ended December 31, 2016.

On February 22, 2017, DHDC issued 56,000 restricted shares of common stock to Green Chip Investor Relations pursuant to an Investor Relations and Consulting Services Agreement (see Note 8). The 56,000 restricted shares were valued at \$2,800 (or \$.05 per share), which amount was expensed in the three months ended March 31, 2017.

On March 1, 2017, DHDC committed to issue 71,429 restricted shares of common stock (issued April 24, 2017) to DHL valued at \$10,000, representing the amount of the refundable deposit on land made by DHL to the Seller in January 2017 for the Berkeley Township New Jersey contract (see Note 3).

On March 14, 2017, DHL assigned 275,000 restricted shares of Company common stock it held to the same minority stockholder of DHL that it assigned 100,000 shares of Company common stock on October 13, 2016 (see sixth preceding paragraph).

On April 26, 2017, DHDC issued 100,000 shares of restricted stock to General Development Corp. as payment of an assignment fee related to the 58 unit townhouse development in Lacey Township, NJ (see Note 3).

On July 12, 2017, DHDC issued 40,000 restricted shares of DHDC's common stock to Dream Homes, Ltd. ("DHL") in exchange for vehicles owned by DHL. The transaction reflected \$6,000 net carrying value of the assets on DHL's books at July 12, 2017.

On September 21, 2017, DHL assigned 25,000 restricted shares of Company common stock it held to the Secretary of both DHDC and DHL for services rendered to DHL. Accordingly, no stock-based compensation was recognized by DHDC.

On December 8, 2017, DHDC committed to issue 162,200 restricted shares of common stock to DHL valued at \$48,658 (DHL's historical cost of the assets being assigned), for the assignment of a contract to purchase property from DHL for the Lacey Township New Jersey contract (see Note 3).

On December 11, 2017, DHL assigned 100,000 restricted shares of Company common stock it held to the Company Securities Counsel of both DHDC and DHL in settlement of certain DHL accounts payable due him. Accordingly, no stock-based compensation was recognized by DHDC.

On December 27, 2017, DHDC committed to issue 12,500 restricted shares of DHDC's common stock for cash proceeds of \$ 5,000 at \$.40 per share per the Subscription Agreement.

On December 29, 2017, DHDC committed to issue 27,810 restricted shares of DHDC's common stock for settlement of \$ 11,124 accounts payable at \$.40 per share.

On January 31, 2018, DHDC committed to issue 16,000 restricted shares of DHDC's common stock for cash proceeds of \$11,400 at \$.40 per share per the subscription agreement.

On February 9, 2018, DHL assigned 40,000 restricted shares of Company common stock it held to a minority stockholder of DHL. This minority stockholder of DHL had contributed \$10,000 out of approximately \$500,000 in a private placement of common stock of DHL in 2010. In addition, this minority stockholder of DHL also received 30,000 restricted shares of DHL common stock in 2011 for legal services. Accordingly, no stock-based compensation was recognized by DHDC for this assignment of 40,000 shares.

On February 9, 2018, DHL assigned 25,000 restricted shares of Company common stock it held to the Secretary of both DHDC and DHL for accounting and administrative services rendered to DHL. Accordingly, no stock-based compensation was recognized by DHDC for this assignment of 25,000 shares.

On February 9, 2018, DHL assigned 25,000 restricted shares of Company common stock it held to a director of DHDC and service provider to DHL for legal services provided to DHL. Accordingly, no stock-based compensation was recognized by DHDC for this assignment of 25,000 shares.

On February 26, 2018 DHDC issued 12,500 restricted shares of DHDC's common stock for cash proceeds of \$ 5,000 at \$.40 per share per the Subscription Agreement.

6 – Income Taxes

The provisions for (benefit from) income taxes differ from the amounts computed by applying the statutory United States Federal income tax rate (21% in 2018; 35% in 2017) to income (loss) before income taxes.

The sources of the differences follow:

	Three months ended March 31, 2018 (Unaudited)	Three months ended March 31, 2017 (Unaudited)
Expected tax (benefit)	\$ (56,811)	\$ 19,513
State income taxes, net of Federal benefit	(19,235)	-
Non-deductible stock-based compensation	9,554	980
Benefit from net operating loss carry back	(9,166)	-
Provision for Federal income taxes at lower tax rate on taxable income under \$50,000	-	(469)
Change in valuation allowance	57,598	(19,315)
Other	1,728	-
Provision for (benefit from) income taxes	<u>\$ -</u>	<u>\$ 709</u>

The significant components of DHDC's deferred tax asset as of March 31, 2018 and December 31, 2017 are as follows:

	March 31, 2018 (Unaudited)	December 31, 2017
Deferred tax assets:		
Net operating loss carry forward	\$ 57,598	\$ -
Valuation allowance	(57,598)	-
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>

At March 31, 2018, the Company has a net operating loss carryforward of approximately \$204,903 which expires in year 2038. Based on management's present assessment, the company has not yet determined it to be more likely than not that a deferred tax asset of \$57,598 attributable to the future utilization of the \$204,903 net operating loss carryforward will be realized. Accordingly, the company has recorded a 100% allowance against the deferred tax asset in the financial statements as of March 31, 2018.

