



GROSSMAN YANAK & FORD LLP
Certified Public Accountants and Consultants

DREAMS OF HOPE

**Financial Statements as of and for the Years Ended July 31,
2019 and 2018 and Independent Accountants' Review Report**

DREAMS OF HOPE

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Dreams of Hope

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, 2019 and 2018, 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
May 15, 2020

DREAMS OF HOPE

STATEMENTS OF FINANCIAL POSITION JULY 31, 2019 AND 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 161,384	\$ 44,369
Grants and pledges receivable	132,515	59,120
Related party pledge receivable	3,850	2,900
Other receivables	-	2,939
Prepaid expenses and other current assets	<u>615</u>	<u>615</u>
TOTAL CURRENT ASSETS	298,364	109,943
RELATED PARTY PLEDGE RECEIVABLE	<u>-</u>	<u>2,500</u>
TOTAL ASSETS	<u>\$ 298,364</u>	<u>\$ 112,443</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 851	\$ 3,394
Payroll related liabilities	4,115	7,810
Funds held for others	<u>-</u>	<u>384</u>
TOTAL LIABILITIES	<u>4,966</u>	<u>11,588</u>
NET ASSETS:		
Without donor restriction	7,971	28,414
With donor restriction	<u>285,427</u>	<u>72,441</u>
TOTAL NET ASSETS	<u>293,398</u>	<u>100,855</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 298,364</u>	<u>\$ 112,443</u>

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

DREAMS OF HOPE**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JULY 31, 2019**

	<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
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.

DREAMS OF HOPE**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JULY 31, 2018**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT:			
Grant income	\$ 34,225	\$ 82,000	\$ 116,225
Contributions	57,802	-	57,802
Special events	5,715	-	5,715
Honoraria and performance fees	4,084	-	4,084
Fiscal sponsorship income	2,566	-	2,566
Net assets released from restrictions	<u>218,893</u>	<u>(218,893)</u>	<u>-</u>
Total revenues and other support	<u>323,285</u>	<u>(136,893)</u>	<u>186,392</u>
EXPENSES:			
Program services	172,110	-	172,110
General and administrative	52,620	-	52,620
Fundraising	<u>79,559</u>	<u>-</u>	<u>79,559</u>
Total expenses	<u>304,289</u>	<u>-</u>	<u>304,289</u>
INCREASE (DECREASE) IN NET ASSETS	18,996	(136,893)	(117,897)
NET ASSETS, BEGINNING OF YEAR	<u>9,418</u>	<u>209,334</u>	<u>218,752</u>
NET ASSETS, END OF YEAR	<u>\$ 28,414</u>	<u>\$ 72,441</u>	<u>\$ 100,855</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**

	<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.

DREAMS OF HOPE**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2018**

	<u>theatriQ</u>	<u>sQool</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 48,824	\$ 48,825	\$ 97,649	\$ 40,817	\$ 64,617	\$ 203,083
Outside artist	7,613	5,400	13,013	-	-	13,013
Payroll taxes	4,616	4,617	9,233	3,078	6,008	18,319
Rent	8,317	1,485	9,802	990	990	11,782
Professional fees	1,658	1,742	3,400	1,146	1,146	5,692
Travel and meals	3,513	1,213	4,726	2,196	1,823	8,745
Youth stipend	4,680	8,825	13,505	-	40	13,545
Other production costs	1,501	6,590	8,091	424	24	8,539
Advertising and marketing	263	-	263	125	-	388
Office expense	3,105	-	3,105	899	899	4,903
Insurance	2,518	2,518	5,036	1,678	1,678	8,392
Postage	191	192	383	128	380	891
Telephone and internet	653	653	1,306	435	435	2,176
Printing and copying	546	545	1,091	200	989	2,280
Miscellaneous	<u>751</u>	<u>756</u>	<u>1,507</u>	<u>504</u>	<u>530</u>	<u>2,541</u>
Total	<u>\$ 88,749</u>	<u>\$ 83,361</u>	<u>\$ 172,110</u>	<u>\$ 52,620</u>	<u>\$ 79,559</u>	<u>\$ 304,289</u>

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

DREAMS OF HOPE

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JULY 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 192,543	\$ (117,897)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Grants and pledges receivable	(73,395)	(10,070)
Related party pledge receivable	1,550	2,100
Other receivables	2,939	(1,788)
Prepaid expenses	-	257
Accounts payable	(2,543)	(6,646)
Payroll related liabilities	(3,695)	4,822
Funds held for others	<u>(384)</u>	<u>358</u>
Net cash provided by (used in) operating activities and net increase (decrease) in cash and cash equivalents	117,015	(128,864)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>44,369</u>	<u>173,233</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 161,384</u>	<u>\$ 44,369</u>

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

DREAMS OF HOPE

NOTES TO FINANCIAL STATEMENTS

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.

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Accordingly, revenues are recognized when earned or contributed, and expenditures are recognized when incurred.

Adoption of New Accounting Standard - The Organization has adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU revises the reporting model for non-profit organizations and enhances the required disclosures. The ASU addresses multiple facets of non-profit reporting including: a) the presentation of net assets to reflect "net assets with donor restrictions", which aggregates the previous classifications of temporarily and permanently restricted assets and "net assets without donor restrictions" b) required disclosure of quantitative and qualitative information regarding liquidity and availability of resources, c) required presentation of expenses by function, and d) additional disclosures that do not impact the Organization's financial statements. To the extent required, the provisions of the ASU were retroactively applied to the 2018 financial statements.

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:

Cash and cash equivalents	\$ 161,384
Pledges receivable	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>(2,927)</u>
Total	<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 and 2018, 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 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 \$3,850 in pledges receivable at July 31, 2019, all is expected to be received in fiscal 2020. The 2018 noncurrent amounts were not discounted to net present value due to insignificance.

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, 2019 and 2018.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. At July 31, 2019 and 2018 DOH had no outstanding conditional promises to give.

Contributions - 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.

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, 2019 and 2018.

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, 2019 and 2018. The Organization is no longer subject to tax examinations for years before 2016.

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, 2019 or 2018.

Subsequent Events - Management has evaluated subsequent events through May 15, 2020, 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. Further, on May 6, 2020, the Organization received \$39,300 of potentially forgivable loans under the Paycheck Protection Program.

2. NET ASSETS WITH DONOR RESTRICTIONS

The following chart represents the net assets with donor restrictions as of July 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Operating support for future periods	\$ 252,500	\$ 44,000
sQool	15,000	23,441

<i>theatriQ</i>	\$ 15,000	\$ 5,000
International Congress of Youth Voices	<u>2,927</u>	<u>-</u>
Total	<u>\$ 285,427</u>	<u>\$ 72,441</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>2019</u>	<u>2018</u>
Operating support for future periods	\$ 76,500	\$ 170,000
<i>sQool</i>	8,441	43,893
<i>theatriQ</i>	17,000	5,000
International Congress of Youth Voices	<u>2,073</u>	<u>-</u>
Total	<u>\$ 104,014</u>	<u>\$ 218,893</u>

4. COMMITMENTS

DOH is party to a lease agreement that runs month to month. Lease expense for the years ended July 31, 2019 and 2018 was \$4,000 and \$4,950, respectively.

See independent accountants' review report.
