

**DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.**

Financial Statements  
(With Independent Auditors' Report)

June 30, 2017 and 2016

**DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.**  
June 30, 2017 and 2016

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Dominican Republic Education and Mentoring Project, Inc.  
Milton, Vermont

We have audited the accompanying financial statements of Dominican Republic Education and Mentoring Project, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities 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 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Dominican Republic Education and Mentoring Project, Inc. as of June 30, 2017 and 2016, 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 of America.

**Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The schedule of program expenses and schedule of functional expenses on pages 14 and 15, respectively, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



South Burlington, Vermont

June 6, 2018

VT Reg. No. 92-349

**DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.**

## Statements of Financial Position

June 30, 2017 and 2016

|                                       | <u>2017</u>         | <u>2016</u>         |
|---------------------------------------|---------------------|---------------------|
| <b>Assets</b>                         |                     |                     |
| Current assets:                       |                     |                     |
| Cash and cash equivalents             | \$ 405,894          | \$ 414,761          |
| Accounts receivable                   | 34,623              | 24,955              |
| Prepays and other assets              | <u>24,749</u>       | <u>16,589</u>       |
| Total current assets                  | 465,266             | 456,305             |
| Property, land and equipment, net     | 366,964             | 368,166             |
| Board designated investments          | <u>1,198,949</u>    | <u>1,021,388</u>    |
| Total assets                          | <u>\$ 2,031,179</u> | <u>\$ 1,845,859</u> |
| <b>Liabilities and Net Assets</b>     |                     |                     |
| Current liabilities:                  |                     |                     |
| Accounts payable and accrued expenses | \$ 41,328           | \$ 29,994           |
| Advance deposits                      | <u>53,946</u>       | <u>35,505</u>       |
| Total current liabilities             | <u>95,274</u>       | <u>65,499</u>       |
| Net assets:                           |                     |                     |
| Unrestricted                          |                     |                     |
| Undesignated                          | 375,315             | 428,490             |
| Board designated endowment            | 1,198,949           | 1,021,388           |
| Temporarily restricted                | <u>361,641</u>      | <u>330,482</u>      |
| Total net assets                      | <u>1,935,905</u>    | <u>1,780,360</u>    |
| Total liabilities and net assets      | <u>\$ 2,031,179</u> | <u>\$ 1,845,859</u> |

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

**DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.**

Statements of Activities

For the Years Ended June 30, 2017 and 2016

|  | <u>2017</u>         | <u>2016</u>         |
|--|---------------------|---------------------|
| <b>Changes in unrestricted net assets:</b>               |                     |                     |
| Revenue and support:                                     |                     |                     |
| Contributions  | \$ 852,910          | \$ 1,057,461        |
| Service learning trips, net of expenses                  | 98,858              | 95,492              |
| Donated services and materials                           | 329,411             | 243,803             |
| Project service fees                                     | 16,928              | 13,371              |
| Special event income, net                                | 258,997             | 225,454             |
| Unrealized gain (loss) on investment                     | 26,997              | (26,063)            |
| Other income   | <u>13,753</u>       | <u>15,091</u>       |
| <br>Total revenue and support                            | <br>1,597,854       | <br>1,624,609       |
| <br>Net assets released from restrictions                |                     |                     |
| Satisfaction of program restrictions                     | <u>172,652</u>      | <u>105,517</u>      |
| Total unrestricted revenue and support                   | <u>1,770,506</u>    | <u>1,730,126</u>    |
| <br><b>Operating expenses</b>                            |                     |                     |
| Program services:  |                     |                     |
| Montessori preschools                                    | 269,572             | 216,910             |
| Youth programs   | 587,065             | 603,444             |
| Community programs                                       | 384,405             | 332,528             |
| Service learning trips                                   | <u>108,061</u>      | <u>14,864</u>       |
| Total program services                                   | 1,349,103           | 1,167,746           |
| <br>Supporting services:                                 |                     |                     |
| Management and general                                   | 103,348             | 101,573             |
| Fundraising  | <u>193,669</u>      | <u>230,551</u>      |
| <br>Total operating expenses                             | <u>1,646,120</u>    | <u>1,499,870</u>    |
| <br>Increase in unrestricted net assets                  | <u>124,386</u>      | <u>230,256</u>      |
| <br><b>Changes in temporarily restricted net assets:</b> |                     |                     |
| Contributions  | 203,811             | 205,061             |
| Net assets released from restrictions                    | <u>(172,652)</u>    | <u>(105,517)</u>    |
| Increase in temporarily restricted net assets            | <u>31,159</u>       | <u>99,544</u>       |
| <br>Increase in net assets                               | 155,545             | 329,800             |
| <br>Net assets, beginning, as restated                   | <u>1,780,360</u>    | <u>1,450,560</u>    |
| <br>Net assets, ending                                   | <u>\$ 1,935,905</u> | <u>\$ 1,780,360</u> |