Current United States income tax law limits the amount of loss available to be offset against future taxable income when a substantial change in ownership occurs. Therefore, the amount available to offset future taxable income may be limited.

7- Business Segments

The company currently has one business segment which is residential construction, which is further divided into elevation/renovation, demolition and new home construction and new single and multi-family home developments. The residential construction segment is operated through DHDC's wholly owned subsidiary Dream Building, LLC (since August 19, 2016).

As discussed in Note 11 (subsequent events), the Company has submitted a contract and offer to purchase a property currently approved for a 700 KW solar farm.

8- Commitments and Contingencies

Construction Contracts

As of March 31, 2018, Dream Building, LLC is committed under 21 construction contracts outstanding with home owners with contract prices totaling \$ 3,160,009, which are being fulfilled in the ordinary course of business. None of these construction projects are expected to take significantly in excess of one year to complete from commencement of construction. The Company has no significant commitments with material suppliers or subcontractors that involve any sums of substance or, of long term duration at the date of issuance of these financial statements.

Employment Agreements

On April 28, 2017, DHDC executed an Employment Agreement with its newly appointed Vice President of Business Development. The term of the agreement is from April 28, 2017 to December 31, 2020 and is renewable thereafter at 1 year intervals based on certain sales targets. The agreement provides for compensation based on sales.

On May 8, 2017, DHDC executed an Employment Agreement with its newly appointed Sales Manager. The term of the agreement is from May 8, 2017 to May 8, 2019 and is renewable thereafter at 1 year intervals based on certain sales targets. The agreement provides for compensation based on sales.

For the three months ended March 31, 2018, sales commissions expense pursuant to these two employment agreements were \$56,164.

Lease Agreement

On June 20, 2017, DHDC executed a lease for office and storage space located at 2109 Bridge Avenue, Point Pleasant, New Jersey. The term of the Lease is five years from June 20, 2017 to June 20, 2022 with two (2) five (5) year options to renew. The Lease provides for monthly rent commencing August 20, 2017 at \$1,200 per month until the earlier of completion of upstairs offices or November 20, 2017, at which time the monthly rent increases to \$2,200 per month. Assuming DHDC is current in all rent and other charges, DHDC has the option to cancel the Lease with 90 days written notice to Landlord.

For the three months ended March 31, 2018, rent expense under this lease agreement was \$6,600.

Investor Relations Agreement

On February 10, 2017, the Company entered into an Investor Relations and Consulting Services Agreement with an investor relations firm. The agreement expired on August 31, 2017 and provided for issuance of 56,000 restricted shares of common stock valued at \$2,800 to the investor relations firm (stock issued on February 22, 2017) and \$2,000 per month fees to be paid to the investor relations firm commencing March 2017.

For the three months ended March 31, 2018 and 2017, consulting fees expense under this agreement was \$2,000 and \$4,800 respectively.

Line of Credit

On September 15, 2016, DHDC established a \$50,000 line of credit with General Development Corp., a non-bank lender. Advances under the line bear interest at a rate of 12% payable monthly and the outstanding principal is due and payable in 60 months. The line is secured by the personal guarantee of the Company's Chief Executive Officer. The agreement to fund automatically renews on a yearly basis as long as interest payments are current. To date, the Company has not received any advances under the line of credit.

Private Placement

On November 3, 2017, the Company released a Private Placement Memorandum, which consists of an equity and debt offering for up to \$5,000,000 in new capital. This capital will be utilized for acquisition and development of several of the properties the Company has under contract, as well as expansion into the Florida market. The offering is comprised of Units for sale as well as convertible debt. Each Unit is priced at \$.40 per common share and includes 1 warrant to purchase an additional share of common stock for \$.60 within 3 years of the date of Unit purchase. The convertible debt is offered at an 8% coupon, paid quarterly, has a maturity of 4 years and is convertible at \$.75 per share. The offering was scheduled to close on January 2, 2018 and was extended unchanged by the Company to September 2, 2018.

As of May 21, 2018, the Company has sold a total of 68,810 units and received \$16,400 in cash (\$5,000 in December 2017 for 12,500 units, \$6,400 in January 2018 for 16,000 units and \$5,000 in February 2018 for 12,500 units) and was granted a reduction in accounts payable from a lumber vendor of 11,124 for 27,810 units issuable to the vendor as of December 31, 2017.

