

# **Dreams of Hope**

Financial Statements

For the Years Ended  
July 31, 2015 and 2014



***Albanese Sinchar Smith & Co.***

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# Dreams of Hope

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## Table of Contents

For the Years Ended July 31, 2015 and 2014

	<u>Page</u>
<b>Independent Accountant's Review Report</b>	1
<b>Financial Statements</b>	
Statements of Financial Position as of July 31, 2015 and 2014	2
Statement of Activities for the Year Ended July 31, 2015	3
Statement of Activities for the Year Ended July 31, 2014	4
Statements of Cash Flows for the Years Ended July 31, 2015 and 2014	5
Statement of Functional Expenses for the Year Ended July 31, 2015	6
Statement of Functional Expenses for the Year Ended July 31, 2014	7
Notes to Financial Statements	8



## Independent Accountant's Review Report

Board of Directors  
Dreams of Hope

We have reviewed the accompanying statements of Dreams of Hope, which comprise the statement of financial position as of July 31, 2015 and 2014, and the related statements of activities, cash flows and functional expenses 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.

### ***Accountant's 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.

### ***Accountant's 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.

*Albanese Sinchar Smith & Co.*

North Huntingdon, Pennsylvania  
May 3, 2016

# Dreams of Hope

Statements of Financial Position  
July 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b><u>ASSETS</u></b>		
CURRENT ASSETS		
Cash	\$ 110,533	\$ 136,652
Grants Receivable	10,500	80,000
Other Receivables	2,380	0
Prepaid Expenses and Other Current Assets	2,539	10,439
	<u>125,952</u>	<u>227,091</u>
NONCURRENT ASSETS		
Grants Receivable	<u>3,000</u>	<u>5,000</u>
	<u>128,952</u>	<u>232,091</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
CURRENT LIABILITIES		
Accounts Payable	2,297	0
Payroll Taxes Accrued and Withheld	4,685	3,265
Funds Held For Others	0	443
Deferred Revenue	400	2,325
	<u>7,382</u>	<u>6,033</u>
NET ASSETS		
Unrestricted	(9,264)	(6,220)
Temporarily Restricted	130,834	232,278
Permanently Restricted	0	0
	<u>121,570</u>	<u>226,058</u>
	<u>\$ 128,952</u>	<u>\$ 232,091</u>

See independent accountant's review report and accompanying notes

## Dreams of Hope

### Statement of Activities

For the Year Ended July 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT				
Grant Income	\$ 61,319	\$ 31,000	\$ 0	\$ 92,319
Individual Contributions	41,581	0	0	41,581
Special Events, Net of Related Expenses of \$5,000	40,435	0	0	40,435
Honoraria and Performance Fees	6,220	0	0	6,220
Merchandise Sales	126	0	0	126
Registration Fees	4,750	0	0	4,750
Net Assets Released From Restrictions	132,444	(132,444)	0	0
TOTAL REVENUES AND OTHER SUPPORT	<u>286,875</u>	<u>(101,444)</u>	<u>0</u>	<u>185,431</u>
EXPENSES				
Program Services	233,035	0	0	233,035
General and Administrative	35,714	0	0	35,714
Fundraising	21,170	0	0	21,170
TOTAL EXPENSES	<u>289,919</u>	<u>0</u>	<u>0</u>	<u>289,919</u>
CHANGE IN NET ASSETS	(3,044)	(101,444)	0	(104,488)
NET ASSETS, BEGINNING OF YEAR	<u>(6,220)</u>	<u>232,278</u>	<u>0</u>	<u>226,058</u>
NET ASSETS, END OF YEAR	<u>\$ (9,264)</u>	<u>\$ 130,834</u>	<u>\$ 0</u>	<u>\$ 121,570</u>

See independent accountant's review report and accompanying notes

## 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
Special Events, Net of Related Expenses of \$8,568	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		0	0	0
From Restrictions	<u>102,819</u>	<u>(102,819)</u>	<u>0</u>	<u>0</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	<u>15,236</u>	<u>0</u>	<u>0</u>	<u>15,236</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	<u>15,881</u>	<u>130,000</u>	<u>0</u>	<u>145,881</u>
 NET ASSETS, END OF YEAR	<u>\$ (6,220)</u>	<u>\$ 232,278</u>	<u>\$ 0</u>	<u>\$ 226,058</u>

