



**GROSSMAN YANAK & FORD** LLP  
Certified Public Accountants and Consultants

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## **DREAMS OF HOPE**

**Financial Statements as of and for the Years Ended July 31,  
2021 and 2020 and Independent Accountants' Review Report**

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## **DREAMS OF HOPE**

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## **INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

To the Board of Directors of  
Dreams of Hope  
Pittsburgh, Pennsylvania

We have reviewed the accompanying financial statements of Dreams of Hope (a nonprofit organization), which comprise the statements of financial position as of July 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. 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's Responsibility for the Financial Statements**

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

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountants' Conclusion**

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

*Grossman Yanak + Ford LLP*

Pittsburgh, Pennsylvania  
June 15, 2021

## DREAMS OF HOPE

### STATEMENTS OF FINANCIAL POSITION JULY 31, 2021 AND 2020

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<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 215,048	\$ 115,841
Grants and pledges receivable	61,222	111,345
Related party pledge receivable	-	2,525
Prepaid expenses and other current assets	<u>853</u>	<u>776</u>
Total non-current assets	<u>277,123</u>	<u>230,487</u>
EQUIPMENT, NET	<u>3,678</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 280,801</u>	<u>\$ 230,487</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,016	\$ 705
Payroll related liabilities	1,533	6,613
Funds held for others	-	750
Paycheck Protection Program Loan	<u>41,367</u>	<u>39,300</u>
TOTAL LIABILITIES	<u>43,916</u>	<u>47,368</u>
NET ASSETS:		
Without donor restriction	93,260	64,267
With donor restriction	<u>143,625</u>	<u>118,852</u>
TOTAL NET ASSETS	<u>236,885</u>	<u>183,119</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 280,801</u>	<u>\$ 230,487</u>

See notes to financial statements and independent accountants' review report.

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**DREAMS OF HOPE****STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JULY 31, 2021**

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	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT:			
Grant income	\$ 80,650	\$ 160,000	\$ 240,650
Contributions	38,132	-	38,132
Special events	19,207	-	19,207
Honoraria and performance fees	2,550	-	2,550
PPP forgiveness income	39,300	-	39,300
Net assets released from restrictions	<u>135,227</u>	<u>(135,227)</u>	<u>-</u>
Total revenues and other support	<u>315,066</u>	<u>24,773</u>	<u>339,839</u>
EXPENSES:			
Program services	137,318	-	137,318
General and administrative	80,071	-	80,071
Fundraising	<u>68,684</u>	<u>-</u>	<u>68,684</u>
Total expenses	<u>286,073</u>	<u>-</u>	<u>286,073</u>
INCREASE IN NET ASSETS	28,993	24,773	53,766
NET ASSETS, BEGINNING OF YEAR	<u>64,267</u>	<u>118,852</u>	<u>183,119</u>
NET ASSETS, END OF YEAR	<u>\$ 93,260</u>	<u>\$ 143,625</u>	<u>\$ 236,885</u>

See notes to financial statements and independent accountants' review report.

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**DREAMS OF HOPE****STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JULY 31, 2020**

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	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT:</b>			
Grant income	\$ 68,425	\$ -	\$ 68,425
Contributions	85,089	-	85,089
Special events	11,330	-	11,330
Honoraria and performance fees	1,125	-	1,125
Fiscal sponsorship income	-	-	-
Net assets released from restrictions	<u>166,575</u>	<u>(166,575)</u>	<u>-</u>
Total revenues and other support	<u>332,544</u>	<u>(166,575)</u>	<u>165,969</u>
<b>EXPENSES:</b>			
Program services	120,502	-	120,502
General and administrative	87,601	-	87,601
Fundraising	<u>68,145</u>	<u>-</u>	<u>68,145</u>
Total expenses	<u>276,248</u>	<u>-</u>	<u>276,248</u>
INCREASE (DECREASE) IN NET ASSETS	56,296	(166,575)	(110,279)
NET ASSETS, BEGINNING OF YEAR	<u>7,971</u>	<u>285,427</u>	<u>293,398</u>
NET ASSETS, END OF YEAR	<u>\$ 64,267</u>	<u>\$ 118,852</u>	<u>\$ 183,119</u>

See notes to financial statements and independent accountants' review report.

