

BROADWAY DREAMS FOUNDATION

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

December 2, 2016

Broadway Dreams Foundation
Alpharetta, GA 30022

We have audited the accompanying financial statements of Broadway Dreams Foundation (the Foundation) which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of the Foundation as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



BROADWAY DREAMS FOUNDATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

ASSETS

Cash and cash equivalents	\$ 161,229
Accounts receivable	25,825
Other assets	6,588
Fixed assets, net	<u>3,245</u>

TOTAL ASSETS \$ 196,887

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 5,006
Deferred revenue	<u>13,091</u>
Total Liabilities	18,097

Net Assets

Unrestricted	67,686
Temporarily restricted	<u>111,104</u>
Total Net Assets	<u>178,790</u>

TOTAL LIABILITIES AND NET ASSETS \$ 196,887

The accompanying notes are an integral part of these financial statements.

BROADWAY DREAMS FOUNDATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE			
Tuition and fees, net	\$ 300,651	\$ -	\$ 300,651
Event income	307,966	-	307,966
In-kind contributions	68,000	-	68,000
Donations	477,476	120,389	597,865
Grants and development	15,000	-	15,000
Other income	1,290	-	1,290
Satisfaction of program restriction	<u>29,441</u>	<u>(29,441)</u>	<u>-</u>
TOTAL REVENUE	<u>1,199,824</u>	<u>90,948</u>	<u>1,290,772</u>
EXPENSES			
Salary and benefits	394,931	-	394,931
Stipends	170,835	-	170,835
Artistic development	31,145	-	31,145
Auction	334	-	334
Bank and payroll fees	16,442	-	16,442
Depreciation	774	-	774
Events	159,416	-	159,416
Facility repairs & maintenance	1,284	-	1,284
Insurance	388	-	388
Miscellaneous	6,424	-	6,424
Operations	16,493	-	16,493
Professional fees	51,205	-	51,205
Promotional	58,139	-	58,139
Rent	6,136	-	6,136
Supplies	24,931	-	24,931
Travel and meetings	259,599	-	259,599
Utilities	<u>6,325</u>	<u>-</u>	<u>6,325</u>
TOTAL EXPENSES	<u>1,204,801</u>	<u>-</u>	<u>1,204,801</u>
(DECREASE) INCREASE IN NET ASSETS	(4,977)	90,948	85,971
NET ASSETS - Beginning of Year	<u>72,663</u>	<u>20,156</u>	<u>92,819</u>
NET ASSETS - End of Year	<u>\$ 67,686</u>	<u>\$ 111,104</u>	<u>\$ 178,790</u>

The accompanying notes are an integral part of these financial statements.

BROADWAY DREAMS FOUNDATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 85,971
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	774
Changes in operating assets and liabilities	
Decrease (Increase)	
Accounts receivable	23,702
Prepaid expenses and other assets	(4,060)
Increase (Decrease)	
Accounts payable	(12,204)
Deferred revenue	(33,295)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>60,888</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fixed assets	<u>(2,503)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(2,503)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 58,385

CASH AND CASH EQUIVALENTS - Beginning of Year 102,844

CASH AND CASH EQUIVALENTS - End of Year \$ 161,229

SUPPLEMENTAL INFORMATION

Interest paid	<u>\$ -</u>
Interest capitalized	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

BROADWAY DREAMS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Broadway Dreams Foundation ("the Foundation"), a non-profit organization, is a premier performing arts training program. The Foundation is dedicated to presenting training, mentoring, and career opportunities in musical theater to performing arts students, regardless of their ability to pay. Intensive programs are offered nationally throughout the year, led by an exceptional faculty of high-profile experienced Broadway stars, casting directors, choreographers and agents who are dedicated to giving back to the theatrical community. The unique programs offer highly personalized and supportive coaching, an exciting collaborative learning environment, and ongoing networking to build confidence and life skills which may lead to the launch of a life-changing career. The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code; accordingly, there is no income tax applicable to its activities.