9- Related Party Transactions

Dream Homes Ltd. Allocated payroll

The Company uses the services of Dream Homes Ltd. (DHL) personnel for its operations. For the three months ended March 31, 2018 and 2017, selling, general and administrative expenses include \$120,217 and \$100,603, respectively incurred for the Company's estimated share of DHL's gross payroll and payroll taxes for the 2018 amount includes \$17,500 salary paid to the Company's Chief Executive Officer and \$14,400 salary paid to the Company's Secretary and VP of Human Resources. At March 31, 2018, accounts payable and accrued expenses include \$ 109,552 due to DHL for unpaid payroll reimbursement.

Office Space

The Company has occupied office space located in Forked River, New Jersey which is owned by an affiliated company. Commencing April 2017, the Company has paid DHL monthly rent of \$2,000 (\$6,000 total for the three months ended March 31, 2018) for this office space.

10- Stock Warrants

On July 12, 2017, DHDC issued 750,000 stock warrants to various members of Dream Homes & Development Corporation's executive team (including 500,000 to the Company's Chief Executive Officer, 100,000 to the Company's Secretary, and a total of 60,000 to the Company's two other directors and 50,000 to a non-executive DHL project manager employee). These Warrants entitle the holder to purchase shares of Dream Homes & Development Corporation at \$0.30 per share through July 20, 2020. These warrants vest to the Holder on a semi-annual basis over a 36-month period contingent upon Holder's continued association with the Company. The \$407,850 total fair value (calculated using the Black Scholes option pricing model and the following assumptions: (1) stock price of \$0.60, (2) exercise price of \$0.30, (3) dividend yield of 0%, (4) risk-free interest rate of 1.53%, (5) expected volatility of 171%, and (6) term of 3 years) of the 750,000 warrants is being expensed evenly over the 3 years requisite service period of the individuals that were granted these warrants commencing in July 2017. For the three months ended March 31, 2018, stock-based compensation attributable to the warrants was \$ 33,988 using the above Black Scholes option pricing model.

Included within the 750,000 warrants described in the preceding paragraph are 20,000 warrants issued to the Company's Vice President of Business Development that are not covered by the Employment Agreement dated April 28, 2017 described in Note 8. Also included within the 750,000 warrants described in the preceding paragraph are 20,000 warrants issued to the Company's Sales Manager that are not covered by the Employment Agreement dated May 8, 2017 described in Note 8.

In addition to the 750,000 warrants issued on July 12, 2017 per above, the company issued a total of 68,810 warrants in connection with the Private Placement described above in Note 8. The warrants are exercisable into common stock at an exercise price of \$.60 per share for a period of 3 years commencing from the respective issuance dates of these warrants.

11- Subsequent Events

On April 24, 2018, the Company signed a contract to purchase a single-family waterview home in Ocean Township, NJ for \$68,000. The home is in need of elevation and renovation, which is expected to cost an additional \$125,000.

It is the Company's intention to renovate and sell the property. The property is expected to sell to a 3rd party purchasers for approximately \$350,000.

On May 1, 2018, the Company signed a contract to purchase 2 single family homes in Berkeley Township, NJ for \$145,000. Currently, the transaction is in the due diligence phase, which ends on June 1, 2018. Both homes require renovation, which is expected to cost an additional \$50,000 per home. It is the Company's intention to renovate and either sell the properties, or hold them for rental. The properties are expected to sell to 3rd party purchasers for \$200,000 - \$225,000 for each home.

On May 3, 2018, the Company submitted a signed contract and estimate to Rich Pezzullo, a Company director, for a fire rebuild of his principal residence in the amount of \$543,000. We have received verbal agreement and anticipates a signed contract and estimate shortly.

On May 3, 2018, the Company submitted a signed letter of intent to purchase 5.5 acres of improved/unimproved property in Gloucester County, which is currently approved by the county for an 108-unit apartment complex. in the amount of \$1,080,000. The Company has received verbal agreement and expect a signed contract and estimate shortly.

On May 5, 2018, the Company signed a contract for an elevation/renovation project in Manahawkin, NJ. The contract amount is \$228,000.

On May 11, 2018, the Company received back a signed letter of intent to purchase 2.3 acres of improved/unimproved property in Berkeley Township, NJ. The property was previously approved by the township for 12 duplex residential units. A contract is currently pending on this property. The proposed purchase price is \$370,000.

On May 15, 2018 the Company submitted an estimate and contract for an elevation and renovation to a client in Toms River, NJ in the amount of \$199,000. We have received verbal agreement and anticipate a signed contract and estimate shortly.

On May 15, 2018 the Company signed a contract for a kitchen renovation with a client in Brick, NJ in the amount of \$23,000.

On May 15, 2018 the Company signed a contract for a new modular home project in Middletown, NJ. The contract amount is \$225,000.

On May 11 & May 17, 2018 DHDC issued a total of 209,060 restricted shares of common stock valued at \$62,718 to DHL (DHL's historical cost of the assets being assigned), for the assignment of a contract to purchase property from DHL for the Lacey Township Marina parcel contract.

