Have Dreams

Financial Statements

Years Ended December 31, 2018 and 2017

Have Dreams®
HELPING AUTISTIC VOICES EMERGE

WIPFLi LLP
CPAs and Consultants

WIPFLi LLP

Independent Auditor's Report

Board of Directors
Have Dreams
Park Ridge, Illinois

Report on the Financial Statements
We have audited the accompanying financial statements of Have Dreams (the "Organization"), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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; 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 position of Have Dreams as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Emphasis of Matter

As discussed in Note 1 to the financial statements, Have Dreams adopted the amendments in Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities - Presentation of Financial Statements of Not-for-Profit Entities,* as of and for the year ended December 31, 2018. The amendments have been applied on a retrospective basis with the exception of the omission of certain information as permitted by the ASU.

Wipfli LLP

May 22,2019
Lincolnshire, Illinois

Have Dreams
Statements of Financial Position

December 31,		2018		2017
Current assets:				
Cash and cash equivalents	$	339,895	$	148,251
Investments		1,157		-
Accounts, contributions, and grants receivable		63,575		33,988
Prepaid expenses		23,395		12,000
Program materials inventory		12,200		12,600
Total current assets		440,222		206,839
Property and equipment:				
Furniture and office equipment		116,355		116,355
Vehicles		32,221		32,221
Leasehold improvements		110,006		110,006
Total property and equipment		258,582		258,582
Less: Accumulated depreciation and amortization		184,316		161,198
Net property and equipment		74,266		97,384
Other assets:				
Website		33,008		33,008
Security deposit		5,257		5,257
Total other assets		38,265		38,265
TOTAL ASSETS	$	552,753	$	342,488

Have Dreams
Statements of Financial Position (Continued)

December 31,	2018	2017
Current liabilities:		
Accounts payable and accrued expenses	$ 45,335	$ 44,918
Deferred revenue	5,734	5,922
Total current liabilities	51,069	50,840
Net assets:		
Without donor restrictions:		
Board-designated operating reserve	25,237	25,237
Undesignated	307,295	200,446
Total net assets without donor restrictions	332,532	225,683
With donor restrictions	169,152	65,965
Total net assets	501,684	291,648
TOTAL LIABILITIES AND NET ASSETS	$ 552,753	$ 342,488

See accompanying notes to financial statements.

Have Dreams

Statements of Activities and Changes In Net Assets

Years Ended December 31,	2018 Without Donor Restrictions	2018 With Donor Restrictions	2018 Total	2017 Without Donor Restrictions	2017 With Donor Restrictions	2017 Total
Support and revenue:						
Grants and contributions	$ 572,710	$ 195,357	$ 768,067	$ 641,442	$ 282,223	$ 923,665
In-kind contributions	39,729	-	39,729	42,267	-	42,267
Program service fees	661,974	-	661,974	641,608	-	641,608
Special events, net of direct donor costs of $163,119 and $96,102 in 2018 and 2017, respectively	429,036	-	429,036	191,997	-	191,997
Miscellaneous income	8,392	-	8,392	7,946	-	7,946
Net assets released from restrictions	92,170	(92,170)	-	432,973	(432,973)	-
Total support and revenue	1,804,011	103,187	1,907,198	1,958,233	(150,750)	1,807,483
Expenses:						
Program	1,252,060	-	1,252,060	1,372,368	-	1,372,368
Management and general	236,143	-	236,143	161,157	-	161,157
Fundraising	208,959	-	208,959	196,903	-	196,903
Total expenses	1,697,162	-	1,697,162	1,730,428	-	1,730,428
Change in net assets	106,849	103,187	210,036	227,805	(150,750)	77,055
Net assets, beginning of year	225,683	65,965	291,648	(2,122)	216,715	214,593
Net assets, end of year	$ 332,532	$ 169,152	$ 501,684	$ 225,683	$ 65,965	$ 291,648

See accompanying notes to financial statements.

