WEST NASHVILLE DREAM CENTER
dba DREAM STREETS

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED JUNE 30, 2023

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CONTENTS

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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, 2023 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, 2023, 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
November 10, 2023

WEST NASHVILLE DREAM CENTER
dba DREAM STREETS
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2023

ASSETS

Current Assets:	
Cash and cash equivalents, unrestricted	$ 316,623
Other current assets	3,699
Total current assets	320,322
Other Assets:	
Right of use assets	356,160
Lease deposits	4,450
Total other assets	360,610
Fixed Assets:	
Building	698,949
Vehicles	197,772
Equipment	40,716
Less: accumulated depreciation	(140,902)
Total fixed assets, net	796,535
Total assets	$ 1,477,467

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable	$ 3,303
Accrued expenses	5,949
Current operating lease liabilities	61,612
Total current liabilities	70,864
Non-current portion of operating lease liabilities	300,126
Total liabilities	370,990
Net Assets:	
Without donor restrictions:	949,553
With donor restrictions	156,924
Total net assets	1,106,477
Total liabilities and net assets	$ 1,477,467

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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	$ 394,259	$ -	$ 394,259
Grants	251,387	132,500	383,887
Fundraising event, net of direct expenses of $66,560	190,994	-	190,994
Merchandise	2,438	-	2,438
Investment income	7,316	-	7,316
Net assets released from restrictions	53,076	(53,076)	-
Total revenues	899,470	79,424	978,894
Expenses			
Program services	995,718	-	995,718
Fundraising	133,286	-	133,286
General and administrative	198,122	-	198,122
Total expenses	1,327,126	-	1,327,126
Change in net assets	(427,656)	79,424	(348,232)
Net assets - beginning	1,377,209	77,500	1,454,709
Net assets - ending	$ 949,553	$ 156,924	$ 1,106,477

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, 2023

	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	$ 182,377	$ 79,902	$ 36,224	$ 15,622	$ 14,591	$ 328,716	$ 86,905	$ 124,268	$ 539,889
Program activities	91,863	39,812	15,337	5,991	59,442	212,445	1,204	4,017	217,666
Occupancy & facilities	63,958	90,059	12,990	9,083	2,408	178,498	3,400	11,034	192,932
Contract labor	55,735	14,943	2,400	-	40	73,118	522	7,218	80,858
Employee benefits	25,191	10,232	6,986	2,649	2,586	47,644	7,445	14,471	69,560
Depreciation expense	39,463	5,544	4,804	1,827	297	51,935	1,478	5,765	59,178
Payroll taxes	13,687	6,026	2,750	1,112	1,085	24,660	6,470	9,378	40,508
Professional services	12,883	6,637	3,123	1,171	1,171	24,985	5,075	8,979	39,039
Grants	25,138	-	-	-	-	25,138	-	-	25,138
Development & training	4,295	2,190	1,013	380	380	8,258	1,938	3,226	13,422
Online giving fees	-	-	-	-	250	250	10,908	-	11,158
Computer equipment & software	2,883	1,269	676	224	1,152	6,204	2,512	2,035	10,751
Workers' comp insurance	2,131	1,098	517	194	194	4,134	840	1,485	6,459
Other fees	1,925	760	355	134	134	3,308	1,094	1,028	5,430
Office supplies	484	398	234	77	196	1,389	166	1,937	3,492
Printing	711	319	306	56	56	1,448	407	1,575	3,430
Rebranding	798	411	193	73	73	1,548	314	556	2,418
Meals	389	203	128	85	126	931	626	400	1,957
Donor appreciation	178	-	-	93	-	271	1,267	267	1,805
Postage	237	111	52	20	20	440	413	150	1,003
Marketing & advertising	204	105	49	19	19	396	302	142	840
Miscellaneous	-	-	-	2	-	2	-	191	193
Total expenses	$ 524,530	$ 260,019	$ 88,137	$ 38,812	$ 84,220	$ 995,718	$ 133,286	$ 198,122	$ 1,327,126

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

WEST NASHVILLE DREAM CENTER
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