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

**DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.**

## Statements of Cash Flows

For the Years Ended June 30, 2017 and 2016

|   | <u>2017</u>       | <u>2016</u>       |
|---|-------------------|-------------------|
| <b>Cash Flows from Operating Activities</b>   |                   |                   |
| Increase in net assets  | \$ 155,545        | \$ 369,800        |
| Adjustments to reconcile increase in net assets to net cash and cash equivalents provided by operating activities |                   |                   |
| Depreciation  | 37,761            | 40,076            |
| Bad debt expense  | -                 | 1,890             |
| Unrealized (gain) loss on investments   | (26,997)          | 26,063            |
| Changes in:   |                   |                   |
| Accounts receivable   | (9,668)           | 7,303             |
| Prepays and other assets  | (8,160)           | 3,199             |
| Accounts payable and accrued expenses   | 11,334            | 23,371            |
| Advance deposits  | <u>18,441</u>     | <u>35,505</u>     |
| Net cash provided by operating activities   | <u>178,256</u>    | <u>507,207</u>    |
| <b>Cash Flows from Investing Activities</b>   |                   |                   |
| Purchases of property and equipment   | (36,682)          | (20,860)          |
| Sale of investments   | 5,000             | 20,000            |
| Purchase of investments   | <u>(155,441)</u>  | <u>(366,714)</u>  |
| Net cash used in investing activities   | <u>(187,123)</u>  | <u>(367,574)</u>  |
| Net increase (decrease) in cash and cash equivalents  | (8,867)           | 139,633           |
| <b>Cash and Cash Equivalents:</b>   |                   |                   |
| Beginning   | <u>414,761</u>    | <u>275,128</u>    |
| Ending  | <u>\$ 405,894</u> | <u>\$ 414,761</u> |

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

# DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Notes to Financial Statements

June 30, 2017 and 2016

## (1) Nature of Organization

Dominican Republic Education and Mentoring Project, Inc. (the Organization) is a 501(c)(3) non-profit organization that works to improve the education of impoverished youth in the Dominican Republic (DR). Their mission is for all children and youth in the Dominican Republic to have equal opportunities to learn and realize their full potential through transformative education programs that combat the effects of poverty. The Organization believes that learning changes lives, their programs extend from early childhood through young adulthood, empowering at-risk children and youth to create a better future for themselves and their families through high quality education, youth development, and community enrichment. The Organization ensures successful results through careful analysis, a commitment to learning, and continuous improvement. Their innovative approach effectively addresses local needs and can be replicated throughout high poverty global communities. The Organization provides quality education for more than 7,500 children annually through 14 different programs across 27 communities, affecting the lives of more than 10,000 community members.

The Organization's major programs consist of the following:

**Montessori Preschools** introduce disadvantaged children to superior education to provide a foundation for future life challenges. In addition to academic benefits, this program addresses the children's malnourishment and basic health problems.

**Community Programs** consist of six public libraries, teacher training, parent education, scholarships, community and public school support, and a birth certificate program that helps document children born in the DR.

**Service Learning Trips**, also known as Global Connection Groups, are offered to schools worldwide to send students to the DR to complete community service projects. They ensure our local communities receive the support they need, while empowering international volunteers and enhancing their understanding of global citizenship.

**Youth Programs**, complement and strengthens the education received in public schools, providing extra hours and individualized attention to students in reading, math, and other subjects. Youth programs consist of Young Stars Book Clubs and Afterschool Programs, Music Education Program, Workforce Training Program (A Ganar), Health Education & Life Skills (Deportes Para la Vida), and Summer Schools and Camps.

