



Dreams of Hope

Financial Statements

For the Years Ended
July 31, 2014 and 2013

Albanese Sinchar Smith & Co.

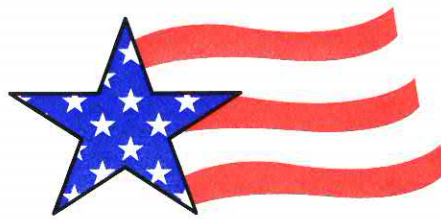
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Dreams of Hope

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Albanese Sinchar Smith & Co.
Accounting Auditing & Tax Services

Independent Accountant's Review Report

Board of Directors
Dreams of Hope

We have reviewed the accompanying statements of financial position of Dreams of Hope as of July 31, 2014, and the related statements of activities, cash flows and functional expenses for the year then ended. We did not review the statements of financial position of Dreams of Hope as of July 31, 2013, and the related statements of activities, cash flows and functional expenses for the year then ended. Those statements are presented for comparison purposes and were reviewed by other accountants whose report has been furnished to us. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company 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.

Albanese Sinchar Smith & Co.

North Huntingdon, Pennsylvania
May 8, 2015

Dreams of Hope

Statements of Financial Position
July 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 136,652	\$ 79,462
Grants Receivable	80,000	70,000
Prepaid Expenses	10,439	4,734
	<u>227,091</u>	<u>154,196</u>
NONCURRENT ASSETS		
Grants Receivable	<u>5,000</u>	<u>0</u>
TOTAL ASSETS	<u>232,091</u>	<u>154,196</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Payroll Taxes Accrued and Withheld	3,265	1,929
Funds Held For Others	443	6,386
Deferred Revenue	2,325	0
	<u>6,033</u>	<u>8,315</u>
TOTAL LIABILITIES	<u>6,033</u>	<u>8,315</u>
NET ASSETS		
Unrestricted	(6,220)	15,881
Temporarily Restricted	232,278	130,000
Permanently Restricted	0	0
	<u>226,058</u>	<u>145,881</u>
TOTAL NET ASSETS	<u>226,058</u>	<u>145,881</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 232,091</u>	<u>\$ 154,196</u>

Dreams of Hope

Statement of Activities

For the Year Ended July 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT				
Grant Income	\$ 5,000	\$ 205,097	\$ 0	\$ 210,097
Individual Contributions	42,750	0	0	42,750
Fundraisers, Net Related				
Expenses of \$8,100	29,840	0	0	29,840
Honoraria and Performance Fees	6,165	0	0	6,165
Merchandise Sales	500	0	0	500
Registration Fees	1,025	0	0	1,025
Fiscal Sponsorship	1,467	0	0	1,467
Net Assets Released				
From Restrictions	102,819	(102,819)	0	0
	<u>189,566</u>	<u>102,278</u>	<u>0</u>	<u>291,844</u>
TOTAL REVENUES AND OTHER SUPPORT				
	<u>189,566</u>	<u>102,278</u>	<u>0</u>	<u>291,844</u>
EXPENSES				
Program Services	158,593	0	0	158,593
General and Administrative	37,838	0	0	37,838
Fundraising	15,236	0	0	15,236
	<u>211,667</u>	<u>0</u>	<u>0</u>	<u>211,667</u>
TOTAL EXPENSES				
	<u>211,667</u>	<u>0</u>	<u>0</u>	<u>211,667</u>
CHANGE IN NET ASSETS	(22,101)	102,278	0	80,177
NET ASSETS, BEGINNING OF YEAR	15,881	130,000	0	145,881
NET ASSETS, END OF YEAR	<u>\$ (6,220)</u>	<u>\$ 232,278</u>	<u>\$ 0</u>	<u>\$ 226,058</u>

