

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Financial Statements
(With Independent Auditors' Report)

June 30, 2019 and 2018

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.
June 30, 2019 and 2018

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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) (the "Organization"), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note (2) to the financial statements, in 2019, the Organization adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The most significant provisions of the update address classification of net assets, liquidity, and functional expense disclosures.

Report on Summarized Comparative Information

We have previously audited the Organization's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 7, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



South Burlington, Vermont

August 3, 2020

VT Reg. No. 92-349

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Statements of Financial Position

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 625,143	\$ 389,228
Accounts receivable	120,369	134,297
Prepays and other assets	<u>27,800</u>	<u>26,103</u>
Total current assets	773,312	549,628
Property, land and equipment, net	353,917	359,653
Board designated investments	<u>1,656,988</u>	<u>1,424,213</u>
Total assets	<u>\$ 2,784,217</u>	<u>\$ 2,333,494</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 98,470	\$ 63,252
Advance deposits	<u>198,892</u>	<u>87,328</u>
Total current liabilities	<u>297,362</u>	<u>150,580</u>
Net assets:		
Without donor restrictions		
Undesignated	426,905	484,020
Board designated endowment	1,656,988	1,424,213
With donor restrictions	<u>402,962</u>	<u>274,681</u>
Total net assets	<u>2,486,855</u>	<u>2,182,914</u>
Total liabilities and net assets	<u>\$ 2,784,217</u>	<u>\$ 2,333,494</u>

See accompanying notes to the financial statements.

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Statements of Activities

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Changes in net assets without donor restrictions:		
Revenue and support:		
Contributions	\$ 953,440	\$ 1,004,615
Service learning trips, net	235,246	149,828
Donated services and materials	225,490	525,697
Project service fees	18,645	16,545
Special event income, net	151,779	134,234
Interest and dividend income	42,980	30,581
Unrealized loss on investments	(10,455)	(5,311)
Other income	<u>18,754</u>	<u>9,510</u>
Total revenue and support	1,635,879	1,865,699
Net assets released from restrictions		
Satisfaction of program restrictions	<u>231,878</u>	<u>174,379</u>
Total revenue and support without donor restrictions	<u>1,867,757</u>	<u>2,040,078</u>
Operating expenses		
Program services:		
Montessori preschools	379,410	323,519
Youth programs	644,584	586,296
Community programs	422,113	392,937
Service learning trips	<u>2,833</u>	<u>9,083</u>
Total program services	1,448,940	1,311,835
Supporting services:		
Management and general	86,788	110,873
Fundraising	<u>156,369</u>	<u>283,401</u>
Total operating expenses	<u>1,692,097</u>	<u>1,706,109</u>
Increase in net assets without donor restrictions	<u>175,660</u>	<u>333,969</u>
Changes in net assets with donor restrictions:		
Contributions	360,159	87,419
Net assets released from restrictions	<u>(231,878)</u>	<u>(174,379)</u>
Increase (decrease) in net assets with donor restrictions	<u>128,281</u>	<u>(86,960)</u>
Increase in net assets	303,941	247,009
Net assets, beginning	<u>2,182,914</u>	<u>1,935,905</u>
Net assets, ending	<u>\$ 2,486,855</u>	<u>\$ 2,182,914</u>

See accompanying notes to the financial statements.

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Schedule of Functional Expenses
For the Year Ended June 30, 2019
(With Summarized Totals for 2018)

	Program Services					Supporting Services		2019 Total Expenses	2018 Total Expenses	
	Montessori Preschools	Youth Programs	Community Programs	Service Learning Trips	DREAM Center	Total Program	Management & General			Fundraising
Bank fees	\$ -	\$ -	\$ 129	\$ -	\$ -	\$ 129	\$ 9,644	\$ -	\$ 9,773	\$ 8,121
Brochures and marketing	-	-	-	-	-	-	1,297	-	1,297	7,058
Community support	1,621	7,360	87,740	-	911	97,632	933	-	98,565	52,380
Events and trips	3,410	18,747	3,774	-	2,305	28,236	-	-	28,236	31,573
In-kind goods	1,020	28,918	1,815	-	2,164	33,917	1,144	5,027	40,088	203,825
Insurance	522	1,792	-	-	1,745	4,059	-	-	4,059	4,612
Meals	12,384	30,789	3,977	-	2,640	49,790	1,981	506	52,277	62,503
Medical	2,967	319	100	-	84	3,470	676	-	4,146	412
Miscellaneous	-	40	-	-	-	40	6	7,488	7,534	1,651
Occupancy	2,844	6,963	-	-	-	9,807	6,904	-	16,711	9,460
Office supplies	80	145	67	-	377	669	2,130	1,527	4,326	5,241
Payroll and related	223,735	239,661	60,448	1,273	26,022	551,139	76,311	86,201	713,651	604,299
Phone and internet	1,069	2,202	818	-	2,688	6,777	2,058	1,117	9,952	9,775
Postage and shipping	894	15	4,046	-	31	4,986	226	151	5,363	6,179
Printing and copying	672	1,644	17,922	-	27	20,265	1,302	85	21,652	877
Professional fees	-	-	-	-	-	-	15,845	180	16,025	26,461
Pro bono	1,280	58,320	51,920	1,560	-	113,080	-	16,890	129,970	145,670
Repairs and maintenance	9,806	5,920	929	-	6,182	22,837	3,755	196	26,788	21,140
School supplies	11,952	14,728	66,414	-	636	93,730	304	-	94,034	98,629
Staff development	12,649	4,429	13,561	-	2,603	33,242	2,991	1,694	37,927	40,657
Travel and transportation	14,835	51,117	12,360	-	2,303	80,615	1,816	5,613	88,044	73,143
Uniforms	4,853	25,147	192	-	406	30,598	2,372	-	32,970	18,306
Utilities	326	441	-	-	1,525	2,292	2,408	-	4,700	3,435
Volunteers	779	24,424	14,441	-	558	40,202	194	4,001	44,397	43,574
Overhead allocation	66,905	113,452	62,233	-	(53,207)	189,383	(48,577)	23,201	164,007	189,307
Depreciation	4,807	8,011	19,227	-	-	32,045	1,068	2,492	35,605	37,821
Total expenses	\$ 379,410	\$ 644,584	\$ 422,113	\$ 2,833	\$ -	\$ 1,448,940	\$ 86,788	\$ 156,369	\$ 1,692,097	\$ 1,706,109