On May 17, 2018, DHL assigned 115,340 restricted shares of Company common stock it held to Jerry Andy Jerad Villecco, a supplier of both DHDC and DHL in settlement of certain DHL accounts payable due him. Accordingly, no stock-based compensation was recognized by DHDC. These shares were previously authorized but had not been issued.

On May 17, 2018, the Company submitted a signed contract to purchase a 700 KW property to be developed as a solar farm in Glassboro, NJ. The purchase price is \$700,000 and the contract is subject to obtaining funding for the solar array as well as a portion of the purchase price. There is also a PPA (power production agreement) in place with a nursing home adjacent to the property, to purchase the entire electrical output for the next 20 years.

On May 28, 2018, the Company signed a contract to purchase a 700 KW property to be developed as a solar farm in Glassboro, NJ. The purchase price is \$900,000 and the contract is subject to obtaining funding for the solar array as well as a portion of the purchase price. There is also a PPA (power production agreement) in place with a nursing home adjacent to the property, to purchase the entire electrical output for the next 20 years.

In early August, a funding proposal was submitted to Republic Bank, which is a local lender, and discussions are ongoing. If funding is approved, it is expected that this transaction will close in late 2018.

On July 3, 2018 the Company borrowed \$60,000 from 3 private lenders in equal amounts of \$20,000 each. These lenders were Richard Pezzullo, who is also a director and stockholder of DHDC, Dream Homes Ltd., who is a stockholder in DHDC and General Development Corporation, which is a private lender. Terms for each note are identical. Notes bear interest at 12% APR and mature in 6 months, with the right to extend as needed.

On July 10, 2018, the Company closed on the purchase of a a single-family water view home in Ocean Township, NJ for \$68,000. The home is in need of elevation and renovation, which is expected to cost an additional \$125,000.

It is the Company's intention to renovate and sell the property. The property is expected to sell to a 3rd party purchasers for approximately \$350,000.

On July 23, 2018, the Company signed a contract to purchase 2.3 acres of improved/unimproved property in Berkeley Township, NJ. The property was previously approved by the township for 12 duplex residential units. The purchase price is \$370,000, for which the company has paid \$5,000 deposit to be held in escrow on signing of the contract.

During the period following September 30, 2018, the Company has added \$646,086.80 in executed elevation and new home contracts, comprised of 2 separate elevation and renovation contracts, as well as one demolition and new single-family home contract.

During the period following September 30, 2018, on October 20, 2018 the Company entered into contract for the purchase of assets from Premier Modular Homes, LLC for the sum of \$119,000, which sum shall be paid on a contingent basis for all sales generated through Premier Modular leads. The acquired assets include phone numbers, web site, use of Premier Modular Home, LLC name, equipment, vehicles and trailers.

The Company also entered into an agreement to lease the Premier Modular Homes showroom and offices located at 884 Route 9 Tuckerton, NJ 08087 for a annual amount of \$18,000 with the option to renew yearly for the period of two years.

On November 15, 2018, the Company also received variance approval for the 71 Sheridan Street property in Waretown, NJ. This property was purchased on July 12, 2018. The Company intends to elevate and renovate this property, in preparation for a sale in spring 2019.

12- Restatement of Previously Issued Financial Statements

The Company has restated the consolidated financial statements at March 31, 2018 and for the three months then ended (which were previously included in the Company's Form 10-Q filed with the SEC on May 21, 2018) in order to reflect the restatements previously made to the December 31, 2017 financial statements, in order to correct errors principally relating to the accounting for construction contracts under the "percentage of completion method." These prior errors resulted primarily from misinterpretation of facts and circumstances concerning 11 contracts at the date of issuance of the consolidated financial statements by the Company.

	As Previously Reported	Restatement Adjustments	As Restated
CURRENT ASSETS			
Cash	\$ 176,279	\$ -	\$ 176,279
Accounts receivable	272,592	(119,156)	153,436
Costs and estimated earnings in excess of billings	154,545	(4,839)	149,706
Total current assets	<u>603,416</u>	<u>(123,995)</u>	<u>479,421</u>
PROPERTY AND EQUIPMENT, net	7,915	-	7,915
OTHER ASSETS			
Accounts receivable, net of allowance for doubtful accounts (\$43,000)	-	32,000	32,000
Security deposit	2,200	-	2,200
Deposits and costs coincident to acquisition of land for development	224,382	-	224,382
Total assets	<u>\$ 837,913</u>	<u>\$ (91,995)</u>	<u>\$ 745,918</u>
CURRENT LIABILITIES			
Accounts payable and accrued expenses	\$ 445,717	\$ (17,218)	\$ 428,499
Billings in excess of costs and estimated earnings	367,014	(49,769)	317,245
Accrued income taxes	640	-	640
Loans payable to related parties	14,743	-	14,743
Total current liabilities	<u>828,114</u>	<u>(66,987)</u>	<u>761,127</u>
STOCKHOLDERS' EQUITY			
Preferred stock	-	-	-
Common stock	24,203	(2)	24,201
Additional paid-in capital	1,589,118	10,414	1,599,532
Accumulated deficit	(1,614,922)	(24,020)	(1,638,942)
Total stockholders' equity	<u>(1,601)</u>	<u>(13,608)</u>	<u>(15,209)</u>
Total liabilities and stockholders' equity	<u>\$ 826,513</u>	<u>\$ (80,595)</u>	<u>\$ 745,918</u>