Have Dreams
Statement of Functional Expenses

Year ended December 31, 2018	Program Services: Social, Communication and Independent Living Skills	Vocational	Workshops	Have Dreams Academy	Project Search	Total Program Services	Support: Management and General	Fundraising	Total
Salaries, payroll taxes, and benefits	$ 111,920	$ 190,584	$ 199,483	$ 235,302	$ 104,478	$ 841,767	$ 201,111	$ 173,733	$ 1,216,611
Bad debt expense	8,070	45	294	-	(2,670)	5,739	-	-	5,739
Bank fees	2,249	1,999	999	3,999	1,001	10,247	-	5,958	16,205
Classroom expense	6,548	6,722	14,654	4,792	522	33,238	-	-	33,238
Depreciation and amortization	3,930	3,930	1,965	7,860	1,965	19,650	1,387	2,081	23,118
Dues and resource materials	193	316	8	32	8	557	-	-	557
Insurance	5,481	5,481	3,895	10,962	2,741	28,560	1,834	165	30,559
Licenses and fees	-	-	-	-	-	-	1,296	-	1,296
Lodging and airfare	10	10	10	15	5	50	-	-	50
Miscellaneous	563	5,070	188	859	338	7,018	497	815	8,330
Outside services	-	-	1,000	12,000	300	13,300	-	-	13,300
Postage and mailing	221	221	145	512	111	1,210	85	257	1,552
Printing and reproduction	1,971	2,197	1,012	3,980	908	10,068	-	-	10,068
Professional fees	-	-	-	-	-	-	12,634	-	12,634
Public relations and marketing	5,636	5,721	2,830	11,270	3,490	28,947	-	-	28,947
Rent and utilities	38,632	87,743	25,561	62,035	3,644	217,615	15,361	23,042	256,018
Special Olympics	2,537	-	-	-	-	2,537	-	-	2,537
Supplies	782	1,067	419	1,522	305	4,095	-	-	4,095
Technology and technical services	3,831	4,211	1,958	8,123	1,784	19,907	1,405	2,108	23,420
Telephone	2,098	2,277	788	2,108	284	7,555	533	800	8,888
Total expenses	$ 194,672	$ 317,594	$ 255,209	$ 365,371	$ 119,214	$ 1,252,060	$ 236,143	$ 208,959	$ 1,697,162

See accompanying notes to financial statements.

Have Dreams
Statement of Functional Expenses

Year ended December 31, 2017	Program Services: Social, Communciation and Independent Living Skills	Program Services: Vocational	Program Services: Workshops	Program Services: Total Program Services	Support: Management and General	Support: Fundraising	Total
Salaries, payroll taxes, and benefits	$ 329,444	$ 556,923	$ 86,953	$ 973,320	$ 126,305	$ 172,455	$ 1,272,080
Bad debt expense	8,450	-	-	8,450	-	-	8,450
Classroom expense	5,042	15,042	67	20,151	-	-	20,151
Depreciation and amortization	12,708	7,625	1,617	21,950	578	578	23,106
Dues and resource materials	10,198	8,435	16,924	35,557	-	-	35,557
Insurance	9,750	11,490	2,626	23,866	3,053	5,909	32,828
Licenses and fees	-	-	-	-	1,829	-	1,829
Lodging and airfare	-	-	2,420	2,420	-	-	2,420
Miscellaneous	826	495	124	1,445	8,301	8,358	18,104
Postage and mailing	-	-	272	272	1,090	454	1,816
Printing and reproduction	2,708	3,191	729	6,628	848	1,641	9,117
Professional fees	-	-	-	-	12,400	-	12,400
Public relations and marketing	6,795	6,795	755	14,345	-	755	15,100
Rent and utilities	134,315	80,589	17,095	231,999	6,105	6,105	244,209
Special Olympics	2,770	-	-	2,770	-	-	2,770
Supplies	1,841	1,287	1,456	4,584	-	-	4,584
Technology and technical services	9,966	5,981	1,269	17,216	453	453	18,122
Telephone	4,281	2,569	545	7,395	195	195	7,785
Total expenses	$ 539,094	$ 700,422	$ 132,852	$ 1,372,368	$ 161,157	$ 196,903	$ 1,730,428

See accompanying notes to financial statements.

Have Dreams
Statements of Cash Flows

Years Ended December 31,	2018	2017
Increase in cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	$ 210,036	$ 77,055
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	23,118	23,106
Donated stock	(1,157)	-
Loss on sale of property and equipment	-	408
Changes in operating assets and liabilities:		
Accounts, contributions, and grants receivable	(29,587)	17,993
Prepaid expenses	(11,395)	(5,801)
Program materials inventory	400	5,800
Accounts payable and accrued expenses	417	(55,097)
Deferred revenue	(188)	(2,726)
Net cash provided by operating activities	191,644	60,738
Cash flow from investing activities:		
Purchases of property and equipment	-	(41,005)
Proceeds from sale of property and equipment	-	2,391
Increase in website costs	-	(20,151)
Net cash used in investing activities	-	(58,765)
Net change in cash and cash equivalents	191,644	1,973
Cash and cash equivalents, beginning of year	148,251	146,278
Cash and cash equivalents, end of year	$ 339,895	$ 148,251
Supplemental disclosure of noncash investing activities		
Donated stock	$ 1,157	$ -

See accompanying notes to financial statements.

Have Dreams
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Have Dreams (the "Organization”) was organized to provide support and assistance to individuals with autistic disorders, and their families, through training and structured teaching. These programs are geared to help children diagnosed with an autistic disorder acquire independent living and social skills, so they can realize their full potential as adults and develop into contributing members of society. Revenues are derived primarily from contributions, program service fees, and workshop fees. The Organization operates in Evanston, Illinois, and from its headquarters in Park Ridge, Illinois.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States (GAAP).

