

WEST NASHVILLE DREAM CENTER
dba DREAM STREETS

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED JUNE 30, 2022

WEST NASHVILLE DREAM CENTER
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YEAR ENDED JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
West Nashville Dream Center
Nashville, Tennessee

Opinion

We have audited the accompanying financial statements of West Nashville Dream Center (doing business as Dream Streets) (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2022 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

(Continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Brown & Maguire CPAs, PLLC

Brown & Maguire CPAs, PLLC
Nashville, Tennessee
January 30, 2023

WEST NASHVILLE DREAM CENTER
dba DREAM STREETS
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2022

ASSETS

Current Assets:

Cash and cash equivalents, unrestricted	\$ 679,025
Other current assets	<u>12,106</u>
Total current assets	<u>691,131</u>

Other Assets:

Lease deposits	<u>4,450</u>
Total other assets	<u>4,450</u>

Fixed Assets:

Building	678,618
Vehicles	157,772
Equipment	26,950
Less: accumulated depreciation	<u>(81,724)</u>
Total fixed assets, net	<u>781,616</u>

Total assets	<u>\$ 1,477,197</u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 7,495
Credit card payable	<u>14,993</u>
Total current liabilities	<u>22,488</u>

Total liabilities	<u>22,488</u>
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Net Assets:

Without donor restrictions:	1,377,209
With donor restrictions	<u>77,500</u>
Total net assets	<u>1,454,709</u>

Total liabilities and net assets	<u>\$ 1,477,197</u>
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The accompanying notes are an integral part of these financial statements.

WEST NASHVILLE DREAM CENTER
dba DREAM STREETS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions.....	\$ 615,222	\$ -	\$ 615,222
Grants	353,369	77,500	430,869
Fundraising event, net of direct expenses of \$60,044	170,979	-	170,979
Merchandise	598	-	598
Investment income	1,573	-	1,573
Net assets released from restrictions	7,710	(7,710)	-
Total revenues	<u>1,149,451</u>	<u>69,790</u>	<u>1,219,241</u>
Expenses			
Program services	723,750	-	723,750
Fundraising.....	90,665	-	90,665
General and administrative.....	139,095	-	139,095
Total expenses.....	<u>953,510</u>	<u>-</u>	<u>953,510</u>
Change in net assets.....	195,941	69,790	265,731
Net assets - beginning.....	<u>1,181,268</u>	<u>7,710</u>	<u>1,188,978</u>
Net assets - ending.....	<u>\$ 1,377,209</u>	<u>\$ 77,500</u>	<u>\$ 1,454,709</u>

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

WEST NASHVILLE DREAM CENTER
dba DREAM STREETS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Community Outreach	Kid's Outreach	Student's Ministry	Single Mom's Ministry	Dream Housing	Total Program Services	Fundraising	General and Administrative	Total Expenses
Salaries & wages	\$ 143,186	\$ 36,493	\$ 22,239	\$ 10,980	\$ 20,674	\$ 233,572	\$ 56,360	\$ 85,683	\$ 375,615
Occupancy & facilities	103,847	13,869	15,201	13,595	1,724	148,236	2,903	9,263	160,402
Program activities	16,399	30,469	13,253	21,751	18,249	100,121	-	-	100,121
Employee benefits	16,134	3,739	3,336	1,113	2,657	26,979	5,487	15,275	47,741
Depreciation expense	27,687	1,604	4,458	1,913	80	35,742	955	2,659	39,356
Contract labor	27,687	3,016	4,202	872	171	35,948	389	2,156	38,493
Payroll taxes	10,541	2,661	1,667	750	1,522	17,141	4,126	6,352	27,619
Grants	25,821	-	-	-	-	25,821	-	-	25,821
Community events	25,554	-	-	-	-	25,554	-	-	25,554
Automobile costs	21,742	961	1,221	61	122	24,107	333	489	24,929
Rebranding	6,973	2,461	1,436	615	1,231	12,716	2,871	4,922	20,509
Professional services	6,320	2,231	1,301	558	1,115	11,525	2,603	4,461	18,589
Computer equipment & software	2,989	1,125	1,648	276	923	6,961	1,741	2,206	10,908
Online giving fees	-	-	-	-	1,118	1,118	7,190	-	8,308
Development & training	2,453	760	443	190	425	4,271	937	1,520	6,728
Miscellaneous	4,074	1,080	83	35	71	5,343	185	516	6,044
Other fees	1,177	416	242	104	223	2,162	532	831	3,525
Meals	587	424	104	45	102	1,262	723	357	2,342
Printing	552	481	93	72	80	1,278	738	320	2,336
Insurance	814	207	126	62	118	1,327	320	487	2,134
Office supplies	868	144	110	36	72	1,230	296	287	1,813
Donor appreciation	382	-	-	-	-	382	958	-	1,340
Marketing & advertising	491	151	88	38	75	843	175	301	1,319
Postage	46	43	10	4	8	111	843	33	987
Merchandise	-	-	-	-	-	-	-	977	977
Total expenses	<u>\$ 446,324</u>	<u>\$ 102,335</u>	<u>\$ 71,261</u>	<u>\$ 53,070</u>	<u>\$ 50,760</u>	<u>\$ 723,750</u>	<u>\$ 90,665</u>	<u>\$ 139,095</u>	<u>\$ 953,510</u>