The effect of the restatement adjustments on the Consolidated Statement of Operations for the three months ended March 31, 2018 follows:

	As Previously Reported	Restatement Adjustments	As Restated
Revenue	\$ 381,727	\$ -	\$ 381,727
Cost of construction	361,156	-	361,156
Gross profit	<u>20,571</u>	-	<u>20,571</u>
Operating expenses			
Selling, general and administrative	289,870	(15,315)	274,555
Depreciation expense	1,229	-	1,229
	<u>291,099</u>	<u>(15,315)</u>	<u>275,784</u>
Income tax benefit (expense)	7,166	(7,166)	-
Net loss	<u>\$ (263,362)</u>	<u>\$ 8,149</u>	<u>\$ (255,213)</u>

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This Quarterly Report on Form 10-Q and other written reports and oral statements made from time to time by the Company may contain so-called "forward-looking statements," all of which are subject to risks and uncertainties. One can identify these forward-looking statements by their use of words such as "expect," "plan," "will," "may," "anticipate," "believe," "estimate," "should," "intend," "forecast," "project" the negative or plural of these words, and other comparable terminology. One can identify them by the fact that they do not relate strictly to historical or current facts. These statements are likely to address the Company's growth strategy, financial results and product and development programs. One must carefully consider any such statement and should understand that many factors could cause actual results to differ from the Company's forward-looking statements. These factors include inaccurate assumptions and a broad variety of other risks and uncertainties, including some that are known and some that are not. No forward-looking statement can be guaranteed and actual future results may vary materially. The Company does not assume the obligation to update any forward-looking statement. One should carefully evaluate such statements in light of factors described in the Company's filings with the SEC, especially the Company's Annual Report on Form 10-K and the Company's Quarterly Reports on Form 10-Q. In various filings the Company has identified important factors that could cause actual results to differ from expected or historic results. One should understand that it is not possible to predict or identify all such factors. Consequently, the reader should not consider any such list to be a complete list of all potential risks or uncertainties.

Use of Terms

The following discussion analyzes our financial condition and results of operations for the three months ended March 31, 2018 and 2017. Unless the context indicates or suggests otherwise, reference to "we", "our", "us" and the "Company" in this section refers to the operations of Dream Homes & Development Corporation (DHDC),

PLAN OF OPERATION

Overview

Building on a history of over 1,500 new homes built, the management of Dream Homes & Development Corporation has positioned the company to emerge as a rapidly growing regional developer of new single-family subdivisions as well as a leader in coastal construction, elevation and mitigation. In the six years that have passed since Superstorm Sandy flooded over 30,000 owner-occupied homes, Dream Homes has helped hundreds of homeowners to rebuild or raise their homes to comply with new FEMA requirements. While other builders have struggled to adapt to the changing market and complex Federal, State and local regulations involved with coastal construction in Flood Hazard Areas, Dream Homes has excelled. As many of our competitors have failed, Dream Homes has developed a reputation as the region's most trusted builder and has even become known as the "rescue" builder for homeowners whose projects have been abandoned by others. Due to the damage caused by the storm, as well as the material changes in the FEMA flood maps which now require over 30,000 homeowners along the New Jersey coastline to elevate their homes, Dream Homes is positioned to capitalize on this opportunity for substantial revenue growth.

Management recognized that the effects of Super Storm Sandy, which occurred on 10/29/12, would be far reaching and cause an almost unlimited demand for construction services, as well as specific construction information. Due to the damage caused by the storm, as well as the material changes in the FEMA flood maps which now require over 30,000 homeowners along the New Jersey coastline to elevate their homes, management feels that focusing on the construction field will continue to provide a stable revenue stream for the company.

In addition to the New Jersey market, the Company, through its Dream Building LLC subsidiary, has become licensed in Florida to pursue recent opportunities for elevation, restoration, renovation and new construction brought about by the damage caused by recent hurricanes. Initial markets to be targeted are located primarily in the southwest portion of the state, between Naples and Cape Coral.

Dream Building LLC. operates as a wholly owned subsidiary of Dream Homes and Development Corporation and continues to pursue opportunities in the real estate field, specifically in new home construction, home elevations and renovations. The amount of these projects currently under contract as of December 31, 2017 is \$3,243,144.

