

BROADWAY DREAMS FOUNDATION

FINANCIAL STATEMENTS

Year Ended December 31, 2016

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Reynolds, Pittner & Associates, LLC

Certified Public Accountants

Rodney K. Reynolds, CPA
Dorothy J. Pittner, CPA

INDEPENDENT AUDITORS' REPORT

November 15, 2017

To the Board of Directors of
Broadway Dreams Foundation

We have audited the accompanying financial statements of Broadway Dreams Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the 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.

Auditors' 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 auditors' 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 position of Broadway Dreams Foundation as of December 31, 2016, 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.

Reynolds, Pittner & Associates, LLC

BROADWAY DREAMS FOUNDATION
Statement of Financial Position
December 31, 2016

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 104,928
Tuition Receivable	1,000
Unconditional Promises to Give	98,034
Prepaid Expenses	<u>8,345</u>
Total Current Assets	<u>212,307</u>

Property and Equipment:

Furniture and Equipment	6,358
Less: Accumulated Depreciation	<u>2,243</u>
Property and Equipment - Net	<u>4,115</u>

TOTAL ASSETS	<u><u>\$ 216,422</u></u>
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LIABILITIES

Current Liabilities:

Accounts Payable	\$ 2,880
Deferred Revenue	15,853
Accrued Expenses	<u>381</u>
Total Current Liabilities	<u>19,114</u>

NET ASSETS

Unrestricted Net Assets

Undesignated	12,028
Net Investment in Property and Equipment	<u>4,115</u>
Total Unrestricted Net Assets	16,143

Temporarily Restricted Net Assets

Temporarily Restricted Net Assets	<u>181,165</u>
Total Net Assets	<u>197,308</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 216,422</u></u>
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The accompanying notes are an integral part of these financial statements.

BROADWAY DREAMS FOUNDATION
Statement of Activities
For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS AND SUPPORT			
Contributions			
Grants and Development	\$ -	\$ 15,000	\$ 15,000
Donations	362,514	267,472	629,986
Contributions In-Kind	11,963		11,963
Fund Raising, net of expenses of \$145,025	217,498	-	217,498
Program Service Fees	292,405	-	292,405
Miscellaneous Income	30	-	30
	<u>884,410</u>	<u>282,472</u>	<u>1,166,882</u>
TOTAL REVENUES, GAINS AND SUPPORT			
Net Assets Release From Restrictions:			
Satisfaction of Purpose Restrictions	212,411	(212,411)	-
	<u>1,096,821</u>	<u>70,061</u>	<u>1,166,882</u>
TOTAL REVENUE, GAINS AND SUPPORT			
EXPENSES			
Program Services	793,092	-	793,092
Supporting Services:			
Management	281,826	-	281,826
Development	73,447	-	73,447
Total Supporting Services	355,273	-	355,273
	<u>1,148,365</u>	<u>-</u>	<u>1,148,365</u>
TOTAL EXPENSES			
CHANGE IN NET ASSETS	(51,544)	70,061	18,517
NET ASSETS - BEGINNING OF YEAR	67,687	111,104	178,791
NET ASSETS - END OF YEAR	<u>\$ 16,143</u>	<u>\$ 181,165</u>	<u>\$ 197,308</u>

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

BROADWAY DREAMS FOUNDATION
Statement of Functional Expenses
For the Year Ended December 31, 2016

	<u>Program</u>	<u>Management</u>	<u>Development</u>	<u>Total</u>
Salaries	\$ 287,574	\$ 85,802	\$ 53,750	\$ 427,126
Payroll Taxes	21,172	6,918	2,318	30,408
Total Salaries and Related Expenses	308,746	92,720	56,068	457,534
Depreciation	-	1,203	-	1,203
Artistic Development	-	10,000	-	10,000
Bank and Card Processing Fees	11,792	3,278	-	15,070
Board/Staff Retreat	-	17,097	-	17,097
Insurance	316	10,082	-	10,398
Operations	3,206	13,456	-	16,662
Payroll Service	55	3,306	-	3,361
Stipends	150,182	9,700	-	159,882
Miscellaneous	-	1,949	-	1,949
Professional Fees	-	39,935	-	39,935
Promotional	57,131	21,179	7,000	85,310
Venue Expenses	41,622	12,107	-	53,729
Repairs and Maintenance	1,375	791	-	2,166
Supplies	9,834	2,179	2,782	14,795
Travel	208,833	33,208	7,597	249,638
Website	-	4,308	-	4,308
Telephone and Technology	-	5,328	-	5,328
Total Functional Expenses	<u>\$ 793,092</u>	<u>\$ 281,826</u>	<u>\$ 73,447</u>	<u>\$ 1,148,365</u>

