

Dreams of Hope

FINANCIAL STATEMENTS

July 31, 2011(Reviewed) and 2010 (Compiled)

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, 2011, and the related statements of activities and cash flows for the year 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 2011 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The accompanying summarized 2010 financial statements of Dreams of Hope were compiled by us. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements. Accordingly, we do not express an opinion or provide any assurance about whether these financial statements are in accordance with accounting principles generally accepted in the United States of America.

Buckler, McKenney & Nadzadi, P.C.

November 15, 2011

Dreams of Hope

STATEMENTS OF FINANCIAL POSITION

July 31, 2011 (Reviewed)

(With Comparative Totals for 2010) (Compiled)

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash	\$ 80,101	\$ 19,008
Grants receivable	20,000	5,000
Other receivables	<u>531</u>	<u>-</u>
TOTAL ASSETS	<u>\$100,632</u>	<u>\$ 24,008</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Payroll tax payable	<u>868</u>	<u>600</u>
TOTAL LIABILITIES	868	600
NET ASSETS		
Unrestricted	40,264	11,408
Temporarily restricted	59,500	12,000
Permanently restricted	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>99,764</u>	<u>23,408</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$100,632</u>	<u>\$ 24,008</u>

See accompanying notes and independent accountants' review report.

Dreams of Hope

STATEMENTS OF ACTIVITIES

For the Year Ended July 31, 2011 (Reviewed)

(With Comparative Totals for 2010) (Compiled)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2011 Total</u>	<u>2010 Total</u>
REVENUES AND OTHER SUPPORT					
Grant income	\$ 11,633	\$ 90,000	\$ -	\$101,633	\$ 40,805
Individual contributions	46,778	-	-	46,778	29,050
Fundraisers	13,494	-	-	13,494	5,464
Honoraria and performance fees	5,338	-	-	5,338	3,250
Merchandise sales	424	-	-	424	1,286
Registration fees	2,150	-	-	2,150	4,800
Net assets released from restriction	<u>42,500</u>	<u>(42,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES AND OTHER SUPPORT	122,317	47,500	-	169,817	84,655
 EXPENSES					
Salaries	31,535	-	-	31,535	26,942
Outside artist	18,063	-	-	18,063	9,515
Videography	16	-	-	16	8,113
Rent	13,114	-	-	13,114	7,446
Independent contractor	3,740	-	-	3,740	747
Youth stipend	3,810	-	-	3,810	3,980
Professional fees	4,601	-	-	4,601	4,192
Payroll taxes	3,149	-	-	3,149	2,305
Insurance	2,962	-	-	2,962	2,650
Web design and maintenance	2,365	-	-	2,365	2,472
Travel and meals	3,014	-	-	3,014	1,940
Telephone	969	-	-	969	925
Office expense	2,538	-	-	2,538	2,121
Marketing	2,585	-	-	2,585	1,522
Postage	650	-	-	650	408
Printing and copying	79	-	-	79	211
Miscellaneous	<u>271</u>	<u>-</u>	<u>-</u>	<u>271</u>	<u>1,720</u>
TOTAL EXPENSES	<u>93,461</u>	<u>-</u>	<u>-</u>	<u>93,461</u>	<u>77,209</u>
CHANGE IN NET ASSETS	28,856	47,500	-	76,356	7,446
NET ASSETS, BEGINNING OF THE PERIOD	<u>11,408</u>	<u>12,000</u>	<u>-</u>	<u>23,408</u>	<u>15,962</u>
NET ASSETS, END OF THE PERIOD	<u>\$ 40,264</u>	<u>\$ 59,500</u>	<u>\$ -</u>	<u>\$ 99,764</u>	<u>\$ 23,408</u>

See accompanying notes and independent accountants' review report.

Dreams of Hope

STATEMENTS OF CASH FLOWS

For the Year Ended July 31, 2011 (Reviewed)

(With Comparative Totals for 2010) (Compiled)

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 76,356	\$ 7,446
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	(15,000)	(5,000)
Increase (decrease) in payroll taxes withheld	<u>268</u>	<u>76</u>
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	61,093	2,522
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
CASH FLOWS FROM INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
NET CHANGE IN CASH	61,093	2,522
CASH, BEGINNING OF YEAR	<u>19,008</u>	<u>16,486</u>
CASH, END OF YEAR	<u>\$ 80,101</u>	<u>\$ 19,008</u>

See accompanying notes and independent accountants' review report.

Dreams of Hope

NOTES TO FINANCIAL STATEMENTS

July 31, 2011

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of 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.

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 IRS generally for three years after they are filed.

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.

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.

Comparative Information

The financial statements include certain prior-year summarized information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended July 31, 2010, from which the summarized information was derived.

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 October 26, 2011, the date the financial statements were available to be issued.

Dreams of Hope

NOTES TO FINANCIAL STATEMENTS (Continued)

July 31, 2011

NOTE 2 - RELATED PARTY

The organization leases office space from the Managing Director paid quarterly at a rate of approximately \$260 per month. Total rent expense for 2011 and 2010 was \$3,230 and \$0.

NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS

Net assets are released from restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors. Temporarily restricted net assets as of the year ended July 31, 2011, consist of the following:

	<u>2011</u>	<u>2010</u>
Performances	\$ 42,000	\$ 12,000
Summer camps	9,000	-
Annual campaign	<u>8,500</u>	<u>-</u>
	<u>\$ 59,500</u>	<u>\$ 12,000</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>2011</u>	<u>2010</u>
Performances	\$ 37,000	\$ 26,292
Summer camps	2,500	-
Annual campaign	<u>3,000</u>	<u>2,725</u>
	<u>\$ 42,500</u>	<u>\$ 29,017</u>