See independent accountant's review report and accompanying notes

## Dreams of Hope

### Statements of Cash Flows

For the Years Ended July 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change In Net Assets	\$ (104,488)	\$ 80,177
Changes in Operating Assets and Liabilities:		
Grants Receivable	71,500	(15,000)
Other Receivables	(2,380)	0
Prepaid Expenses	7,900	(5,705)
Accounts Payable	2,297	0
Payroll Taxes Accrued and Withheld	1,420	1,336
Funds Held For Others	(443)	(5,943)
Deferred Revenue	(1,925)	2,325
	<u>(26,119)</u>	<u>57,190</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(26,119)	57,190
CASH FLOWS FROM FINANCING ACTIVITIES	0	0
CASH FLOWS FROM INVESTING ACTIVITIES	0	0
	<u>(26,119)</u>	<u>57,190</u>
NET CHANGE IN CASH	(26,119)	57,190
CASH, BEGINNING OF YEAR	<u>136,652</u>	<u>79,462</u>
CASH, END OF YEAR	<u>\$ 110,533</u>	<u>\$ 136,652</u>

See independent accountant's review report and accompanying notes

## Dreams of Hope

### Statement of Functional Expenses For the Year Ended July 31, 2015

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 146,319	\$ 24,958	\$ 9,015	\$ 180,292
Outside Artist	11,825	0	0	11,825
Payroll Taxes	13,011	2,164	799	15,974
Rent	18,988	768	1,484	21,240
Independent Contractor	6,644	0	2,700	9,344
Professional Fees	12,707	3,483	751	16,941
Travel and Meals	4,031	309	3,281	7,621
Youth Stipend	5,870	0	400	6,270
Other Production Costs	5,255	0	230	5,485
Advertising and Marketing	2,135	506	396	3,037
Office Expense	1,121	1,998	1,014	4,133
Insurance	3,164	844	561	4,569
Merchandise	329	0	394	723
Postage	713	370	99	1,182
Telephone	686	256	46	988
Printing and Copying	237	0	0	237
Miscellaneous	0	58	0	58
	<u>\$ 233,035</u>	<u>\$ 35,714</u>	<u>\$ 21,170</u>	<u>\$ 289,919</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
Other Production Costs	396	0	0	396
Advertising and Marketing	2,934	450	168	3,552
Office Expense	1,924	1,418	441	3,783
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
Miscellaneous	461	10	194	665
	<u>\$ 158,593</u>	<u>\$ 37,838</u>	<u>\$ 15,236</u>	<u>\$ 211,667</u>

See independent accountant's review report and accompanying notes

# Dreams of Hope

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Notes to Financial Statements  
July 31, 2015 and 2014

## 1. Organization

### General

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

### Description of Programs

DOH has four major programs including a performance ensemble for ages 13-21 (theatriQ), an overnight summer camp for ages 13-19 (Qamp), an open stage program for ages 13-24 (speaQ) and in-school and after school programs (sQool). 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, 2015 and 2014, 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.

### Deferred Revenue

Deferred revenue is comprised of registration income received in advance for Qamp. Such revenue will be recognized when the Qamp program takes place.

## **Dreams of Hope**

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Notes to Financial Statements  
July 31, 2015 and 2014

### **Grants Receivable**

During 2015 and 2014, 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 \$13,500 in grants receivable at July 31, 2015, \$10,500 will be received in fiscal 2016 and \$3,000 will be received in fiscal 2017. 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. Individuals and other entities contribute various items to be auctioned off to the highest bidders during DOH's annual event. Special event revenues generated from the auction of such items for the year ended July 30, 2015 were approximately \$16,000. Special event 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.

### **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, 2015 and 2014.

DOH's federal income tax returns remain subject to examination by the Internal Revenue Service for years subsequent to December 31, 2012.

## Dreams of Hope

Notes to Financial Statements  
July 31, 2015 and 2014

### 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

### Reclassifications

Certain amounts in the 2014 financial statements have been reclassified to conform to the 2015 presentation.

### Subsequent Events

DOH management has evaluated all subsequent events through May 3, 2016 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>2015</u>	<u>2014</u>
TheatriQ	\$ 12,500	\$ 30,000
SpeaQ	0	35,000
Qamp	5,000	17,278
Sqool	15,000	0
Youth Leadership and Development	42,334	70,000
Operating Support for Future Periods	56,000	80,000
Total	<u>\$ 130,834</u>	<u>\$ 232,278</u>

DOH has not maintained appropriate amounts of cash at July 31, 2015 and 2014 to comply with donor-imposed temporary restrictions detailed above as of those same years ended. The deficit at July 31, 2015 and 2014 is \$6,801 and \$10,626, respectively.

## Dreams of Hope

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Notes to Financial Statements

July 31, 2015 and 2014

### 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>2015</u>	<u>2014</u>
TheatriQ	\$ 12,500	\$ 20,000
SpeaQ	35,000	28,000
Qamp	17,278	7,722
Annual Campaign	20,000	32,097
Youth Leadership and Development	27,666	0
Operating Support for Future Periods	<u>20,000</u>	<u>15,000</u>
Total	<u>\$ 132,444</u>	<u>\$ 102,819</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, 2015 and 2014 was \$3,840.