

Dreams of Hope

FINANCIAL STATEMENTS

For the Years Ended, July 31, 2013 and 2012

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, 2013 and 2012, 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 21, 2013

Dreams of Hope

STATEMENTS OF FINANCIAL POSITION

July 31,

	<u>2013</u>	<u>2012</u>
	<u>ASSETS</u>	
CURRENT ASSETS		
Cash	\$ 79,462	\$ 72,938
Grants receivable	70,000	15,500
Prepaid expenses	<u>4,734</u>	<u>-</u>
TOTAL ASSETS	<u>\$154,196</u>	<u>\$ 88,438</u>
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES		
Accounts payable	\$ -	\$ 513
Payroll taxes accrued and withheld	1,929	1,141
Funds held for others	<u>6,386</u>	<u>-</u>
TOTAL LIABILITIES	8,315	1,654
NET ASSETS		
Unrestricted	15,881	35,784
Temporarily restricted	130,000	51,000
Permanently restricted	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>145,881</u>	<u>86,784</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$154,196</u>	<u>\$ 88,438</u>

See accompanying notes and independent accountants' review report.

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	\$ -	\$140,565
Individual contributions	29,606	-	-	29,606
Donated services	150	-	-	150
Fundraisers, net of related expenses of \$8,568	27,640	-	-	27,640
Honoraria and performance fees	3,710	-	-	3,710
Merchandise sales	542	-	-	542
Registration fees	1,550	-	-	1,550
Fiscal sponsorship	400	-	-	400
Net assets released from restrictions	<u>36,000</u>	<u>(36,000)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES AND OTHER SUPPORT	125,163	79,000	-	204,163
 EXPENSES				
Salaries	75,105	-	-	75,105
Outside artist	16,026	-	-	16,026
Payroll taxes	7,577	-	-	7,577
Rent	6,850	-	-	6,850
Independent contractor	6,738	-	-	6,738
Professional fees	6,161	-	-	6,161
Travel and meals	5,737	-	-	5,737
Youth stipend	5,476	-	-	5,476
Marketing	4,473	-	-	4,473
Office expense	3,600	-	-	3,600
Insurance	2,469	-	-	2,469
Merchandise	1,713	-	-	1,713
Postage	1,315	-	-	1,315
Telephone	854	-	-	854
Printing and copying	726	-	-	726
Videography	150	-	-	150
Miscellaneous	<u>96</u>	<u>-</u>	<u>-</u>	<u>96</u>
TOTAL EXPENSES	<u>145,066</u>	<u>-</u>	<u>-</u>	<u>145,066</u>
CHANGE IN NET ASSETS	(19,903)	79,000	-	59,097
NET ASSETS, BEGINNING OF THE PERIOD	<u>35,784</u>	<u>51,000</u>	<u>-</u>	<u>86,784</u>
NET ASSETS, END OF THE PERIOD	<u>\$ 15,881</u>	<u>\$130,000</u>	<u>\$ -</u>	<u>\$145,881</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 restrictions	<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	<u>168</u>	<u>-</u>	<u>-</u>	<u>168</u>
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

STATEMENTS OF CASH FLOWS

For the Years Ended July 31,

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 59,097	\$ (12,980)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in other receivables	-	531
(Increase) decrease in grants receivable	(54,500)	4,500
(Increase) decrease in prepaid expenses	(4,734)	-
Increase (decrease) in payroll taxes accrued and withheld	788	273
Increase (decrease) in accounts payable	(513)	513
Increase (decrease) in funds held for others	<u>6,386</u>	<u>-</u>
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	6,524	(7,163)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
CASH FLOWS FROM INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
NET CHANGE IN CASH	6,524	(7,163)
CASH, BEGINNING OF YEAR	<u>72,938</u>	<u>80,101</u>
CASH, END OF YEAR	<u>\$ 79,462</u>	<u>\$ 72,938</u>

See accompanying notes and independent accountants' review report.

Dreams of Hope

NOTES TO FINANCIAL STATEMENTS

July 31, 2013 and 2012

NOTE 1 - 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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 the IRS generally for three years after they are filed.

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 21, 2013, the date the financial statements were available to be issued.

Dreams of Hope

NOTES TO FINANCIAL STATEMENTS (Continued)

July 31, 2013 and 2012

NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of the years ended July 31, 2013 and 2012, consists of the following:

	<u>2013</u>	<u>2012</u>
Performances	\$ 45,000	\$ 48,000
Summer camps	-	-
Operating support for future periods	<u>85,000</u>	<u>3,000</u>
	<u>\$130,000</u>	<u>\$ 51,000</u>

NOTE 4 - 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:

	<u>2013</u>	<u>2012</u>
Performances	\$ 15,000	\$ 27,000
Summer camps	3,000	7,000
Operating support for future periods	15,000	5,500
Annual campaign	<u>3,000</u>	<u>-</u>
	<u>\$ 36,000</u>	<u>\$ 39,500</u>

NOTE 5 - COMMITMENTS

The Organization leases its office space. The Organization entered into a one year lease agreement on July 1, 2012. The agreement expired on July 31, 2013. On August 1, 2013, the Organization moved its office space and entered into a one year agreement ending July 31, 2014. Rental expense for the years ending July 31, 2013 and 2012 was \$3,840 and \$3,840, respectively.

NOTE 6 - DONATED SERVICES

Donated services which are currently expendable are valued at the items' fair market value and are shown as revenue and offsetting professional fees. For the year ended July 31, 2013, donated services included in the financial statements were \$150.

Certain donated services have not been reflected in the financial statements since no objective basis is available to measure the value of such services. Nevertheless, a number of volunteers donated significant amounts of their time in the organization's programs and fundraising events.

