

# **Dreams of Hope**

Financial Statements

For the Years Ended  
July 31, 2016 and 2015



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

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# Dreams of Hope

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## Independent Accountant's Review Report

Board of Directors  
Dreams of Hope

We have reviewed the accompanying statements of Dreams of Hope, which comprise the statements of financial position as of July 31, 2016 and 2015, 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 5, 2017

## Dreams of Hope

Statements of Financial Position  
July 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b><u>ASSETS</u></b>		
CURRENT ASSETS		
Cash	\$ 24,439	\$ 110,533
Grants and Promises to Give Receivable	33,000	10,500
Related Party Pledge Receivable	2,500	0
Other Receivables	0	2,380
Prepaid Expenses and Other Current Assets	2,065	2,539
	<u>62,004</u>	<u>125,952</u>
NONCURRENT ASSETS		
Grants and Promises to Give Receivable	0	3,000
Related Party Pledge Receivable	7,500	0
	<u>7,500</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 69,504</u>	<u>\$ 128,952</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
CURRENT LIABILITIES		
Accounts Payable	\$ 125	\$ 2,297
Accrued Payroll	10,000	0
Payroll Taxes Accrued and Withheld	3,411	4,685
Deferred Revenue	0	400
	<u>13,536</u>	<u>7,382</u>
TOTAL LIABILITIES	<u>13,536</u>	<u>7,382</u>
NET ASSETS		
Unrestricted	(532)	(9,264)
Temporarily Restricted	56,500	130,834
Permanently Restricted	0	0
	<u>55,968</u>	<u>121,570</u>
TOTAL NET ASSETS	<u>55,968</u>	<u>121,570</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 69,504</u>	<u>\$ 128,952</u>

See independent accountant's review report and accompanying notes

## Dreams of Hope

Statement of Activities  
For the Year Ended July 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT				
Grant Income	\$ 54,654	\$ 90,120	\$ 0	\$ 144,774
Contributions	57,829	0	0	57,829
Special Events	34,663	0	0	34,663
Honoraria and Performance Fees	6,327	0	0	6,327
Registration Fees	5,725	0	0	5,725
Fiscal Sponsorship	2,212	0	0	2,212
Merchandise Sales	15	0	0	15
Net Assets Released				
From Restrictions	164,454	(164,454)	0	0
TOTAL REVENUES AND OTHER SUPPORT	<u>325,879</u>	<u>(74,334)</u>	<u>0</u>	<u>251,545</u>
EXPENSES				
Program Services	257,510	0	0	257,510
General and Administrative	35,536	0	0	35,536
Fundraising	24,101	0	0	24,101
TOTAL EXPENSES	<u>317,147</u>	<u>0</u>	<u>0</u>	<u>317,147</u>
CHANGE IN NET ASSETS	8,732	(74,334)	0	(65,602)
NET ASSETS, BEGINNING OF YEAR	<u>(9,264)</u>	<u>130,834</u>	<u>0</u>	<u>121,570</u>
NET ASSETS, END OF YEAR	<u>\$ (532)</u>	<u>\$ 56,500</u>	<u>\$ 0</u>	<u>\$ 55,968</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	\$ 56,202	\$ 31,000	\$ 0	\$ 87,202
Contributions	46,698	0	0	46,698
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
Registration Fees	4,750	0	0	4,750
Merchandise Sales	126	0	0	126
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

### Statements of Cash Flows

For the Years Ended July 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change In Net Assets	\$ (65,602)	\$ (104,488)
Changes in Operating Assets and Liabilities:		
Grants and Pledges Receivable	(19,500)	71,500
Related Party Pledge Receivable	(10,000)	0
Other Receivables	2,380	(2,380)
Prepaid Expenses	474	7,900
Accounts Payable	(2,172)	(968)
Payroll Taxes Accrued and Withheld	8,726	4,242
Deferred Revenue	(400)	(1,925)
	<u>(86,094)</u>	<u>(26,119)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(86,094)	(26,119)
CASH FLOWS FROM FINANCING ACTIVITIES	0	0
CASH FLOWS FROM INVESTING ACTIVITIES	0	0
	<u>(86,094)</u>	<u>(26,119)</u>
NET CHANGE IN CASH	(86,094)	(26,119)
CASH, BEGINNING OF YEAR	<u>110,533</u>	<u>136,652</u>
CASH, END OF YEAR	<u>\$ 24,439</u>	<u>\$ 110,533</u>

See independent accountant's review report and accompanying notes

## Dreams of Hope

### Statement of Functional Expenses For the Year Ended July 31, 2016

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 152,769	\$ 26,088	\$ 9,840	\$ 188,697
Outside Artist	15,085	0	200	15,285
Payroll Taxes	10,587	1,808	682	13,077
Rent	36,078	734	4,323	41,135
Independent Contractor	3,500	0	2,000	5,500
Professional Fees	10,331	1,461	300	12,092
Travel and Meals	12,234	151	3,353	15,739
Youth Stipend	4,530	0	0	4,530
Other Production Costs	2,925	0	964	3,889
Advertising and Marketing	250	0	300	550
Office Expense	1,707	3,227	1,449	6,383
Insurance	4,745	1,265	316	6,326
Merchandise	541	0	0	541
Postage	562	39	73	674
Telephone and Internet	1,421	379	95	1,894
Printing and Copying	245	0	206	451
Miscellaneous	0	384	0	384
	<u>\$ 257,510</u>	<u>\$ 35,536</u>	<u>\$ 24,101</u>	<u>\$ 317,147</u>