## (2) Summary of Significant Accounting Policies

### (a) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# **DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.**

## **Notes to Financial Statements**

**June 30, 2017 and 2016**

### **Summary of Significant Accounting Policies (continued)**

(b) Basis of presentation

The accompanying financial statements are prepared using the accrual basis of accounting under U.S. GAAP.

(c) Financial statement presentation

The Organization reports 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. As of June 30, 2017 and 2016, the Organization does not have any permanently restricted net assets.

(d) Cash and cash equivalents

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

(e) Property, land and equipment

Property, land and equipment are recorded at cost. Acquisitions for more than \$300 and a useful life of more than one year will be capitalized. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized.

(f) Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in equity and debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Donated securities are recorded at fair market value on the date of the donation.

(g) Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the period in which the support was recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

(h) Advanced deposits

Cash received from students for future student trips are recorded as advance deposits until such time as the trips occur, at which time revenues are recognized.

# DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

## Notes to Financial Statements

June 30, 2017 and 2016

### Summary of Significant Accounting Policies (continued)

#### (i) Functional expenses

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

#### (j) Recently issued accounting standards

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958)*, which requires organizations to modify the financial statement presentation of not-for-profit organizations. Some of the key changes in the new standard reduces net asset classifications from three to two, increases disclosures over board-designated net assets, and requires new liquidity and availability disclosures in the notes to the financial statements.

The new standard is effective for the Organization for fiscal years beginning after December 15, 2017. The Organization will implement the provisions of ASU 2016-14 as of July 1, 2018.

### (3) Concentration of Credit Risk

The Organization maintains cash account balances which, at times, may exceed federally insured limits. The Organization has not experienced any losses with these accounts. Management believes the Organization is not exposed to any significant credit risk on cash.

### (4) Property, Land and Equipment

Property, land and equipment consists of the following as of June 30, 2017 and 2016:

|                                   | Useful life<br>in years | 2017              | 2016              |
|-----------------------------------|-------------------------|-------------------|-------------------|
| Land                              |                         | \$ 44,763         | \$ 44,763         |
| Vehicles                          | 3 - 5                   | 64,694            | 64,694            |
| Equipment                         | 5 - 10                  | 114,199           | 110,757           |
| Building                          | 40                      | 324,580           | 324,580           |
| Furniture                         | 5 - 7                   | 78,258            | 54,966            |
| Books                             | 3                       | 67,885            | 58,552            |
|                                   |                         | 694,379           | 658,312           |
| Less accumulated depreciation     |                         | (327,415)         | (290,146)         |
| Property, land and equipment, net |                         | <u>\$ 366,964</u> | <u>\$ 368,166</u> |

Depreciation expense for the years ended June 30, 2017 and 2016 was \$37,761 and \$40,076, respectively.

# DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

## Notes to Financial Statements

June 30, 2017 and 2016

### (5) Fair Value Measurement of Investments

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. In accordance with this framework, the Organization reports its fair value measurements in one of three levels, which are based on the ability to observe in the marketplace the inputs to the Organization's valuation techniques.

Level 1 - The most observable level of inputs, is for investments measures at quoted prices in active markets for identical investments as of June 30.

Level 2 - Investments are measured using inputs such as quoted prices for similar assets, quoted prices for the identical asset in inactive markets, and for investments measured at net asset value that can be redeemed in the near term.

Level 3 - Investments are measured using inputs that are unobservable, and are used in situations for which there is little, if any, market activity for the investment.

The primary use of fair value measures in the Organization's financial statements is for the recurring measurement of investments. When available, the Organization's measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not always available for the assets and liabilities that the Organization's is required to measure at fair value (for example, unconditional promises to give and in-kind contributions).

The Organization did not transfer any investments between levels 1, 2 and 3 during the year.