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

BROADWAY DREAMS FOUNDATION
Statement of Cash Flows
For the Year Ended December 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 18,517
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) by Operating Activities:	
Depreciation	1,203
(Increase)/Decrease in Current Assets:	
Unconditional Promises to Give	(73,209)
Prepaid Expenses	(1,757)
Increase/(Decrease) in Current Liabilities:	
Accounts Payable	(1,337)
Accrued Expenses	(408)
Deferred Revenue	<u>2,762</u>
Net Cash (Used) by Operating Activities	<u>(54,229)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Equipment	<u>(2,072)</u>
Net Cash (Used) by Investing Activities	<u>(2,072)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS	(56,301)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>161,229</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 104,928</u></u>

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

BROADWAY DREAMS FOUNDATION
Notes to Financial Statements

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

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 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.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial Statement Presentation

The Foundation presents its financial statements according to Financial Accounting Standards Board (“FASB”) Accounting Codification 958 (formerly Statement of Financial Accounting Standards (“SFAS”) No. 117, “Financial Statements of Not-for-Profit Organizations”. Under these standards, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the Foundation is required to present a statement of cash flows. The Foundation also follows the Accounting Standards Codification incorporation of SFAS No. 116, “Accounting for Contributions Received and Made”. This requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires that the Foundation distinguish between contributions made for each net asset category in accordance with donor imposed restrictions.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in interest and non-interest bearing depository accounts. The Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

BROADWAY DREAMS FOUNDATION
Notes to Financial Statements

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tuition Receivable

Tuition receivable is 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.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of donation. Major additions and improvements that significantly prolong the useful lives of the assets are charged to the property accounts, while maintenance and repairs are charged to expense as incurred. Acquisitions of property and equipment in excess of \$500 are capitalized.

Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets, generally 3 to 10 years for furniture and equipment.

The cost and related accumulated depreciation of property and equipment sold or otherwise disposed of are removed from the accounts and the resulting gain or loss is included in current year income.

Unrestricted Net Assets

Unrestricted net assets include support raised from contributions for general operating purposes. The net investment in property and equipment consists of property and equipment, net of accumulated depreciation, and any other resources dedicated to property and equipment, net of related liabilities.

Temporarily Restricted Net Assets

Temporarily restricted net assets include support designated for future periods or restricted by the donor for specified purposes which limit the use of the donated funds.

Permanently Restricted Net Assets

The organization has no permanently restricted net assets.

In-kind Contributions

In-kind contributions are recorded at the estimated cost to acquire.

BROADWAY DREAMS FOUNDATION
Notes to Financial Statements

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support and Revenue

Contributions are recognized as revenue when they are received or unconditionally pledged. All contributions received are considered to be available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or the 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. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Contributed Services

Donated services are reported as contributions when the services (a) create or enhance non-financial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills and are provided by individuals possessing these skills. These services would be recorded at their fair values in the period received. For the year ended December 31, 2016, no contributed services requiring recognition were received.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period granted as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Unconditional pledges receivable due in the next year are shown as current pledges 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 recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Income Taxes

The Foundation is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income tax pursuant to Section 501(a) of the Internal Revenue Code. Pursuant to ASC 740-10, Accounting for Income Taxes, management has reviewed its current and past federal and state tax positions and has determined that the tax positions taken are certain and there is no likelihood that a material tax assessment would be made if the respective government agencies examined tax returns subject to audit. Accordingly, no provision for the effects of uncertain tax positions has been recorded, nor have any related interest and penalties been accrued. The Internal Revenue Service and state taxing authorities retain the right to review filed tax returns, generally for three years after they were filed. However, the Foundation is not currently under audit nor has the Foundation been contacted by any of these tax jurisdictions.

BROADWAY DREAMS FOUNDATION
Notes to Financial Statements

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in accordance 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.

Concentration of Credit 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.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Date of Management's Review

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 15, 2017, the date that the financial statements were available to be issued.

NOTE 2 IN-KIND CONTRIBUTIONS

In-kind contributions for the year ended December 31, 2016 were:

Venue Rental	\$ 11,963
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BROADWAY DREAMS FOUNDATION
Notes to Financial Statements

NOTE 3 NET ASSETS

Temporarily restricted net assets as of December 31, 2016 are available for the following purposes:

Archive Project	\$ 1,205
Capital Campaign	147
Development	42,403
Digital Classroom	1,000
Legal	14,420
Moscow Program	54,846
Philadelphia Conference	219
Pilot Program	62,412
Student Emergency Fund	4,513
	<u>\$ 181,165</u>

During the course of the year, net assets whose use was subject to donor-imposed restrictions were fulfilled by actions pursuant to those restrictions. These assets are shown in the Statement of Activities as a release of net assets from temporary restrictions. Net assets released from restrictions during the year ended December 31, 2016 are as follows:

Archive Project	\$ 792
Board Retreat	13,478
Capital Campaign	4,853
Development	7,000
Development Director	57,597
Legal	2,375
Marketing	7,000
Moscow Project	113,543
Philadelphia Conference	2,281
Pilot Program	2,587
Student Emergency Fund	905
	<u>\$ 212,411</u>
Total	<u>\$ 212,411</u>