In addition to the above projects, which are in process, Dream Building LLC has also estimated an additional \$5,300,000 worth of residential construction projects and added over 200 active prospects to its data base. All of these prospects are prime candidates for educational videos and short books on specific construction and rebuilding topics, as well as candidates for rebuilding projects to be built under the Dream Building LLC division.

In addition to the projects which the Company currently has under contract for elevation, renovation, new construction and development, there are a number of parcels of land which the Company has the ability to secure, whether through land contract or other types of options. These parcels represent additional opportunities for development and construction potential on the order of an additional 400 - 800 lots and/or residential units to be developed and built within an approximate time horizon of 5 years. Conceivably, this volume of production could yield \$120,000,000 - \$240,000,000 in gross revenue and \$25,000,000 - \$50,000,000 in earnings to the Company.

Properties currently under contract to purchase and in the development stage

Dream Homes is in contract and under development for a parcel which will yield 58 new townhomes in the Ocean County NJ area. This acquisition was made for common stock and occurred in the 4th quarter of 2016. This property is currently in the approval process. This development project is scheduled to begin in late 2018 or early 2019 and is projected to add approximately \$13,000,000 to the Company's gross sales, through its Dream Building LLC division.

The Company has received preliminary CAFRA approval for the 58-unit townhouse development. A planning board hearing for preliminary and final site plan and subdivision approval occurred on December 11, 2017, which produced input and comments from the Planning Board as well as surrounding homeowners. Currently, the property is subject to an application with the state planning commission to be designated as a CAFRA Town Center property, which will enable greater density. As such the planning board has agreed to reschedule the hearing pending passage of this planning zone by New Jersey. It is anticipated that this project will be heard again on the June or July 2018 meeting. Sales at retail for this development should be in the \$16 million-dollar range.

The Company is in contract and in the approval process for a 7-acre tract in central Ocean County, New Jersey, which will yield 13 single-family lots. This development project is scheduled to begin in late 2018 and is projected to add approximately \$4,500,000 to the Company's gross sales, through its Dream Building LLC division.

Dream submitted a use variance application to the Board of Adjustment for approval for 13 single family lots, which are fully improved. This application was deemed complete by the town engineer and was heard on April 11, 2018. The zoning board refused to rule on the application, and instructed the company to make application to the planning board. A planning board application will be made during the month of June 2018, with the intention to be heard at the July hearing. The construction start date is estimated for late 2018 and these homes are planned for high-efficiency construction techniques, including passive solar roof panels, insulation of R50 in walls and ceilings, low-flow toilets and faucets and LED lighting throughout. Sales at retail for this development are projected to be in the \$4 million-dollar range.

The Company has signed a letter of intent and a contract will be signed to acquire the rights to a purchase contract via contract assignment for 48 waterfront townhomes with boat slips in Lacey, NJ. The project is currently in the approval process and significant engineering, environmental, traffic and architectural work has been completed. The property is partially improved with all boat slips built. It has a retail value of \$21 million and is expected to start in late 2018 or early 2019.

On April 24, 2018, the Company signed a contract to purchase a single-family waterview home in Ocean Township, NJ for \$68,000. The home is in need of elevation and renovation, which is expected to cost an additional \$125,000.

It is the Company's intention to renovate and sell the property. The property is expected to sell to a 3rd party purchasers for approximately \$350,000.

On May 1, 2018, the Company signed a contract to purchase 2 single family homes in Berkeley Township, NJ for \$145,000. Currently, the transaction is in the due diligence phase, which ends on June 1, 2018. Both homes require renovation, which is expected to cost an additional \$50,000 per home. It is the Company's intention to renovate and either sell the properties, or hold them for rental. The properties are expected to sell to 3rd party purchasers for \$200,000 - \$225,000 for each home.

On May 11, 2018, the Company received back a signed letter of intent to purchase 2.3 acres of property in Berkeley Township, NJ. The property was previously approved for 12 duplex residential units. A contract is currently pending on this property. The proposed purchase price is \$370,000.

Properties in discussion with signed letters of intent, not in contract

A revised 3rd letter of intent (LOI) has just been offered to acquire 70 townhouse lots in Ocean County, NJ and it is Management's opinion that this property is moving forward to contract. This property is approved and unimproved. The project is slated to begin in the middle of 2018 and has a retail value of \$17 million.

A signed LOI has been offered to build 80 single family lots in Mickleton, NJ to begin early to middle 2018 with a retail value of \$50 million. This property is approved and partially improved.

A letter of intent (LOI) has just been offered to acquire property to develop 15 single family homes in central Ocean County, NJ and it is Management's opinion that this property is moving forward to contract. This property is unapproved and unimproved. The project is slated to begin in late of 2018 and has a retail value of \$6 million.