Basis of 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. These classifications are described as follows:

Net Assets Without Donor Restrictions - Net assets of the Organization that are not subject to donor-imposed restrictions. Undesignated net assets may be designated for specific purposes by the actions of the board of directors.

"Board-designated" net assets are voluntary board-approved segregations of net assets for specific purposes, projects, or investments and are also a part of net assets without donor restrictions. Board-designated net assets set aside as an operating reserve fund totaled $25,237 at both December 31, 2018 and 2017.

"Undesignated" is the remainder available for existing programs and the Organization's administration.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by the occurrence of an event (purpose) and/or passage of time. When a donor restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restriction. The Organization had no net assets subject to donor-imposed stipulations that the principal be retained and invested in perpetuity at December 31, 2018 and 2017.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of checking, savings, and money market accounts.

Note 1: Summary of Significant Accounting Policies (Continued)

Investments

Investments, consisting of donated stock, are recorded at fair value based on quoted market prices in an active market. Investment income consists of interest and dividends and unrealized gains and is included in miscellaneous income in the accompanying statement of activities. Investment fees, if any, are netted with return.

Accounts, Contributions, and Grants Receivable

Accounts receivable are recorded at net realizable value. The Organization uses the allowance method to determine uncollectible accounts receivable, if any.

Pledges and grants receivable are recorded at fair value and recognized as contribution revenue in the period the unconditional pledge or grant is received or when the condition has been fulfilled for a conditional pledge.

Inventory

Inventory consists of Ready 2 Learn program materials totaling $12,200 and $12,600 at December 31, 2018 and 2017, respectively. In 2017, the Organization adopted Accounting Standards Update (ASU) 2015-11, *Inventory - Simplifying the Measurement of Inventory,* which changed how inventory is valued. Inventory at December 31, 2018 and 2017, is stated at the lower of cost, determined under the first-in, first-out (FIFO) basis, or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The adoption of ASU 2015-11 did not have a material impact on the Organization's financial statements.

Property and Equipment

All acquisitions and improvements of property and equipment of $1,500 or more are capitalized, while all expenditures for repairs and maintenance that do not materially prolong the useful lives of assets are expensed. Purchased property and equipment is carried at cost. Donated property and equipment is carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated lives of the assets as follows: 5 years for furniture and equipment and 5 years for vehicles. Leasehold improvements are amortized over the lesser of the estimated useful life of the assets or the remaining term of the lease at the time the improvement is placed in service.

Depreciation and amortization expense for the years ended December 31, 2018 and 2017, was $23,118 and $23,106, respectively.

Website

The Organization is currently developing a new website and has capitalized costs totaling $33,008 for the years ended December 31, 2018 and 2017. At December 31, 2018, the website has not yet been placed in service.

Note 1: Summary of Significant Accounting Policies (Continued)

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset and its fair value are less than the carrying amount of that asset. The Organization has not recognized any impairment of long lived assets during 2018 and 2017.

Donated Assets

Donated marketable securities are recorded as contributions at their estimated fair value on the date of dontation.

Donated Services

The Organization receives a substantial amount of services donated by volunteers who contribute their time and perform a variety of tasks to assist the Organization with program services, fundraising events, and various committee assignments. No amounts have been recognized in the financial statements for these services because they do not meet the criteria for recognition.

In-Kind Contributions

The Organization has recorded in-kind contributions as revenues and expenses in the statement of activities at their estimated fair values at the date of receipt (Note 7).

Grants and Contributions

Grants and contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and nature of any donor restriction. Contributions with donor restrictions, where restrictions are met in the same year as received, are reported as without donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, costs have been allocated among the programs and supporting services benefited, based on either a direct functional method, when applicable, or on a reasonable basis that is consistently applied. Salaries, payroll taxes, and benefits are allocated based on time and effort. Rent, repairs and maintenance, utilities and telephone, depreciation and amortization, property insurance, and technology are allocated based on square footage.

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes appears in these financial statements.

Use of Estimates

The preparation of the financial statements in conformity with GAAP 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 reported amounts of revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

Change in Accounting Policy

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively with the exception of certain omissions permitted by the ASU.

New Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, *Revenue Recognition*, and most industry specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic entities for annual periods beginning after December 15, 2018. The Organization is currently evaluating the impact of the provisions of ASC 606.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). The amendments in this ASU revise the accounting related to lessee accounting. Under the new guidance, lessees will be required to recognize a lease liability and a right-of-use asset for substantially all leases with lease terms in excess of twelve months. The new lease guidance also simplifies the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. The amendments in this ASU are effective for fiscal years beginning after December 15, 2019, and are to be applied through a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Early adoption is permitted. The Organization continues to evaluate the effect that the implementation of this ASU will have on its financial statements and related disclosures.

