

**BROADWAY
DREAMS**

**BROADWAY DREAMS
FOUNDATION**

**Financial Statements
and Independent Auditors' Report**
Year Ended December 31, 2018

Morse & Company CPAs, LLP
Certified Public Accountants
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The logo graphic consists of a large, light gray vertical rectangle on the right side of the page and a thick black horizontal bar at the bottom. The text "BROADWAY DREAMS FOUNDATION" is centered in the white space to the left of the gray rectangle.

BROADWAY DREAMS FOUNDATION

**Financial Statements
and Independent Auditors' Report**
Year Ended December 31, 2018

Broadway Dreams Foundation

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INDEPENDENT AUDITOR'S REPORT

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 statements of financial position as December 31, 2018, and the related statement 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.

Auditor's Responsibility

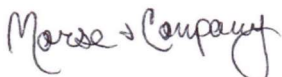
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standard generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 judgement, including the assessment of the risks of material misstatement of the financial statement, 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, 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Prior year, 2017 balances are included strictly for comparative purposes.



Morse & Company CPAs, LLP

November 4, 2019

BROADWAY DREAMS FOUNDATION
Statement of Financial Position

<i>December 31,</i>	2018	2017
Assets		
Cash and cash equivalents.....	\$ 21,638	\$ 217,267
Investments.....	27,656	9,882
Accounts Receivable.....	28,140	6,075
Prepaid expenses.....	1,637	9,400
Fixed assets, net (Note 4).....	7,897	3,231
Total Assets	86,968	245,855
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses.....	63,778	4,057
Deferred revenue.....	3,000	7,260
Total Liabilities	66,778	11,317
Net Assets		
Unrestricted.....	16,191	46,735
Temporarily Restricted.....	4,000	187,803
Total Net Assets	20,191	234,538
Total Liabilities and Net Assets	\$ 86,969	\$ 245,855

See accompanying notes to financial statements

BROADWAY DREAMS FOUNDATION
Statement of Activities

Year ended December 31,	Unrestricted	Temporarily Restricted	Totals	
			2018	2017
Public support and revenue:				
Contributions.....	\$ 557,199	\$ 104,000	\$ 661,199	\$ 553,331
Grants.....	55,100	-	55,100	12,861
Tuition..... (net of \$231,420 in scholarships)	322,767	-	322,767	306,663
Special events (net of \$99,066 in direct expenses)	84,539	-	84,539	222,782
In-kind contributions.....	-	-	-	500
Gain (loss) on sale of assets.....	4,948	-	4,948	(547)
Miscellaneous income.....	1,719	-	1,719	9,344
Net assets released from restriction.....	287,803	(287,803)	-	-
Total support and revenues	1,314,076	(183,803)	1,130,273	1,104,934
Expenses:				
Program services.....	1,079,035	-	1,079,035	661,683
Management and general.....	214,282	-	214,282	325,522
Fundraising.....	51,303	-	51,303	80,498
Total expenses	1,344,620	-	1,344,620	1,067,703
Change in net assets.....	(30,544)	(183,803)	(214,347)	37,231
Net assets, beginning of year.....	46,735	187,803	234,538	197,307
Net assets, end of year	\$ 16,191	\$ 4,000	\$ 20,192	\$ 234,538

See accompanying notes to financial statements

BROADWAY DREAMS FOUNDATION
Statement of Functional Expense

	Program Services	Management and General	Fundraising	2018 Totals	2017 Totals
Salaries.....	\$ 362,819	\$ 68,029	\$ 22,676	\$ 453,524	\$ 454,509
Payroll Tax.....	22,783	4,272	1,424	28,479	30,444
Insurance.....	724	5,310	-	6,034	11,112
Occupancy.....	60,239	14,225	-	74,464	47,319
Professional Fees.....	15,097	35,227	-	50,324	41,036
Stipends.....	236,466	-	-	236,466	169,444
Artistic Development.....	71,000	-	-	71,000	12,500
Advertising.....	9,922	23,151	27,203	60,276	38,925
Travel.....	272,032	40,805	-	312,837	208,167
Telephone and IT.....	5,034	1,259	-	6,293	5,135
Supplies.....	10,751	2,688	-	13,439	12,238
Postage and shipping.....	1,480	370	-	1,850	2,383
Dues and subscriptions.....	4,396	1,099	-	5,495	6,422
Printing.....	421	105	-	526	1,777
Bank and CC fees.....	-	14,554	-	14,554	14,506
Depreciation.....	-	1,720	-	1,720	915
Miscellaneous expense.....	5,871	1,468	-	7,339	10,871
	<u>\$ 1,079,035</u>	<u>\$ 214,282</u>	<u>\$ 51,303</u>	<u>\$ 1,344,620</u>	<u>\$ 1,067,703</u>