The fair value of the Organization's long-term investments is determined by the closing price on the last business day of the year as determined by level 1 inputs. Long-term investments consist of money market funds and mutual funds as follows at June 30, 2017 and 2016:

| June 30, 2017      |                     |                     |                        |
|--------------------|---------------------|---------------------|------------------------|
|                    | Cost                | Fair Market Value   | Unrealized Gain (Loss) |
| Money market funds | \$ 398,016          | \$ 398,511          | \$ 495                 |
| Mutual funds       | 804,431             | 800,438             | (3,993)                |
|                    | <u>\$ 1,202,447</u> | <u>\$ 1,198,949</u> | <u>\$ (3,498)</u>      |
| June 30, 2016      |                     |                     |                        |
|                    | Cost                | Fair Market Value   | Unrealized Gain (Loss) |
| Money market funds | \$ 745,603          | \$ 745,603          | \$ -                   |
| Mutual funds       | 300,075             | 275,785             | (24,290)               |
|                    | <u>\$ 1,045,678</u> | <u>\$ 1,021,388</u> | <u>\$ (24,290)</u>     |

The Organization's investments are subject to various risks, such as interest rate, credit and overall market volatility risks.

**DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.**

## Notes to Financial Statements

June 30, 2017 and 2016

**(6) Board Designated Funds**

The board designated funds consists of unrestricted net assets that the Board of Directors has chosen to hold as designated funds to be used for future operations. The Board has not yet formulated its return objectives and risk parameters. The Board's objective is to grow the fund assets and use the funds for operations as needed. Changes in board designated net assets consist of the following for the years ended June 30, 2017 and 2016:

|                        | 2017                | 2016                |
|------------------------|---------------------|---------------------|
| Beginning balance      | \$ 1,021,388        | \$ 780,633          |
| Contributions          | 140,000             | 279,217             |
| Transfers in (out)     | 5,000               | (20,000)            |
| Investment income      | 5,564               | 7,601               |
| Change in market value | 26,997              | (26,063)            |
| Ending balance         | <u>\$ 1,198,949</u> | <u>\$ 1,021,388</u> |

**(7) Temporarily Restricted Net Assets**

Temporarily restricted net assets are restricted as follows:

|                       | 2017              | 2016              |
|-----------------------|-------------------|-------------------|
| Abreu Development     | \$ 69,023         | \$ 86,164         |
| Brugal Library        | 7,445             | 12,152            |
| Callejon Park         | 2,083             | 2,569             |
| Community Support     | 40,817            | 53,455            |
| DREAM Mobile Library  | 73,239            | 71,160            |
| Luceros Grant         | 91,932            | -                 |
| Montessori Programs   | 800               | 14,405            |
| Music Program         | -                 | 4,438             |
| Public Library        | 52,816            | 47,855            |
| Summer School & Camps | 16,488            | 12,116            |
| US Embassy Grant      | 6,998             | 26,168            |
|                       | <u>\$ 361,641</u> | <u>\$ 330,482</u> |

**(8) Foreign Operations**

With the exception of a small office in the United States and several special fundraising events, all of the Organization's operations are conducted in the Dominican Republic in local currency – the Dominican Peso (RD\$). Consequently, all Dominican transactions are converted to US dollars when included in the United States accounting records, along with any resulting currency exchange gains or losses at the time of the transaction. The aggregate foreign currency transaction gain (loss) included in the change in net assets was considered trivial.

The exchange rate changes occurring after the statement of financial position date are also considered trivial.

**DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.**

## Notes to Financial Statements

June 30, 2017 and 2016

**(9) Donated Services and Materials**

Donated services and materials that met the definition for recognition in the financial statements were used as follows:

|                      | 2017              | 2016              |
|----------------------|-------------------|-------------------|
| Educational material | \$ 16,881         | \$ 20,457         |
| In-kind services     | 133,979           | 11,053            |
| Pro-bono             | 178,551           | 212,293           |
| Total                | <u>\$ 329,411</u> | <u>\$ 243,803</u> |

**(10) Service Learning Trips**

Revenue received for service learning trips is shown net of the direct costs for student housing and meals. For the years ended June 30, 2017 and 2016, the net activity for service learning trip was \$98,858 and \$95,492, respectively.