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## DREAMS OF HOPE

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JULY 31, 2021

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	<u>theatriQ</u>	<u>sQool</u>	<u>YAC</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 38,015	\$ 38,015	\$ 11,206	\$ 87,236	\$ 39,772	\$ 61,047	\$ 188,055
Outside artist	2,550	1,050	-	3,600	-	1,500	5,100
Payroll taxes	2,856	2,855	971	6,682	2,525	4,682	13,889
Rent	650	550	-	1,200	737	-	1,937
Independent contractor	-	-	-	-	15,546	-	15,546
Professional fees	3,635	3,275	-	6,910	4,202	-	11,112
Travel and meals	-	-	-	-	2,081	-	2,081
Youth stipend	600	-	-	600	625	-	1,225
Other production costs	626	-	-	626	-	100	726
Advertising and marketing	123	-	-	123	1,100	-	1,223
Office expense	1,253	1,253	-	2,506	6,340	125	8,971
Insurance	2,925	2,475	-	5,400	359	-	5,759
Health insurance	6,504	5,496	-	12,000	3,848	-	15,848
Depreciation expense	-	-	-	-	251	-	251
Postage	244	206	-	450	12	1,173	1,635
Telephone and internet	488	413	-	901	3,038	-	3,939
Printing and copying	488	413	-	901	(365)	57	593
Miscellaneous	<u>8,183</u>	<u>-</u>	<u>-</u>	<u>8,183</u>	<u>-</u>	<u>-</u>	<u>8,183</u>
Total	<u>\$ 69,140</u>	<u>\$ 56,001</u>	<u>\$ 12,177</u>	<u>\$ 137,318</u>	<u>\$ 80,071</u>	<u>\$ 68,684</u>	<u>\$ 286,073</u>

See notes to financial statements and independent accountants' review report.

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## DREAMS OF HOPE

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JULY 31, 2020

	<u>theatriQ</u>	<u>sQool</u>	<u>YAC</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 38,516	\$ 38,516	\$ 8,369	\$ 85,401	\$ 35,401	\$ 60,203	\$ 181,005
Outside artist	500	-	-	500	-	500	1,000
Payroll taxes	2,941	2,941	790	6,672	2,516	4,605	13,793
Rent	5,264	-	-	5,264	4,200	-	9,464
Independent contractor	3,715	-	-	3,715	100	-	3,815
Professional fees	-	-	-	-	19,676	-	19,676
Travel and meals	1,888	1,467	-	3,355	352	50	3,757
Youth stipend	2,815	250	400	3,465	100	100	3,665
Other production costs	16	39	-	55	-	2,500	2,555
Advertising and marketing	-	-	-	-	-	123	123
Office expense	-	-	-	-	3,579	-	3,579
Insurance	-	-	-	-	7,741	-	7,741
Health insurance	5,500	5,500	1,000	12,000	8,801	-	20,801
Postage	-	-	-	-	616	-	616
Telephone and internet	-	-	-	-	2,496	-	2,496
Printing and copying	-	75	-	75	896	64	1,035
Miscellaneous	-	-	-	-	1,127	-	1,127
Total	<u>\$ 61,155</u>	<u>\$ 48,788</u>	<u>\$ 10,559</u>	<u>\$ 120,502</u>	<u>\$ 87,601</u>	<u>\$ 68,145</u>	<u>\$ 276,248</u>

See notes to financial statements and independent accountants' review report.



## DREAMS OF HOPE

### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JULY 31, 2021 AND 2020

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	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 53,766	\$ (110,279)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
PPP forgiveness income	(39,300)	-
Depreciation	251	-
Changes in:		
Grants and pledges receivable	50,123	21,170
Related party pledge receivable	2,525	1,325
Other receivables	-	-
Prepaid expenses and other current assets	(77)	(161)
Accounts payable	311	(146)
Payroll related liabilities	(5,080)	2,498
Funds held for others	<u>(750)</u>	<u>750</u>
Net cash provided by (used in) operating activities	61,769	(84,843)
NET CASH FROM INVESTING ACTIVITIES:		
Purchase of equipment	(3,929)	-
NET CASH FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program Loan	<u>41,367</u>	<u>39,300</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	99,207	(45,543)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>115,841</u>	<u>161,384</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 215,048</u>	<u>\$ 115,841</u>

See notes to financial statements and independent accountants' review report.

## DREAMS OF HOPE

### NOTES TO FINANCIAL STATEMENTS

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#### 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Organization and Operations* - Dreams of Hope (the "Organization" or "DOH") is a nonprofit creative and performing arts organization for lesbian, gay, bisexual, transgender, queer, questioning, asexual and allied (LGBTQA+) youth.

DOH has two major programs including a performance ensemble for ages 13-21 (*theatriQ*), and in-school and community-based programs (*sQool*). All programs and initiatives are led by professional working and teaching artists. In January 2020, the Organization instituted a Youth Advisory Council (YAC), a program that will be focused on youth mentorship and engagement.