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

WEST NASHVILLE DREAM CENTER
dba DREAM STREETS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

Cash flows from operating activities:

Increase in net assets	\$ 265,731
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	39,356
Increase in other current assets	(2,394)
Increase in accounts payable and accrued expenses	<u>9,306</u>
Net cash provided by operating activities	<u>311,999</u>

Cash flows from investing activities:

Purchase of building, vehicles and appliances	<u>(104,159)</u>
Net cash used in investing activities	<u>(104,159)</u>

Cash flows from financing activities:

Net cash provided by (used in) financing activities	<u>-</u>
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Net increase in cash and cash equivalents	207,840
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Cash and cash equivalents – beginning of the period	<u>471,185</u>
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Cash and cash equivalents – ending of the period	<u><u>\$ 679,025</u></u>
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Cash paid for interest	<u><u>\$ -</u></u>
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Cash paid for taxes	<u><u>\$ -</u></u>
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The accompanying notes are an integral part of these financial statements.

WEST NASHVILLE DREAM CENTER
dba DREAM STREETS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

1. Organization and Operations

West Nashville Dream Center (the “Organization”) is a ministry founded in 2013 in Nashville, Tennessee. The Organization’s purpose is to serve an under-resourced community in West Nashville with a goal to improve the safety and quality of life in the surrounding neighborhoods. Supportive services include fundraising, management and general expenses not directly identifiable to any program, but indispensable to these activities and to the Organization's existence. A board of directors governs the Organization.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting using U.S. generally accepted accounting principles and accordingly reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Contributions and Support

The majority of the Organization's support is derived from contributions and grants by the general public, other civic or religious organizations, and other partners. Contributions and grants received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions.

Contributions and grants that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Property and Depreciation

Property and equipment are recorded at cost or at fair value as of the date purchased or contributed. Costs of maintenance and repairs are charged to expense as incurred. Depreciation is provided on the straight-line method over the estimated life of the respective asset, which is 39 years for the Organization’s building and seven years for appliances and vehicles.

WEST NASHVILLE DREAM CENTER
dba DREAM STREETS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

Donated Materials and Services

Donated materials and equipment, if any, are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

The Organization receives a significant amount of contributed time from unpaid volunteers who assist in fundraising and special projects that does not meet the recognition criteria described above. Accordingly, the value of the contributed time has not been determined and is not reflected in the accompanying financial statements.

Program and Supporting Services

The following program and supporting services were included in the accompanying financial statements.

Program Services—Includes activities carried out to fulfill the Organization's mission to improve the safety and quality of life in West Nashville and surrounding neighborhoods.

Fundraising—Includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitation and creation and distribution of fundraising materials.

General and Administrative—Includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program. Includes costs associated with providing coordination and articulation of the Organization's program strategy, business management, general record keeping, budgeting and related purposes.