**(11) Special Events**

The Organization holds special events sponsored by other independent organizations over which the Organization has no control. Hence, the net proceeds received should be reported as support. Special events consisted of the following:

|                               | 2017            | 2016            |
|-------------------------------|-----------------|-----------------|
| Other Events:                 |                 |                 |
| Revenue                       | \$ 5,467        | \$ 7,782        |
| In-kind revenue               | 4,955           | 6,501           |
| Less:                         |                 |                 |
| In-kind expenses              | <u>(4,955)</u>  | <u>(6,501)</u>  |
|                               | <u>5,467</u>    | <u>7,782</u>    |
| New York City Event (Sueños): |                 |                 |
| Revenue                       | 171,897         | 123,005         |
| In-kind revenue               | 79,750          | 82,626          |
| Less:                         |                 |                 |
| Direct expenses               | (30,571)        | (23,736)        |
| In-kind expenses              | <u>(79,750)</u> | <u>(82,626)</u> |
|                               | <u>141,326</u>  | <u>99,269</u>   |

**DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.**

## Notes to Financial Statements

June 30, 2017 and 2016

**Special Events (continued)**

|                               | <u>2017</u>       | <u>2016</u>       |
|-------------------------------|-------------------|-------------------|
| Santo Domingo Event:          |                   |                   |
| Revenue                       | 96,274            | 99,433            |
| In-kind revenue               | 112,690           | 112,996           |
| Less:                         |                   |                   |
| Direct expenses               | (2,403)           | (18,187)          |
| In-kind expenses              | <u>(112,690)</u>  | <u>(112,996)</u>  |
|                               | <u>93,871</u>     | <u>81,246</u>     |
| <br>Brunch and Auction Event: |                   |                   |
| Revenue                       | 21,895            | 11,984            |
| In-kind revenue               | 8,580             | 9,500             |
| Less:                         |                   |                   |
| Direct expenses               | (3,562)           | (3,842)           |
| In-kind expenses              | <u>(8,580)</u>    | <u>(9,500)</u>    |
|                               | <u>18,333</u>     | <u>8,142</u>      |
| <br>Canadian Event:           |                   |                   |
| Revenue                       | -                 | 35,152            |
| In-kind revenue               | -                 | 29,465            |
| Less:                         |                   |                   |
| Direct expenses               | -                 | (6,137)           |
| In-kind expenses              | <u>-</u>          | <u>(29,465)</u>   |
|                               | <u>-</u>          | <u>29,015</u>     |
| <br>Total special events      | <u>\$ 258,997</u> | <u>\$ 225,454</u> |

**(12) Income Taxes**

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from income taxes under Section 501(a) of the IRC since August 21, 1976. In addition, it has been classified as an organization that is not a private foundation under Section 509(a) of the IRC.

U.S. GAAP requires entities to disclose in their financial statements the nature of any uncertainty in their tax positions. For tax exempt entities, tax exempt status itself is deemed to be an uncertainty, as events could potentially occur to jeopardize their tax exempt status. Management believes the Council has no uncertain tax positions. The Organization anticipates that it will not have a change in uncertain tax positions during the next twelve months that would have a material impact on the Organization's financial statements. If necessary, the Organization would accrue interest and penalties on uncertain tax positions as a component of the provision for income taxes. The Organization is no longer subject to federal and state income tax examinations by tax authorities for years before 2014.

# DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

## Notes to Financial Statements

June 30, 2017 and 2016

### (13) Commitment and Contingency

The Organization occupies office space in the Dominican Republic under a lease at approximately \$425 per month through July 2019. Rent expense for the year ended June 30, 2017 and 2016 was \$7,885 and \$9,118, respectively.

Future minimum lease payments in the aggregate and for each of the remaining years under the lease are as follows:

|      |                 |
|------|-----------------|
| 2018 | \$ 5,100        |
| 2019 | <u>425</u>      |
|      | <u>\$ 5,525</u> |

### (14) Related Party

The Board is proactive about fundraising and Board members, or their companies, routinely make contributions to the Organization. During the years ended June 30, 2017 and 2016, contributions received from Board members and their related companies, totaled \$258,509 and \$548,265, respectively.

The Organization receives a significant portion of its support from a board member's foundation. This funding is received through general contributions and supports operations of the Organization. During the years ended June 30, 2017 and 2016, the Organization received \$191,500 (10% of all revenue and support) and \$200,000 (10% of all revenue and support), respectively, in contributions from this donor.

### (15) Subsequent Events

The Organization has evaluated subsequent events through June 6, 2018, the date that the financial statements are considered available to be issued.