Dreams of Hope

Statement of Activities

For the Year Ended July 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT				
Grant Income	\$ 25,565	\$ 115,000	\$ 0	\$ 140,565
Individual Contributions	29,756	0	0	29,756
Fundraisers, Net Related Expenses of \$8,568	27,640	0	0	27,640
Honoraria and Performance Fees	3,710	0	0	3,710
Merchandise Sales	542	0	0	542
Registration Fees	1,550	0	0	1,550
Fiscal Sponsorship	400	0	0	400
Net Assets Released From Restrictions	36,000	(36,000)	0	0
TOTAL REVENUES AND OTHER SUPPORT	<u>125,163</u>	<u>79,000</u>	<u>0</u>	<u>204,163</u>
EXPENSES				
Program Services	100,558	0	0	100,558
General and Administrative	30,606	0	0	30,606
Fundraising	13,902	0	0	13,902
TOTAL EXPENSES	<u>145,066</u>	<u>0</u>	<u>0</u>	<u>145,066</u>
CHANGE IN NET ASSETS	(19,903)	79,000	0	59,097
NET ASSETS, BEGINNING OF YEAR	<u>35,784</u>	<u>51,000</u>	<u>0</u>	<u>86,784</u>
NET ASSETS, END OF YEAR	<u>\$ 15,881</u>	<u>\$ 130,000</u>	<u>\$ 0</u>	<u>\$ 145,881</u>

Dreams of Hope

Statements of Cash Flows

For the Years Ended July 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change In Net Assets	\$ 80,177	\$ 59,097
Changes in Operating Assets and Liabilities:		
Grants Receivable	(15,000)	(54,500)
Prepaid Expenses	(5,705)	(4,734)
Accounts Payable	0	(513)
Payroll Taxes Accrued and Withheld	1,336	788
Funds Held For Others	(5,943)	6,386
Deferred Revenue	2,325	0
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	57,190	6,524
CASH FLOWS FROM FINANCING ACTIVITIES	0	0
CASH FLOWS FROM INVESTING ACTIVITIES	0	0
NET CHANGE IN CASH	57,190	6,524
CASH, BEGINNING OF YEAR	79,462	72,938
CASH, END OF YEAR	<u>\$ 136,652</u>	<u>\$ 79,462</u>

Dreams of Hope

Statement of Functional Expenses
For the Year Ended July 31, 2014

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 92,090	\$ 26,580	\$ 4,930	\$ 123,600
Outside Artist	13,438	0	0	13,438
Payroll Taxes	8,396	2,272	425	11,093
Rent	10,543	768	2,051	13,362
Independent Contractor	12,642	500	2,780	15,922
Professional Fees	3,122	3,078	740	6,940
Travel and Meals	4,052	1,371	2,436	7,859
Youth Stipend	3,581	0	365	3,946
Advertising and Marketing	2,934	450	168	3,552
Office Expense	2,320	1,418	441	4,179
Insurance	2,973	849	425	4,247
Merchandise	50	0	0	50
Postage	627	192	177	996
Telephone	727	208	104	1,039
Printing and Copying	637	142	0	779
Videography	0	0	0	0
Miscellaneous	461	10	194	665
	<u>\$ 158,593</u>	<u>\$ 37,838</u>	<u>\$ 15,236</u>	<u>\$ 211,667</u>

Dreams of Hope

Statement of Functional Expenses
For the Year Ended July 31, 2013

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 46,712	\$ 16,814	\$ 11,579	\$ 75,105
Outside Artist	16,026	0	0	16,026
Payroll Taxes	4,568	1,811	1,198	7,577
Rent	5,122	1,152	576	6,850
Independent Contractor	6,675	0	63	6,738
Professional Fees	48	6,113	0	6,161
Travel and Meals	5,076	653	8	5,737
Youth Stipend	5,476	0	0	5,476
Advertising and Marketing	4,434	14	25	4,473
Office Expense	1,733	1,812	55	3,600
Insurance	790	1,679	0	2,469
Merchandise	1,713	0	0	1,713
Postage	1,083	135	97	1,315
Telephone	555	171	128	854
Printing and Copying	301	252	173	726
Videography	150	0	0	150
Miscellaneous	96	0	0	96
	<u>\$ 100,558</u>	<u>\$ 30,606</u>	<u>\$ 13,902</u>	<u>\$ 145,066</u>

Dreams of Hope

Notes to Financial Statements
July 31, 2014 and 2013

1. Organization

General

Dreams of Hope (DOH) is a nonprofit creative and performing arts organization for young lesbian, gay, bisexual, trans* and allied youth.

Description of Programs

DOH has three major programs including a performance ensemble for ages 13-21 (theatriQ), an overnight summer camp for ages 13-19 (Qamp) and an open stage program for ages 13-24 (speaQ). DOH has begun an initiative to provide visibility and community for youth through programming in schools and other youth education venues. All programs and initiatives are led by professional working and teaching artists.

2. Summary of Significant Accounting Policies

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles ("GAAP").