*Financial Statement Presentation* - The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions are the net assets that are not restricted by donor imposed stipulations. Net assets with donor restrictions are net assets subject to donor stipulations or restrictions that result from contributions or other inflows of assets limited by donor stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

*Use of Estimates* - The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 dates of the financial statements and reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

*Cash and Cash Equivalents* - The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The Organization maintains at financial institutions cash which may at times exceed federally insured amounts and which may at times exceed statement of financial position amounts due to outstanding checks.

*Availability of Financial Assets* - The Organization's financial assets available within one year of the statement of financial position are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 215,048	\$ 115,841
Grants and pledges receivable	61,222	113,870
Less: Donor restrictions - future years	(20,000)	-
Less: Donor restrictions - International Congress of Youth Voices	-	(1,352)
Total	<u>\$ 256,270</u>	<u>\$ 228,359</u>

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See independent accountants' review report.

The Organization's policy related to managing assets is to fund various programs, operational costs, liabilities, and other obligations as they come due. Funds received specifically for certain programs or periods of time are utilized to fund those respective programs or time periods.

*Grants and Pledges Receivable* - During 2020, 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 grants have been recorded as net assets with donor restrictions 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.

Pledges receivable for unconditional promises to give are shown on the statements of financial position as current or noncurrent based on expected collection. DOH provides an allowance for uncollectible grants and pledges based on management's evaluation of the receivable. No allowance was considered necessary at July 31, 2021 and 2020.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. At July 31, 2021 and 2020 DOH had no outstanding conditional promises to give.

*Contributions* - Contributions, including unconditional promises to give, are recognized as support or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received.

*Equipment* - Expenditures for equipment, in excess of \$500, are capitalized at cost. All capitalized assets are being depreciated using the straight-line method based upon the estimated useful lives, which the Organization estimates is 5 years. Equipment at July 31, 2021 consisted of computers; depreciation expense for the year ended July 31, 2021 was \$251; there was no depreciation expense for the year ended July 31, 2020.

*Donated Services* - The Organization records the value of services received when there is an objective basis available to measure their value. Donated services are recorded at fair value when a specialized skill is provided that otherwise would have been purchased. No such services were provided for the years ended July 31, 2021 and 2020.

*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 by DOH management based on estimates of time and effort in performing the services.

*Advertising Costs* - The Organization expenses advertising costs as incurred and includes them in either program, general and administrative or fundraising expenses in the statement of activities.

*Income Taxes* - The Organization meets the requirements to be treated as an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income tax is required. Management believes that there is no liability related to uncertain tax positions at July 31, 2021 and 2020. The Organization is no longer subject to tax examinations for years before 2018.

*Line of Credit* - The Organization has a line of credit that allows for maximum borrowings of \$15,000. There were no outstanding borrowings as of July 31, 2021 or 2020.

*Subsequent Events* - Management has evaluated subsequent events through June 15, 2021, the date which the financial statements were available to be issued.

## 2. NET ASSETS WITH DONOR RESTRICTIONS

The following represents the net assets with donor restrictions as of July 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Operating support for future periods	\$ 143,625	\$ 117,500
International Congress of Youth Voices	<u>-</u>	<u>1,352</u>
Total	<u>\$ 143,625</u>	<u>\$ 118,852</u>

## 3. 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:

	<u>2021</u>	<u>2020</u>
Operating support for future periods	\$ 113,875	\$ 135,000
<i>sQool</i>	20,000	15,000
<i>theatriQ</i>	-	15,000
International Congress of Youth Voices	<u>1,352</u>	<u>1,575</u>
Total	<u>\$ 135,227</u>	<u>\$ 166,575</u>

## 4. COMMITMENTS

DOH is party to a lease agreement that runs month to month. Lease expense for the years ended July 31, 2021 and 2020 was \$1,881 and \$4,200, respectively.

## **5. PAYCHECK PROTECTION PROGRAM LOANS**

On May 6, 2020, the Organization received a Paycheck Protection Program ("PPP") loan in the amount of \$39,300. The Organization's policy is to classify these proceeds as a financial liability until it is released from the obligation. The Organization was notified they achieved forgiveness on January 27, 2021 and as such, recognized the forgiveness income during the year ended July 31, 2021.

On March 13, 2021, the Organization received a Paycheck Protection Program ("PPP") loan in the amount of \$41,367. The Organization was notified they achieved forgiveness on October 25, 2021 and, therefore, forgiveness income will be recognized in 2022.

See independent accountants' review report.

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