A 2nd signed letter of intent has been offered to acquire property to develop 80 condominium units in an existing commercial plaza in central Ocean County, NJ. This property has been in discussion since September of 2017 and preliminary conceptual, engineering and feasibility studies have been completed. It is Management's opinion that this property is moving forward to contract. This property, which is a pad site within an existing mixed-use commercial complex, is improved. The project is slated to begin in late summer of 2019 and has a retail value of \$16 million.

Discussions have been occurring since December of 2017 and a signed letter of intent has been offered to acquire property to develop 102 townhome units in southern Ocean County, NJ. This property was originally in contract and under development by the Company's management team during the 2006-2009 period, at which time the project was not finalized due to the financial crisis of 2009. As such, a large amount of engineering, environmental, traffic and architectural work has been completed. It is Management's opinion that this property is moving forward to contract. This property is not fully approved and is unimproved. The project is slated to begin in late summer of 2019 and has a retail value of \$23 million.

On May 3, 2018, the Company submitted a signed letter of intent to purchase 5.5 acres of property in Gloucester County, which is currently approved for an 108-unit apartment complex. in the amount of \$1,080,000. The Company has received verbal agreement and expect a signed contract and estimate prior to May 25, 2018.

On May 17, 2018, the Company submitted a signed contract to purchase a 700 KW property to be developed as a solar farm in Glassboro, NJ. The purchase price is \$700,000 and the contract is subject to obtaining funding for the solar array as well as a portion of the purchase price. There is also a PPA (power production agreement) in place with a nursing home adjacent to the property, to purchase the entire electrical output for the next 20 years.

These 6 new developments with offered, signed letters of intent, as well as the four developments that we have under contract and in development represent over \$108 million in new home construction projects on the books in the near future. This work will occur over the next 3-4 years and is in addition to the elevation/renovation division of the business. Management is very positive about these new developments, as well as the cutting-edge construction technologies being employed to create healthier, safer, more energy efficient homes.

Dream Homes has experienced solid growth in both the new home and elevation divisions, as well as strong additions to our personnel infrastructure, which are just now beginning to bear fruit. Our new Design Center in Point Pleasant has also led to an increase in modular traffic and sales, as well as facilitated and increased client selections throughout our entire region.

The Company was awarded the Ocean County Best of the Best for 2017 in two categories (Best Custom Modular Builder and Best Home Improvement Contractor), which caused significant new awareness and interest from the public. This has led to more showroom traffic, completed estimates and signed contracts. Referrals about Dream Homes are also being generated from many industry professionals, such as architects, engineers and attorneys, who've either had clients with abandoned projects or simply want to retain Dream due to superior performance and reliability.

The phrase 'The Region's Most Trusted Builder' accurately describes the company, and is becoming increasingly well known to homeowners in need of elevation & renovation work. The management team has never failed to complete a project in over 24 years in the industry.

The Company's business model over the last year has been focused on increasing the new home and new development portion of our business, until it represents 50% - 70% of our entire revenue stream, from the current level of 20%. New home development has a much greater scalability and growth potential than elevation/renovation work. The Company has enjoyed steady growth in the renovation/elevation portion of the company and anticipates that by year end 2018 each part of the company (new homes and elevation work) will represent 50% of total revenue. By mid-year 2019, new home construction and development should represent over 70% of revenue.

Management hopes for steady growth in all segments of the company, since the rebuilding process will occur over the next 15-20 years. The combined total number of homes affected by Storm Sandy that will need to be raised or demolished and rebuilt is in excess of 30,000 homes, of which less than 10,000 have been rebuilt. This remaining combined market for new construction and elevation projects in the Company's market area is estimated to be in the range of \$3.4 billion dollars. The company anticipates being able to efficiently address 5% - 10% of this market. Dream Homes' potential operations include the development and sale of a variety of residential communities, including construction of semi-custom homes, entry-level and first time move-up single-family and multi-family homes.

Among the Company's other assets that are currently held, are the rights to operate the educational construction seminar known as "Dream Homes Nearly Famous Rebuilding Seminar", as well as the informational blog known as the "Dream Homes Rebuilding Blog."

The Nearly Famous Rebuilding Seminar is held bi-monthly, and is a powerful educational tool for homeowners who need of rebuilding or renovations. This seminar has been presented steadily since early 2013, and is designed to educate and assist homeowners in deciphering the confusion about planning and executing complex residential construction projects.

Due to the opportunities afforded by the market conditions, Dream Homes and Development Corporation as well as Dream Building LLC, which operates as a wholly owned subsidiary of Dream, will continue to pursue opportunities in the construction and real estate field, specifically in new home construction, home elevations and renovations.

RESULTS OF OPERATIONS – DREAM HOMES & DEVELOPMENT CORPORATION

The summary below should be referenced in connection with a review of the following discussion of our results of operations for the three months ended March 31, 2018 and 2017.