### (16) Restatement of Net Assets

During the year ended June 30, 2017, management identified 2016 contributions were overstated and beginning net assets understated by \$40,000. The Organization restated the 2016 financial statements as follows:

|   |                     |
|---|---------------------|
| Net assets as of July 1, 2016, as previously reported | \$ 1,410,560        |
| Understatement of net assets                          | <u>40,000</u>       |
| Net assets as of July 1, 2016, as restated            | <u>\$ 1,450,560</u> |

**DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.**

Schedule of Program Expenses  
For the Year Ended June 30, 2017  
(With Summarized Totals for 2016)

|  |                             | <u>Supporting Services</u>          |                       |                                    |                                    |
|--|-----------------------------|-------------------------------------|-----------------------|------------------------------------|------------------------------------|
|  | <u>Program<br/>Services</u> | <u>Management<br/>&amp; General</u> | <u>Fundraising</u>    | <u>2017<br/>Total<br/>Expenses</u> | <u>2016<br/>Total<br/>Expenses</u> |
| Montessori preschool programs            | \$ 214,108                  | \$ -                                | \$ -                  | \$ 214,108                         | \$ 159,586                         |
| Youth programs:                          |                             |                                     |                       |                                    |                                    |
| Young stars                              | 92,679                      | -                                   | -                     | 92,679                             | 109,762                            |
| Health education (Deportes Para la Vida) | 65,009                      | -                                   | -                     | 65,009                             | 71,688                             |
| Sumer school camps                       | 140,544                     | -                                   | -                     | 140,544                            | 141,562                            |
| Workforce training program (A Ganar)     | 94,885                      | -                                   | -                     | 94,885                             | 103,045                            |
| Music program                            | 91,720                      | -                                   | -                     | 91,720                             | 74,685                             |
| Community programs:                      |                             |                                     |                       |                                    |                                    |
| Public libraries                         | 137,050                     | -                                   | -                     | 137,050                            | 156,198                            |
| Community action                         | 115,775                     | -                                   | -                     | 115,775                            | 94,911                             |
| Parent education                         | 559                         | -                                   | -                     | 559                                | 4,661                              |
| Teacher training                         | 59,264                      | -                                   | -                     | 59,264                             | 8,143                              |
| Service learning trips                   | 11,655                      | -                                   | -                     | 11,655                             | 14,250                             |
| Supporting services - allocated:         |                             |                                     |                       |                                    |                                    |
| DREAM Center                             | 50,902                      | -                                   | -                     | 50,902                             | 38,538                             |
| Fund Development                         | 96,406                      | -                                   | 142,504               | 238,910                            | 107,147                            |
| US Office expense                        | 21,886                      | 51,387                              | 14,591                | 87,864                             | 83,303                             |
| DR Office expense                        | 16,897                      | 28,161                              | 11,264                | 56,322                             | 55,954                             |
| Shared administration costs              | 105,780                     | 22,667                              | 22,667                | 151,114                            | 144,261                            |
| Depreciation                             | <u>33,984</u>               | <u>1,133</u>                        | <u>2,643</u>          | <u>37,760</u>                      | <u>40,076</u>                      |
| <br>Total expenses                       | <br><u>\$ 1,349,103</u>     | <br><u>\$ 103,348</u>               | <br><u>\$ 193,669</u> | <br><u>\$ 1,646,120</u>            | <br><u>\$ 1,407,770</u>            |

See accompanying independent auditors' report.

**DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.**

Schedule of Functional Expenses  
For the Year Ended June 30, 2017  
(With Summarized Totals for 2016)