The Foundation is supported through program service revenues, ticket revenue, and corporate and individual donations.

1 Summary of Significant Accounting Policies

Accrual Basis -- The financial statements of the Foundation have been prepared on the accrual basis.

Cash and Cash Equivalents -- The Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable -- Accounts receivable are presented at face value, net of allowance for doubtful accounts. The allowance for doubtful accounts is established through provisions charged against income and is maintained at a level believed adequate by management to absorb estimated bad debts based on current economic conditions.

Fixed Assets -- Fixed assets are recorded at cost. The Foundation's policy is to capitalize major improvements to buildings and improvements and equipment with a unit cost of \$500 or more. Depreciation is calculated by the straight-line method over the estimated useful lives of depreciable assets. Estimated useful lives are as follows:

Building and improvements	10-40 years
Furnishings and equipment	3-10 years

Temporarily Restricted -- The Foundation reports gifts as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Revenue -- Revenue is recorded on the accrual basis of accounting. The Foundation derives its revenue primarily from program services, ticket sales, and corporate and individual donations.

BROADWAY DREAMS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

1 Summary of Significant Accounting Policies (Continued)

Contributions -- The Foundation recognizes contributions of cash and other assets when an unconditional promise to give such assets is received from a donor. Contributions are recorded at the fair market value of assets received and are classified as either permanently restricted, temporarily restricted, or unrestricted, depending on whether the donor has imposed a restriction of the use of such assets.

Grants and contributions are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Unconditional pledge receivables are recorded when granted. Unconditional pledge receivables due in the next year are shown as current pledge receivable and, if due in subsequent years, as long-term pledge receivable. The pledge receivable is considered to be fully collectible. Conditional promises to give are not included as support until the conditions are substantially met.

Use of 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.

Income Taxes -- The Foundation adopted the accounting standard related to the recognition and measurement of uncertain tax positions. The adoption of this standard had no financial statement effect for the Foundation. The Foundation is no longer subject to federal and state tax examinations for the years prior to 2012.

2 In-Kind Contributions

In-kind contributions for the year ended December 31, 2015 were:

Catering	\$ 38,000
Venue rental	<u>30,000</u>
	<u>\$ 68,000</u>

3 Concentration of Risk

The Foundation maintains its cash and cash equivalents in bank deposit accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. Management believes the Foundation is not exposed to any significant credit risk related to cash and cash equivalents.

BROADWAY DREAMS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

4 Fixed Assets

Fixed assets consist of the following:

Equipment	\$ 4,286
Less: accumulated depreciation	<u>(1,041)</u>
	<u>\$ 3,245</u>

Depreciation expense was \$774 for the year ended December 31, 2015.

5 Temporarily Restricted

Temporarily restricted funds were available for the following purposes as of December 31, 2015:

Archive Project	\$ 1,997
Board Retreat	8,141
Development	7,000
Legal	16,795
Marketing	7,000
Moscow Project	14,753
Pilot Program	50,000
Student Emergency Fund	<u>5,418</u>
	<u>\$ 111,104</u>

6 Satisfaction of Program Restriction

Temporarily restricted funds were expended for the following purposes during the year ended December 31, 2015:

Archive Project	\$ 910
Board Retreat	4,859
Legal	4,225
Marketing	6,000
Moscow Project	3,135
Student Emergency Fund	312
Travel	<u>10,000</u>
	<u>\$ 29,441</u>

BROADWAY DREAMS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

7 Fundraising

Fundraising expense was \$19,994 for the year ended December 31, 2015.

8 Functional Classification of Expenses

The costs of providing program services and supporting services of the Foundation have been summarized on a functional basis in the following schedule. Costs for plant operation and maintenance, rent, depreciation, interest, and employee benefits have been allocated among the functional categories.

Program expenses	\$ 448,844
Management and general expenses	735,963
Fundraising	<u>19,994</u>
	<u>\$ 1,204,801</u>

9 Subsequent Event

The Foundation has evaluated all subsequent events through December 2, 2016, the date the financial statements were available to be issued.