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**DREAMS OF HOPE**

**Financial Statements as of and for the Years Ended July 31,  
2020 and 2019 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 (the "Organization", a nonprofit organization), which comprise the statements of financial position as of July 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. 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 28, 2021

## DREAMS OF HOPE

### STATEMENTS OF FINANCIAL POSITION JULY 31, 2020 AND 2019

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<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 115,841	\$ 161,384
Grants and pledges receivable	111,345	132,515
Related party pledge receivable	2,525	3,850
Prepaid expenses and other current assets	<u>776</u>	<u>615</u>
TOTAL CURRENT ASSETS	<u>\$ 230,487</u>	<u>\$ 298,364</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 705	\$ 851
Payroll related liabilities	6,613	4,115
Funds held for others	750	-
Paycheck Protection Program Loan	<u>39,300</u>	<u>-</u>
TOTAL LIABILITIES	<u>47,368</u>	<u>4,966</u>
NET ASSETS:		
Without donor restriction	64,267	7,971
With donor restriction	<u>118,852</u>	<u>285,427</u>
TOTAL NET ASSETS	<u>183,119</u>	<u>293,398</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 230,487</u>	<u>\$ 298,364</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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	Without Donor Restriction	With Donor Restriction	Total
REVENUES AND OTHER SUPPORT:			
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
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>
EXPENSES:			
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 ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JULY 31, 2019**

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	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT:			
Grant income	\$ 110,725	\$ 317,000	\$ 427,725
Contributions	47,596	-	47,596
Special events	5,845	-	5,845
Honoraria and performance fees	6,273	-	6,273
Fiscal sponsorship income	-	-	-
Net assets released from restrictions	<u>104,014</u>	<u>(104,014)</u>	<u>-</u>
Total revenues and other support	<u>274,453</u>	<u>212,986</u>	<u>487,439</u>
EXPENSES:			
Program services	139,262	-	139,262
General and administrative	83,489	-	83,489
Fundraising	<u>72,145</u>	<u>-</u>	<u>72,145</u>
Total expenses	<u>294,896</u>	<u>-</u>	<u>294,896</u>
INCREASE (DECREASE) IN NET ASSETS	(20,443)	212,986	192,543
NET ASSETS, BEGINNING OF YEAR	<u>28,414</u>	<u>72,441</u>	<u>100,855</u>
NET ASSETS, END OF YEAR	<u>\$ 7,971</u>	<u>\$ 285,427</u>	<u>\$ 293,398</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****STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JULY 31, 2019**

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	<u>theatriQ</u>	<u>sQool</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 42,200	\$ 42,200	\$ 84,400	\$ 36,400	\$ 60,200	\$ 181,000
Outside artist	11,475	2,650	14,125	-	850	14,975
Payroll taxes	3,742	3,742	7,484	1,992	5,180	14,656
Rent	7,418	150	7,568	4,000	400	11,968
Independent contractor	-	5,200	5,200	-	-	5,200
Professional fees	-	35	35	10,477	34	10,546
Travel and meals	2,848	3,531	6,379	802	567	7,748
Youth stipend	5,400	6,101	11,501	-	1,500	13,001
Other production costs	1,391	488	1,879	-	2,600	4,479
Advertising and marketing	243	-	243	125	10	378
Office expense	-	15	15	3,889	230	4,134
Insurance	-	127	127	6,568	-	6,695
Health insurance	-	-	-	18,556	-	18,556
Postage	-	7	7	641	237	885
Telephone and internet	-	-	-	3,022	-	3,022
Printing and copying	250	49	299	1,715	337	2,351
Miscellaneous	-	-	-	(4,698)	-	(4,698)
Total	<u>\$ 74,967</u>	<u>\$ 64,295</u>	<u>\$ 139,262</u>	<u>\$ 83,489</u>	<u>\$ 72,145</u>	<u>\$ 294,896</u>

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

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## DREAMS OF HOPE

### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JULY 31, 2020 AND 2019

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	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (110,279)	\$ 192,543
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Grants and pledges receivable	21,170	(73,395)
Related party pledge receivable	1,325	1,550
Other receivables	-	2,939
Prepaid expenses and other current assets	(161)	-
Accounts payable	(146)	(2,543)
Payroll related liabilities	2,498	(3,695)
Funds held for others	<u>750</u>	<u>(384)</u>
Net cash provided by (used in) operating activities	(84,843)	117,015
NET CASH FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program Loan	<u>39,300</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(45,543)	117,015
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>161,384</u>	<u>44,369</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 115,841</u>	<u>\$ 161,384</u>

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

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## 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, a program that will be focused on youth mentorship and engagement.

*Adoption of New Accounting Standard* - The Organization has adopted Financial Standards Board ("FASB") Accounting Standards 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

ASU 2018-08 provides additional guidance to be used to determine whether a contribution is conditional and when a transaction should be accounted for as a contribution versus an exchange. As a result, it enhances comparability of financial information among not-for-profit entities. The Organization's adoption did not result in any changes to how it records contributions.

*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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 115,841	\$ 161,384
Pledges receivable	113,870	136,365
<i>Less: Donor restrictions - sQool</i>	-	(15,000)
<i>Less: Donor restrictions - theatriQ</i>	-	(15,000)
Less: Donor restrictions - International Congress of Youth Voices	<u>(1,352)</u>	<u>(2,927)</u>
Total	<u>\$ 228,359</u>	<u>\$ 264,822</u>

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 2019, 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. Of the \$8,790 in pledges receivable at July 31, 2020, all is expected to be received in fiscal 2021.

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, 2020 and 2019.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. At July 31, 2020 and 2019 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.

*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, 2020 and 2019.

*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, 2020 and 2019. The Organization is no longer subject to tax examinations for years before 2017.

*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, 2020 or 2019.

*Subsequent Events* - Management has evaluated subsequent events through June 28, 2021, the date which the financial statements were available to be issued. The financial statements were issued in the midst of domestic and global uncertainty surrounding the Covid-19 pandemic, the ultimate outcome of which and the effects, if any, on the financial position and results of operations of the Organization cannot be determined at this time.

## 2. NET ASSETS WITH DONOR RESTRICTIONS

The following represents the net assets with donor restrictions as of July 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Operating support for future periods	\$ 117,500	\$ 252,500
<i>sQool</i>	-	15,000
<i>theatriQ</i>	-	15,000
International Congress of Youth Voices	<u>1,352</u>	<u>2,927</u>
Total	<u>\$ 118,852</u>	<u>\$ 285,427</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>2020</u>	<u>2019</u>
Operating support for future periods	\$ 135,000	\$ 76,500
<i>sQool</i>	15,000	8,441
<i>theatriQ</i>	15,000	17,000
International Congress of Youth Voices	<u>1,575</u>	<u>2,073</u>
Total	<u>\$ 166,575</u>	<u>\$ 104,014</u>

**4. COMMITMENTS**

DOH is party to a lease agreement that runs month to month. Lease expense for the years ended July 31, 2020 and 2019 was \$4,200 and \$4,000, respectively.

**5. PAYCHECK PROTECTION PROGRAM LOAN**

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.

See independent accountants' review report.

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