

Dreams of Hope

FINANCIAL STATEMENTS

For the Years Ended, July 31, 2012 and 2011

BUCKLER, McKENNEY & NADZADI, P.C.
Certified Public Accountants
MONROEVILLE, PENNSYLVANIA

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Dreams of Hope
Pittsburgh, Pennsylvania

We have reviewed the accompanying statements of financial position of Dreams of Hope (a nonprofit organization) as of July 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Buckler, McKenney & Nadzadi, P.C.

November 2, 2012

Dreams of Hope

STATEMENTS OF FINANCIAL POSITION

July 31,

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash	\$ 72,938	\$ 80,101
Grants receivable	15,500	20,000
Other receivables	<u>-</u>	<u>531</u>
TOTAL ASSETS	<u>\$ 88,438</u>	<u>\$100,632</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 513	\$ -
Payroll tax payable	<u>1,141</u>	<u>868</u>
TOTAL LIABILITIES	1,654	868
NET ASSETS		
Unrestricted	35,784	40,264
Temporarily restricted	51,000	59,500
Permanently restricted	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>86,784</u>	<u>99,764</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 88,438</u>	<u>\$100,632</u>

See accompanying notes and independent accountants' review report.

Dreams of Hope

STATEMENT OF ACTIVITIES

For the Year Ended July 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT				
Grant income	\$ 21,658	\$31,000	\$ -	\$ 52,658
Individual contributions	31,993	-	-	31,993
Fundraisers, net of related expenses of \$7,436	18,927	-	-	18,927
Honoraria and performance fees	7,950	-	-	7,950
Merchandise sales	375	-	-	375
Registration fees	1,925	-	-	1,925
Net assets released from restriction	<u>39,500</u>	<u>(39,500)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES AND OTHER SUPPORT	122,328	(8,500)	-	113,828
 EXPENSES				
Salaries	46,740	-	-	46,740
Outside artist	17,290	-	-	17,290
Rent	12,485	-	-	12,485
Independent contractor	11,779	-	-	11,779
Travel and meals	8,735	-	-	8,735
Marketing	6,538	-	-	6,538
Professional fees	5,164	-	-	5,164
Payroll taxes	4,546	-	-	4,546
Office expense	3,388	-	-	3,388
Insurance	3,340	-	-	3,340
Youth stipend	2,755	-	-	2,755
Telephone	1,210	-	-	1,210
Postage	1,191	-	-	1,191
Web design and maintenance	770	-	-	770
Printing and copying	559	-	-	559
Videography	150	-	-	150
Miscellaneous	168	-	-	168
TOTAL EXPENSES	<u>126,808</u>	<u>-</u>	<u>-</u>	<u>126,808</u>
CHANGE IN NET ASSETS	(4,480)	(8,500)	-	(12,980)
NET ASSETS, BEGINNING OF THE PERIOD	<u>40,264</u>	<u>59,500</u>	<u>-</u>	<u>99,764</u>
NET ASSETS, END OF THE PERIOD	<u>\$ 35,784</u>	<u>\$ 51,000</u>	<u>\$ -</u>	<u>\$ 86,784</u>

See accompanying notes and independent accountants' review report.