Cash flows from operating activities:	
Decrease in net assets	$ (348,232)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	59,178
Decrease in other current assets	8,407
Increase in right of use assets	(356,160)
Decrease in accounts payable and accrued expenses	(13,236)
Increase in operating lease liabilities	361,738
Net cash used in operating activities	(288,305)
Cash flows from investing activities:	
Purchase of building, vehicles and appliances	(74,097)
Net cash used in investing activities	(74,097)
Cash flows from financing activities:	
Net cash provided by (used in) financing activities	-
Net decrease in cash and cash equivalents	(362,402)
Cash and cash equivalents – beginning of the period	679,025
Cash and cash equivalents – ending of the period	$ 316,623
Cash paid for interest	$ -
Cash paid for taxes	$ -

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

1. Organization and Operations

West Nashville Dream Center (doing business as Dream Streets) (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 and North Nashville with a goal to improve the safety and quality of life in these 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 three to seven years for appliances, equipment and vehicles.

Lease Accounting

The Organization determines if an arrangement is a lease at inception of the contract. The Organization's right-of-use asset represents the right to use the underlying asset for the lease term and the lease liability represent the obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Organization estimated incremental borrowing rate, which is derived from information available at the lease commencement date, was used in determining the present value of lease payments.

The Organization's operating leases are for real estate with a remaining term ranging from 36 to 73 months. Certain of the leases have an option to renew, that can extend the lease terms. The exercise of lease renewal is at the Organization's sole discretion. In general, the Organization does not consider renewal options to be reasonably likely to be exercised, therefore renewal options are generally not recognized as part of the Organization's right-of-use assets and lease liabilities. The useful life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

The Organization has elected the practical expedient method, which allows lessees to choose to not separate lease and non-lease components by class of underlying assets and apply this method to all relevant asset classes. The Organization has also elected the practical expedient package to not reassess at adoption (i) expired or existing contracts as to whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial indirect costs for existing leases.

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 and North 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)(vl). Accordingly, no provision for income taxes has been made.

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

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, 2023.

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, 2023
Building	$ 698,949
Vehicles	197,772
Equipment	40,716
Total property and equipment	937,437
Less accumulated depreciation	(140,902)
Property and equipment, net	$ 796,535

5. Right of Use Assets (Operating Leases)

The Organization leases its facilities under non-cancelable operating leases. Total lease expense under these non-cancelable operating leases for the year ended June 30, 2023 was $95,177. At June 30, 2023, the weighted average remaining lease term and discount rate for the Company's operating leases was 4.5 years and 7.5%, respectively.

Future maturities of the lease liabilities are as follows for the years ending June 30:

2024	$	**88,742**
2025		**92,785**
2026		**93,843**
2027		**55,200**
2028		**58,500**
Thereafter		**63,700**
Total lease payments		**452,770**
Less: imputed interest		**(91,032)**
Total operating lease liabilities		**361,738**
Less: current operating lease liabilities		**(61,612)**
Non-current portion of operating lease liabilities	**$**	**300,126**

6. Net Assets with Donor Restrictions

Changes in net assets with donor restrictions for the year ended June 30, 2023 were as follows:

	Beginning of Year	Restricted Contributions	Released from Restriction	End of Year
Housing	**$ 52,500**	**$ -**	**$ -**	**$ 52,500**
Job readiness	**25,000**	**100,000**	**(51,076)**	**73,924**
After school	**-**	**17,500**	**-**	**17,500**
Food ministry	**-**	**10,000**	**-**	**10,000**
Staff appreciation	**-**	**5,000**	**(2,000)**	**3,000**
	$ 77,500	**$ 132,500**	**$ (53,076)**	**$ 156,924**

7. Advertising Costs

Advertising costs are expensed as incurred. Advertising costs were $838 for the year ended June 30, 2023.

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, 2023 was $12,150.

9. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of June 30, 2023, 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................	**$ 316,623**
Less: Donor restricted net assets.......	**(156,924)**
Financial assets available to meet cash needs for general expenditures within one year.................................	**$ 159,699**

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 was effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. A modified retrospective transition approach was required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. As further described in Footnote Five above, the adoption of ASU 2016-02 resulted in the recognition of a right of use asset as well as the corresponding current and long-term operating lease liability. See Footnote Five for the impact on the Organization's financial statements.

11. Subsequent Events

The Organization has evaluated all events or transactions that occurred after June 30, 2023, through November 10, 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, 2023 financial statements.

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