See accompanying notes to financial statements

BROADWAY DREAMS FOUNDATION
Statement of Cash Flows

<i>Year ended December 31,</i>	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ (214,347)	\$ 37,231
<u>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:</u>		
Depreciation.....	1,720	915
Loss on disposal of assets.....	-	803
Non cash contributions.....	-	(9,882)
Accounts receivable.....	(22,065)	92,959
Prepaid expenses.....	7,763	(1,055)
Inventory.....	-	-
Other assets.....	-	-
<u>Changes in operating assets and liabilities:</u>		
Accounts payable and accrued expenses.....	59,721	795
Restricted cash.....	(30,544)	-
Deferred revenue.....	(4,260)	(8,593)
Cash flows from investing activities:		
Fixed asset purchases.....	6,384	(834)
Net change in cash	(195,629)	112,339
Cash and cash equivalents, beginning of year.....	217,267	104,928
Cash and cash equivalents, end of year.....	21,638	217,267

See accompanying notes to financial statements

Broadway Dreams Foundation

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Broadway Dreams Foundation (hereinafter “Broadway Dreams”) is presented to assist in understanding Broadway Dreams’ financial statements. The financial statements and notes are representations of Broadway Dreams’ management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Organization:

Broadway Dreams Foundation 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.

Income Tax Status:

Broadway Dreams is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. Broadway Dreams has not been designated as a private foundation. Broadway Dreams files an IRS form 990 and respective state and local tax returns. These returns are subject to review and examination by federal, state, and local authorities.

Basis for Accounting:

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

Revenue Recognition:

Broadway Dreams recognizes contributions as revenue when cash is received or a promise is considered unconditional in the period in which such amounts are pledged. Contributions are recognized when the donor makes a promise to give to Broadway Dreams that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Receivables are due within one year.

Broadway Dreams Foundation

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Presentation:

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

- (i) **Permanently Restricted** – Net assets resulting from contributions and other inflows of assets whose use by The Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.
- (ii) **Temporarily Restricted** – Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.
- (iii) **Unrestricted** – The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

Use of Estimates:

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates.

Property and Equipment:

Property and equipment are stated at cost. Those assets by gift are carried at fair market value established at the date of acquisition. Depreciation expense is computed using the straight-line method over the equipment's estimated useful life of 3-10 years.

Broadway Dreams Foundation

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Functional Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses and activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Broadway Dreams.

Events Occurring After Report Date:

Broadway Dreams has evaluated events and transactions that occurred between January 1, 2018 and November 4, 2019, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

Broadway Dreams deposits money with institutions that management deems to be credit worthy. Periodically, balances may exceed amounts covered by insurance. Management does not believe they are exposed to significant risks and have not suffered any losses due to bank failure. As of December 31, 2018, Broadway Dreams' cash balances did not exceed insured levels.

NOTE 3 – FIXED ASSETS

Fixed Assets consist of the following:

<u>Year ended December 31, 2018</u>		<u>Estimated Useful Lives</u>
Equipment	11,795	3-5 years
Less: Accumulated depreciation	(3,898)	
Net Property and Equipment	\$ 7,897	

Broadway Dreams Foundation

Notes to Financial Statements

NOTE 4 – RESTRICTED NET ASSETS

Net assets were temporarily restricted for the following purposes:

	Balance @ 12/31/17	Contributions	Released from Restriction	Balance @ 12/31/18
International and Domestic Programs	48,472	-	(48,472)	-
Digital Archives	4,034	-	(4,034)	-
New Works Development	62,499	-	(62,499)	-
Consulting & related programming	72,798	100,000	(172,798)	-
Student emergency fund	-	4,000	-	4,000
Total	187,803	104,000	(287,803)	4,000