Dreams of Hope

STATEMENT OF ACTIVITIES

For the Year Ended July 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT				
Grant income	\$ 11,633	\$ 90,000	\$ -	\$101,633
Individual contributions	46,778	-	-	46,778
Fundraisers, net of related expenses of \$5,324	8,170	-	-	8,170
Honoraria and performance fees	5,338	-	-	5,338
Merchandise sales	424	-	-	424
Registration fees	2,150	-	-	2,150
Net assets released from restriction	<u>42,500</u>	<u>(42,500)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES AND OTHER SUPPORT	116,993	47,500	-	164,493
EXPENSES				
Salaries	31,535	-	-	31,535
Outside artist	17,263	-	-	17,263
Rent	11,860	-	-	11,860
Professional fees	4,601	-	-	4,601
Youth stipend	3,810	-	-	3,810
Payroll taxes	3,149	-	-	3,149
Travel and meals	3,014	-	-	3,014
Insurance	2,962	-	-	2,962
Web design and maintenance	2,365	-	-	2,365
Marketing	2,224	-	-	2,224
Independent contractor	2,000	-	-	2,000
Office expense	1,490	-	-	1,490
Telephone	969	-	-	969
Postage	650	-	-	650
Printing and copying	79	-	-	79
Videography	16	-	-	16
Miscellaneous	<u>150</u>	<u>-</u>	<u>-</u>	<u>150</u>
TOTAL EXPENSES	<u>88,137</u>	<u>-</u>	<u>-</u>	<u>88,137</u>
CHANGE IN NET ASSETS	28,856	47,500	-	76,356
NET ASSETS, BEGINNING OF THE PERIOD	<u>11,408</u>	<u>12,000</u>	<u>-</u>	<u>23,408</u>
NET ASSETS, END OF THE PERIOD	<u>\$ 40,264</u>	<u>\$ 59,500</u>	<u>\$ -</u>	<u>\$ 99,764</u>

See accompanying notes and independent accountants' review report.

Dreams of Hope

STATEMENTS OF CASH FLOWS

For the Year Ended July 31, 2012

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (12,980)	\$ 76,356
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in other receivables	531	(531)
(Increase) decrease in grants receivable	4,500	(15,000)
Increase (decrease) in payroll taxes withheld	273	268
Increase (decrease) in accounts payable	<u>513</u>	<u>-</u>
 NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	 (7,163)	 61,093
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
CASH FLOWS FROM INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
NET CHANGE IN CASH	(7,163)	61,093
CASH, BEGINNING OF YEAR	<u>80,101</u>	<u>19,008</u>
CASH, END OF YEAR	<u>\$ 72,938</u>	<u>\$ 80,101</u>

See accompanying notes and independent accountants' review report.

Dreams of Hope

NOTES TO FINANCIAL STATEMENTS

July 31, 2012 and 2011

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Dreams of Hope (DOH) is a nonprofit arts organization for young lesbian, gay, bisexual, transgender and allied youth. Dreams of Hope is a creative and performing arts organization for youth. The organization has three programs, a Performance Troupe for ages 13-21, Summer Arts Camp, Qamp!, for ages 13-17, and a web based poetry workshop with monthly live poetry readings for people under age 21. All programs are led by professional working artists.

Income Taxes

Dreams of Hope is exempt from taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. The information returns filed by Dreams of Hope are subject to examination by IRS generally for three years after they are filed.

Basis of Accounting

The financial statements of Dreams of Hope have been prepared utilizing the accrual basis of accounting. Consequently, revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

Dreams of Hope is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Public Support and Revenue

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions of donated non-cash assets are recorded at their fair values in the period received.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fundraising

Fundraising is performed by the Executive Director and members of the Board of Directors as part of their duties. These costs are not separately identifiable.

Subsequent Events

Management has evaluated subsequent events through November 2, 2012, the date the financial statements were available to be issued.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Dreams of Hope

NOTES TO FINANCIAL STATEMENTS (Continued)

July 31, 2012 and 2011

NOTE 2- TEMPORARILY RESTRICTED NET ASSETS

Net assets are released from restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors. Temporarily restricted net assets as of the years ended July 31, 2012 and 2011, consists of the following:

	2012	2011
Performances	\$ 48,000	\$ 42,000
Summer camps	-	9,000
Annual campaign	3,000	8,500
	\$ 51,000	\$ 59,500

NOTE 3 - NET ASSETS RELEASED FROM RESTRICTIONS

Temporarily restricted net assets were released from restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by the donor.

Restrictions Accomplished:

	2012	2011
Performances	\$ 27,000	\$ 37,000
Summer camps	7,000	2,500
Annual campaign	5,500	3,000
	\$ 39,500	\$ 42,500

NOTE 4 - LEASE OBLIGATION

The Agency entered into a lease agreement on June 1, 2012 for 1 year for office space. Monthly lease payments are \$320. Minimum payments are as follows:

Year ending July 31, 2013	\$ 3,200
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