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 and in the statement of functional expenses. Additionally, the statement of activities and functional expenses reports certain expenses as being attributable to multiple functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated on the basis of time and effort.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as a public charity under Sections 509(a)(1) and 170(b)(1)(A)(vi). Accordingly, no provision for income taxes has been made.

The Organization files a U.S. Federal Form 990 for organizations exempt from income tax.

WEST NASHVILLE DREAM CENTER
dba DREAM STREETS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Organization's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Fair Values of Financial Instruments

Financial instruments of the Organization include cash and cash equivalents, other receivable, and trade accounts payable. Management estimates that the fair value of all financial instruments at fiscal year-end does not differ materially from the carrying values of the financial instruments recorded in the accompanying statement of financial position.

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. See footnote five for a detail of the net assets with donor restrictions at June 30, 2022.

3. Cash and Credit Risk

All cash deposits of the Organization are deposited in FDIC insured banks. From time-to-time, the Organization's cash balances on deposit may exceed the FDIC deposit insurance coverage limit of \$250,000.

4. Property and Equipment

Property and equipment, net, consists of:

	June 30, 2022
Building	\$ 678,618
Vehicles	157,772
Equipment	26,950
Total property and equipment	863,340
Less accumulated depreciation	(81,724)
Property and equipment, net	<u>\$ 781,616WNDC</u>

WEST NASHVILLE DREAM CENTER
dba DREAM STREETS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

5. Net Assets With Donor Restrictions

Changes in net assets with donor restrictions for the year ended June 30, 2022 were as follows:

	Beginning of Year	Restricted Contributions	Released from Restriction	End of Year
Operations	\$ -	\$ 52,500	\$ -	\$ 52,500
Job readiness	-	25,000	-	25,000
Student curriculum..	5,000	-	(5,000)	-
Scholarship funds....	2,710	-	(2,710)	-
	<u>\$ 7,710</u>	<u>\$ 77,500</u>	<u>\$ (7,710)</u>	<u>\$ 77,500</u>

6. Operating Lease

The Organization entered into an operating lease for operating space in August 2019. The lease expires in July 2029. Additionally, effective July 1, 2021 the Organization entered into a second lease for operating space for a second location. The lease expires in June 2026. The following is a summary of future minimum lease payments due for the year ended June 30:

2023	\$ 87,714
2024	88,742
2025	92,785
2026	93,843
2027	55,200
Thereafter.....	122,200
	<u>\$ 540,484</u>

7. Advertising Costs

Advertising costs are expensed as incurred. Advertising costs were \$1,320 for the year ended June 30, 2022.

8. Retirement Plan

The Organization established a SIMPLE IRA plan covering substantially all of its employees. Participating employees may elect to contribute, on a tax-deferred basis, a portion of their compensation in accordance with Section 408(p) of the Internal Revenue Code. The Organization makes a matching contribution of each eligible employee's SIMPLE IRA equal to the employee's salary reduction contribution up to a limit of 3% of the employee's compensation for the calendar year. The Organization's employer contributions made to each employee's SIMPLE IRA plan for the year ended June 30, 2022 was \$7,166.

WEST NASHVILLE DREAM CENTER
dba DREAM STREETS
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

9. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of June 30, 2022, reduced by any amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Cash and cash equivalents.....	\$ 679,025
Less: Donor restricted net assets	<u>(77,500)</u>
Financial assets available to meet cash needs for general expenditures within one year.....	<u>\$ 601,525</u>

As part of the Organization's liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

10. Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this Accounting Standards Update ("ASU") supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The adoption of ASU 2016-02 is not expected to have an impact on the Organization's financial statements.

11. Uncertainties

In March 2020, the novel coronavirus (or "COVID-19") was deemed a global pandemic by the World Health Organization. COVID-19 has adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. The resulting regulations instituted across the United States to curb COVID-19 have resulted in a significant change in the operation of many businesses, including the potential to directly impact operations of the Organization.

12. Subsequent Events

The Organization has evaluated all events or transactions that occurred after June 30, 2022, through January 30, 2023, the date these financial statements were issued. During this period the Organization did not have any material recognizable events that required recognition in the disclosures to the June 30, 2022 financial statements.