|                           | Program Services         |                   |                       |                           |                 |                     | Supporting Services     |                   | 2017                | 2016                |
|---------------------------|--------------------------|-------------------|-----------------------|---------------------------|-----------------|---------------------|-------------------------|-------------------|---------------------|---------------------|
|                           | Montessori<br>Preschools | Youth<br>Programs | Community<br>Programs | Service<br>Learning Trips | DREAM<br>Center | Total Program       | Management &<br>General | Fundraising       | Total Expenses      | Total Expenses      |
| Bank fees                 | \$ -                     | \$ -              | \$ -                  | \$ -                      | \$ -            | \$ -                | \$ 7,765                | \$ -              | \$ 7,765            | \$ 6,116            |
| Brochures and marketing   | -                        | 757               | 1,110                 | -                         | -               | 1,867               | 1,402                   | 6,906             | 10,175              | 12,448              |
| Community support         | 1,742                    | 9,121             | 95,590                | -                         | 115             | 106,568             | -                       | 68                | 106,636             | 93,666              |
| Events and trips          | 1,644                    | 39,740            | 1,144                 | -                         | 2,536           | 45,064              | -                       | 278               | 45,342              | 13,452              |
| In-kind goods             | 1,001                    | 13,852            | 4,394                 | -                         | 153             | 19,400              | 4,950                   | 126,510           | 150,860             | 121,847             |
| Insurance                 | 237                      | 2,559             | -                     | -                         | -               | 2,796               | 1,083                   | -                 | 3,879               | 2,756               |
| Meals                     | 16,170                   | 28,694            | 755                   | -                         | 4,277           | 49,896              | 2,075                   | 1,543             | 53,514              | 50,318              |
| Medical                   | 443                      | 209               | 119                   | -                         | 164             | 935                 | 9                       | -                 | 944                 | 946                 |
| Miscellaneous             | 5                        | 443               | -                     | -                         | -               | 448                 | 15,347                  | -                 | 15,795              | -                   |
| Occupancy                 | -                        | 1,080             | -                     | -                         | -               | 1,080               | 6,805                   | -                 | 7,885               | 9,118               |
| Office supplies           | 80                       | 10                | 19                    | -                         | 143             | 252                 | 3,162                   | -                 | 3,414               | 4,748               |
| Payroll and related       | 149,931                  | 186,550           | 32,283                | -                         | 15,900          | 384,664             | 78,088                  | 74,786            | 537,538             | 454,048             |
| Phone and internet        | 123                      | 1,930             | 101                   | -                         | 4,296           | 6,450               | 2,049                   | 1,219             | 9,718               | 9,400               |
| Postage and shipping      | 133                      | 19                | 4,446                 | -                         | 16              | 4,614               | 393                     | 96                | 5,103               | 5,844               |
| Printing and copying      | 232                      | 1,863             | 284                   | -                         | 342             | 2,721               | 95                      | 316               | 3,132               | 7,064               |
| Professional fees         | -                        | 308               | 4,010                 | -                         | -               | 4,318               | 10,433                  | -                 | 14,751              | 26,217              |
| Pro bono                  | -                        | 106,398           | 36,435                | 11,655                    | 3,650           | 158,138             | 3,023                   | 17,390            | 178,551             | 212,293             |
| Repairs and maintenance   | 7,860                    | 3,527             | 10,721                | -                         | 8,861           | 30,969              | 1,157                   | -                 | 32,126              | 16,901              |
| School supplies           | 9,381                    | 11,959            | 76,207                | -                         | 1,568           | 99,115              | 76                      | 3,638             | 102,829             | 129,474             |
| Staff development         | 8,838                    | -                 | 28,015                | -                         | 404             | 37,257              | 50                      | -                 | 37,307              | 1,898               |
| Travel and transportation | 11,457                   | 30,690            | 10,198                | -                         | 2,562           | 54,907              | 2,755                   | 6,452             | 64,114              | 60,947              |
| Uniforms                  | 4,455                    | 17,612            | 249                   | -                         | 225             | 22,541              | 918                     | 479               | 23,938              | 14,371              |
| Utilities                 | 234                      | 361               | -                     | -                         | 650             | 1,245               | 2,246                   | -                 | 3,491               | 2,669               |
| Volunteers                | 143                      | 25,628            | 3,695                 | -                         | 1,359           | 30,825              | 336                     | 3,591             | 34,752              | 52,022              |
| Overhead allocation       | 50,365                   | 95,259            | 54,240                | 96,406                    | (47,221)        | 249,049             | (42,002)                | (52,246)          | 154,801             | 151,231             |
| Depreciation              | 5,098                    | 8,496             | 20,390                | -                         | -               | 33,984              | 1,133                   | 2,643             | 37,760              | 40,076              |
| <b>Total expenses</b>     | <b>\$ 269,572</b>        | <b>\$ 587,065</b> | <b>\$ 384,405</b>     | <b>\$ 108,061</b>         | <b>\$ -</b>     | <b>\$ 1,349,103</b> | <b>\$ 103,348</b>       | <b>\$ 193,669</b> | <b>\$ 1,646,120</b> | <b>\$ 1,499,870</b> |

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\*\* These expenses have been allocated throughout the other programs.