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## 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 and Internet	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>

See independent accountant's review report and accompanying notes

# Dreams of Hope

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Notes to Financial Statements  
July 31, 2016 and 2015

## 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, 2016 and 2015, 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 was recognized when the Qamp program took place.

## **Dreams of Hope**

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Notes to Financial Statements

July 31, 2016 and 2015

### **Grants and Promises to Give Receivable**

During 2016 and 2015, 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 \$29,000 in grants receivable at July 31, 2016, \$29,000 will be received in fiscal 2017. In accordance with the details in the related grant awards, of the \$13,500 in grants receivable at July 31, 2015, \$10,500 was received in fiscal 2016 and \$3,000 will be received in fiscal 2017.

Contributions, including unconditional promises to give, are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Receivables for unconditional promises to give, are shown on the statement of financial position as current or noncurrent based on expected collection. Of the \$14,000 in promises to give receivable at July 31, 2016, \$6,500 will be received in fiscal 2017, \$2,500 will be received in fiscal 2018, \$2,500 will be received in fiscal 2019, and \$2,500 will be received in fiscal 2020. There were no promises to give recognized or receivable as of and for the year ended July 31, 2015.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. At July 31, 2016 and 2015 DOH had no outstanding conditional promises to give.

DOH provides an allowance for uncollectible grants and promises to give based on management's evaluation of the receivable. No allowance was considered necessary at July 31, 2016 and 2015.

### **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 years ended July 31, 2016 and 2015 were approximately \$10,725 and \$16,000, respectively. 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. Such donated services may include services provided by individuals possessing specialized skills, and would typically need to be purchased if not provided by donation. Such donated services are recognized as contributions, in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), 958-605-25-16, Not-for-Profit Entities – Contributed Services. Donated services recognized as of the years ended July 31, 2016 and 2015 were \$3,250 and \$0, respectively.

## Dreams of Hope

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Notes to Financial Statements  
July 31, 2016 and 2015

### **Fiscal Sponsorship**

DOH effects change not only through the direct impact of its own programs, but also by supporting other organizations working toward the same goals. One of the ways DOH does this is through fiscal sponsorship of independent projects that align with their mission. On September 1, 2015, DOH entered into a fiscal sponsorship agreement with the Hatch Arts Collective, LLC (“HATCH”) for a specified project. The agreement term ended August 31, 2016. Revenue recognized during 2016 related to this fiscal sponsorship agreement with HATCH was \$2,212.

### **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, 2016 and 2015.

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

### **Recent Accounting Pronouncements**

In August 2016, the FASB issued Accounting Standard Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The new guidance is intended to improve and simplify the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit’s liquidity, financial performance and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU 2016-14 is to be applied retroactively with transition provisions. DOH is assessing the impact this standard will have on its financial statements.

## Dreams of Hope

### Notes to Financial Statements

July 31, 2016 and 2015

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU No. 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. During August 2015, the FASB issued ASU No. 2015-14, which defers the effective date of ASU No. 2014-09. ASU No. 2014-09 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. DOH is currently assessing the effect that ASU Nos. 2014-09 and 2015-14 will have on its financial statements.

#### 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 2015 financial statements have been reclassified to conform to the 2016 presentation.

#### Subsequent Events

DOH management has evaluated all subsequent events through May 5, 2017 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:

DOH has not maintained appropriate amounts of cash at July 31, 2016 and 2015 to comply with donor-imposed temporary restrictions detailed above as of those same years ended. The deficit at July 31, 2016 and 2015 is \$3,061 and \$6,801, respectively.

For Periods After July 31,

	<u>2016</u>	<u>2015</u>
Operating Support for Future Periods	\$ 26,500	\$ 56,000
Sqool	30,000	15,000
TheatriQ	0	12,500
SpeaQ	0	0
Qamp	0	5,000
Youth Leadership and Development	0	42,334
Total	<u>\$ 56,500</u>	<u>\$ 130,834</u>

## Dreams of Hope

Notes to Financial Statements

July 31, 2016 and 2015

### 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>2016</u>	<u>2015</u>
TheatriQ	\$ 50,000	\$ 12,500
Youth Leadership and Development	43,834	27,666
Annual Campaign	20,000	20,000
Qamp	18,370	17,278
Operating Support for Future Periods	17,000	20,000
Sqool	15,000	0
SpeaQ	250	35,000
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 164,454</u>	<u>\$ 132,444</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, 2016 and 2015 was \$3,670 and \$3,840, respectively.