These financial statements present financial information showing the financial position, the activities, and the cash flows of DOH reflecting the presence or absence of donor-imposed restrictions. Accordingly, the amounts of net assets are classified according to the nature of restrictions, as follows:

Permanently restricted net assets – Net assets which are subject to donor-imposed stipulations that must be maintained permanently by DOH. As of July 31, 2014 and 2013, DOH did not have any permanently restricted net assets.

Temporarily restricted net assets – Net assets which are subject to donor-imposed restrictions that will be met when expenditures are made for the designated purpose or with the passage of time. The expiration of temporary restrictions on net assets is reported in the statement of activities as net assets released from restrictions.

Unrestricted net assets – Net assets which are not subject to donor-imposed stipulations over which the board of directors has discretionary control.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets, that is, the donor-imposed stipulated purposes have been accomplished and/or the stipulated time period has elapsed, are reported as reclassifications between the applicable classes of net assets.

Dreams of Hope

Notes to Financial Statements
July 31, 2014 and 2013

Use of Estimates

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

Grants Receivable

During 2014 and 2013, DOH was awarded various grants specified to be expended in future fiscal years, a portion of which will not be received until such future fiscal years. These grant revenues have been recorded as temporarily restricted in the fiscal year awarded in the statements of activities, with receivables recorded in the statements of financial position for those amounts to be received in future fiscal years. In accordance with the details in the related grant awards, of the \$85,000 in grants receivable at July 31, 2014, \$80,000 will be received in fiscal 2015 and \$5,000 will be received in fiscal 2016.

Special Events

DOH generates revenues from various special events. Revenues are reported net of cost in the statement of activities.

Donated Services

DOH receives donated services from a variety of unpaid volunteers assisting DOH in its operation. No amounts have been recognized in the accompanying statement of activities for these services because the criteria for recognition of such volunteer efforts, as stated in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), 958, *Not-for-Profit Entities*, have not been satisfied.

Functional Expenses

Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category have been allocated based on estimates made by DOH management.

Advertising Costs

Advertising costs are expensed as incurred and included in either programming, general and administrative or fundraising expenses in the statement of activities.

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July 31, 2014 and 2013

Income Taxes

DOH is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In accordance with generally accepted accounting principles, DOH accounts for uncertain tax positions using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. DOH management determined there were no tax uncertainties that met the recognition threshold for the years ended July 31, 2014 and 2013.

DOH's federal Return of Organization Exempt from Income Tax Returns remain subject to examination by the Internal Revenue Service for years subsequent to December 31, 2010.

New Accounting Standards

In October 2012, the FASB issued Accounting Standards Update 2012-05, Statement of Cash Flows (Topic 230): *Not-for-Profit Entities: Classification of the Sale of Proceeds of Donated Financial Assets in the Statement of Cash Flows* ("ASU 2012-05"). This amendment addresses the diversity in practice with regard to the presentation of cash receipts from the sale of donated assets in the statement of cash flows. Under this update, a not-for-profit entity is required to classify cash receipts from the sale of donated financial assets as cash inflows from operating activities, unless the donor restricted use of the contributed resources to long-term purposes. Adoption of ASU 2012-05 had no significant impact on DOH's financial position or results of operations.

Subsequent Events

DOH management has evaluated all subsequent events through May 8, 2015 which is the date the financial statements were available to be issued, and has determined that there are no subsequent events that require recognition or disclosure.

3. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes:

For Periods After July 31,

	<u>2014</u>	<u>2013</u>
TheatriQ	\$ 30,000	\$ 45,000
SpeaQ	35,000	0
Qamp	17,278	0
Youth Leadership and Development	70,000	0
Operating Support for Future Periods	80,000	85,000
Total	<u>\$ 232,278</u>	<u>\$ 130,000</u>

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Notes to Financial Statements
July 31, 2014 and 2013

4. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses and satisfying the restricted purposes or by occurrence of other events specified by donors, including but not limited to the following:

Year Ended July 31,

	<u>2014</u>	<u>2013</u>
TheatriQ	\$ 20,000	\$ 15,000
SpeaQ	28,000	0
Qamp	7,722	3,000
Annual Campaign	32,097	3,000
Operating Support for Future Periods	<u>15,000</u>	<u>15,000</u>
Total	<u>\$ 102,819</u>	<u>\$ 36,000</u>

5. Commitments

DOH entered into a one year lease agreement for office space on July 1, 2012. At the expiration date on August 1, 2013, DOH moved its office space and entered into another one year agreement that ended on July 31, 2014. At that date, lease terms became month-to-month. Rental expense for the years ending July 31, 2014 and 2013 was \$3,840.