Note 1: Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements (Continued)

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958)*: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018, for transactions in which the entity serves as the resource recipient. Early application of the amendments in this update is permitted. The Organization is still evaluating the impact of the provisions of ASC Topic 958.

Subsequent Events

The Organization has evaluated subsequent events through May 22, 2019, which is the date the financial statements were available to be issued.

Note 2: Concentration of Credit Risk

The Organization maintains cash balances at a financial institution where the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to $250,000. At certain times during the year, cash balances may be in excess of FDIC insured limits. The Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk related to these accounts throughout the year.

Note 3: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Year Ended December 31,		2018
Cash and cash equivalents	$	339,895
Investments, at fair value		1,157
Accounts, contributions, and grants receivable - Current portion		63,575
Financial assets		404,627
Less: Donor restricted net assets - Programs		(148,152)
Less: Restricted contributions included in accounts, contributions, and grants receivable		(21,000)
Less: Board-desingated operating reserve		(25,237)
Total	$	210,238

Note 3: Liquidity and Availability of Financial Resources (Continued)

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximately $300,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization plans to invest cash in excess of daily requirements in various short-term investments, including certificates of deposit and S&P Funds.

Note 4: Accounts, Contributions, and Grants Receivable

Accounts, contributions, and grants receivable consisted of the following:

December 31,	2018	2017
Accounts receivable	$ 27,875	$ 30,378
Contributions receivable	2,200	3,610
Grants receivable	33,500	-
Accounts, contributions, and grants receivable - Current portion	$ 63,575	$ 33,988

The Organization’s accounts, contributions, and grants receivable as of December 31, 2018 and 2017 are due as follows:

December 31,	2018	2017
Receivables in less than one year	$ 63,575	$ 33,988

The Organization believes accounts, contributions, and grants receivable are fully collectible. Therefore, no allowance for doubtful accounts was considered necessary at December 31, 2018 and 2017.

Note 5: Deferred Revenue

Deferred revenue consisted of the following:

December 31,	2018	2017
Ready 2 Learn program materials	$ 5,734	$ 5,922

Note 6: Net Assets With Donor Restrictions

Net assets with donor restrictions were available for the following purposes:

December 31,		2018		2017
Scholarships	$	26,472	$	27,720
Special Olympics		38,155		38,245
HD Academy		104,525		-
Total	$	169,152	$	65,965

Note 7: In-Kind Contributions

In-kind contributions consisted of the following:

Years Ended December 31,		2018		2017
Leased office in Park Ridge, IL (Note 8). Amount represents the excess of the fair value over the current lease payments.	$	39,541	$	39,541
Ready 2 Learn program materials		188		2,726
Total	$	39,729	$	42,267

Note 8: Lease Commitments

Park Ridge facility lease

The Organization leases office, classroom, and recreational space in Park Ridge, Illinois, under an operating lease through December 31, 2032. The lease requires a base monthly rental of $1,540, or $18,480 per annum, plus 24.4% of insurance, utilities, and common area maintenance expenses.

The Organization's management has estimated the fair value rental of the aforementioned premises to be $58,021 for both 2018 and 2017. Of these amounts, the Organization paid $18,480 in rent each year and recognized $39,541 each year as in-kind contributions (Note 7).

Evanston facility lease

The Organization leases office, classroom, training, and recreational space in Evanston, Illinois, under an operating lease through February 2020. The lease requires a base monthly rental of $12,973. The Organization is also responsible for utilities and an increase in real estate taxes over a base year of 2010.

The Organization is subleasing a portion of the aforementioned facility under a month to month lease at a monthly rental of $661.

Note 8: Lease Commitments (Continued)

Rent expense for the Evanston facility, excluding utilities and maintenance expenses, was $155,677 and $152,477 for the years ended December 31, 2018 and 2017, respectively.

Total rent expense for all the aforementioned facilities, including utilities and maintenance expenses, was approximately $256,000 and $244,000 for the years ended December 31, 2018 and 2017, respectively.

Equipment and vehicle leases

The Organization is obligated under various equipment operating leases through 2023 and vehicle leases through 2022. Rental expense under such leases amounted to approximately $12,200 and $12,800 for the years ended December 31, 2018 and 2017, respectively.

Future minimum rental payments for the facility and equipment and vehicle leases were as follows at December 31, 2018 :

Year ending December 31,	Park Ridge Facility Lease	Evanston Facility Lease	Equipment and Vehicle Leases	Total
2019	$ 18,480	$ 155,677	$ 14,265	$ 188,422
2020	18,480	25,946	11,665	56,091
2021	18,480	-	10,240	28,720
2022	18,480	-	6,166	24,646
2023	18,480	-	5,313	23,793
Thereafter	166,320	-	-	166,320
Total	$ 258,720	$ 181,623	$ 47,649	$ 487,992