STATEMENTS OF OPERATIONS Unaudited

	<u>Three months ended March 31, 2018</u>	<u>Three months ended March 31, 2017</u>
Revenue:		
Construction contracts	\$ 381,727	\$ 725,944
Total revenue	<u>381,727</u>	<u>725,944</u>
Cost of construction contracts	<u>361,156</u>	<u>512,343</u>
Gross profit (loss)	<u>20,571</u>	<u>213,601</u>
Operating Expenses:		
Selling, general and administrative, including stock based services of \$2,800 and \$0, respectively,	274,555	157,704
Depreciation expense	<u>1,229</u>	<u>147</u>
Total operating expenses	<u>275,784</u>	<u>157,851</u>
Income (loss) from operations	<u>(255,213)</u>	<u>55,750</u>
Other expenses (income):		
Interest expense	-	-
Consulting fee income	-	-
Total other expenses-net	<u>-</u>	<u>-</u>
Net income (loss) before income taxes	(255,213)	55,750
Provision for income tax (expense) benefit	-	(709)
Net income (loss)	<u>\$ (255,213)</u>	<u>\$ 55,041</u>

Results of Operations - Comparison for the three months ended March 31, 2018 and 2017.

Revenues

For the three months ended March 31, 2018 and 2017, revenues were \$381,727 and \$725,944 respectively. The decrease in revenue of \$344,217, was due to weather and other working conditions.

Cost of Sales

For the three months ended March 31, 2018 and March 31, 2017, cost of construction contracts were \$361,156 and \$512,343, respectively. This decrease of \$151,187 was due mainly to less production.

Operating Expenses

Operating expenses increased \$116,704 from \$157,851 in 2017 to \$274,555 in 2018. The increase is mainly attributable to warrant expense of \$33,988 that wasn't established in the first quarter of 2017, and an increase in sales commissions of \$31,700.

Liquidity and Capital Resources

As of March 31, 2018 and December 31, 2017, our cash balance was \$176,279 and \$244,684, respectively, total assets were \$745,918 and \$678,845, respectively, and total current liabilities amounted to \$761,127 and \$484,229, respectively, including loans payable to related parties of \$14,743 and \$14,743, respectively. As of March 31, 2018 and December 31, 2017, the total stockholders' equity (deficiency) was \$(15,209) and \$308,524, respectively. We may seek additional capital to fund potential costs associated with expansion and/or acquisitions.

Inflation

The impact of inflation on the costs of our company, and the ability to pass on cost increases to its subscribers over time is dependent upon market conditions. We are not aware of any inflationary pressures that have had any significant impact on our operations since inception, and we do not anticipate that inflationary factors will have a significant impact on future operations.

OFF-BALANCE SHEET ARRANGEMENTS

We do not maintain off-balance sheet arrangements nor do we participate in non-exchange traded contracts requiring fair value accounting treatment.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

The Company has adopted and maintains disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in the reports filed under the Exchange Act, such as this Form 10-Q, is collected, recorded, processed, summarized and reported within the time periods specified in the rules of the Securities and Exchange Commission. The Company's disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to management to allow timely decisions regarding required disclosure. As required under Exchange Act Rule 13a-15, the Company's management, including the Principal Executive Officer and Principal Financial Officer, has conducted an evaluation of the effectiveness of disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, the Company's President concluded that the Company's disclosure controls and procedures are not effective to ensure that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's President, as appropriate, to allow timely decisions regarding required disclosure.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None .

Item 3. Defaults upon Senior Securities.

None.

Item 4. Mine Safety Disclosure

Not Applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

The following exhibits are included with this filing:

[3.1* Articles of Incorporation \(Form S-1 Registration No. 333-174674 filed June 2, 2011\).](#)

[3.2* By-laws \(Form S-1 Registration No. 333-174674 filed June 2, 2011\).](#)

[4.1* Specimen Stock Certificate \(Form S-1 Registration No. 333-174674 filed June 2, 2011\).](#)

[10.1* Intellectual Property Purchase Agreement \(Form S-1 Registration No. 333-174674 filed June 2, 2011\).](#)

[10.2* Consulting Agreement with William Kazmierczak 5-22-2010 \(Form S-1 Registration No. 333-174674 filed June 2, 2011\).](#)

[31.1 Sarbanes-Oxley Section 302 certification by Vincent Simonelli](#)

[32.2 Sarbanes-Oxley Section 906 certification by Vincent Simonelli](#)

* Previously filed and Incorporated by reference.

SIGNATURES

Pursuant to the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on behalf by the undersigned; duly authorized.

Date: September 18, 2019

Dream Homes & Development Corporation

By: */s/ Vincent Simonelli*

Vincent Simonelli

Chief Executive Officer and Chief Financial Officer