**

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

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Statements of Cash Flows

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Increase in net assets	\$ 303,941	\$ 247,009
Adjustments to reconcile increase in net assets to net cash and cash equivalents provided by operating activities		
Depreciation	35,605	37,821
Unrealized (gain) loss on investments	10,455	5,311
Changes in:		
Accounts receivable	13,928	(99,674)
Prepays and other assets	(1,697)	(1,354)
Accounts payable and accrued expenses	35,218	21,924
Advance deposits	<u>111,564</u>	<u>33,382</u>
Net cash provided by operating activities	<u>509,014</u>	<u>244,419</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	(29,869)	(30,194)
Purchase of investments	<u>(243,230)</u>	<u>(230,891)</u>
Net cash used in investing activities	<u>(273,099)</u>	<u>(261,085)</u>
Net increase (decrease) in cash and cash equivalents	235,915	(16,666)
Cash and Cash Equivalents:		
Beginning	<u>389,228</u>	<u>405,894</u>
Ending	<u>\$ 625,143</u>	<u>\$ 389,228</u>

See accompanying notes to the financial statements.

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Notes to Financial Statements

June 30, 2019 and 2018

(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 strengthen 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) Basis of presentation

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

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Notes to Financial Statements

June 30, 2019 and 2018

Summary of Significant Accounting Policies (continued)

(b) Financial statement presentation

During 2019, the Organization adopted 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 Organization is required to report its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

(c) 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.

(d) Net assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor, or certain grantor, imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

(e) Cash and cash equivalents

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

(f) Accounts receivable

Receivables include amounts due from the Organization's customers and donors. The Organization invoices in advance based on contracts or grants details. The Organization does not maintain an allowance for doubtful accounts as all receivables are deemed collectible.

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Notes to Financial Statements

June 30, 2019 and 2018

Summary of Significant Accounting Policies (continued)

(g) 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.

(h) 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.

(i) Contributions

Contributions received are recorded as with donor restrictions or without donor restrictions support depending on the existence and nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the period in which the support was recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

(j) 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.

(k) Functional expenses

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

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated on the basis of estimates of time and effort include payroll and payroll related expenses, professional fees, utilities, community support, depreciation and insurance.

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Notes to Financial Statements

June 30, 2019 and 2018

Summary of Significant Accounting Policies (continued)

(l) Recently issued accounting standards

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The new standard establishes a right of use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for all leases with a term longer than 12 months.

Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of activities.

The new standard is effective for the Organization for fiscal years beginning after July 1, 2022, with early adoption permitted.

In June 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves the scope and accounting guidance for both contributions received and made to assist all entities in evaluating whether a transaction should be accounted for as a contribution or exchange transaction. This standard should be applied on a modified prospective basis. Retrospective application is permitted. The new standard is effective for the Organization for fiscal years beginning after July 1, 2019, with early adoption permitted.

(m) Comparative financial information

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

(n) Subsequent events

The Organization evaluated subsequent events through August 3, 2020, the date the Organization's financial statements were available to be used.

(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.

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Notes to Financial Statements

June 30, 2019 and 2018

(4) Property, Land and Equipment

Property, land and equipment consists of the following as of June 30, 2019 and 2018:

	Useful life in years	2019	2018
Land		\$ 44,763	\$ 44,763
Vehicles	3 - 5	68,057	64,694
Equipment	5 - 10	136,986	122,820
Building	40	329,505	324,580
Furniture	5 - 7	105,947	100,147
Books	3	<u>69,500</u>	<u>67,885</u>
		754,758	724,889
Less accumulated depreciation		<u>(400,841)</u>	<u>(365,236)</u>
Property, land and equipment, net		<u>\$ 353,917</u>	<u>\$ 359,653</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$35,605 and \$37,821, respectively.

(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 measured 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 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 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.

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Notes to Financial Statements

June 30, 2019 and 2018

Fair Value Measurement of Investments (continued)

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, 2019 and 2018:

	June 30, 2019		
	Cost	Fair Market Value	Unrealized Gain (Loss)
Money market funds	\$ 202,799	\$ 202,799	\$ -
Fixed income	1,451,692	1,454,189	2,497
	<u>\$ 1,654,491</u>	<u>\$ 1,656,988</u>	<u>\$ 2,497</u>
	June 30, 2018		
	Cost	Fair Market Value	Unrealized Gain (Loss)
Money market funds	\$ 602,085	\$ 602,085	\$ -
Fixed income	838,051	822,128	(15,923)
	<u>\$ 1,440,136</u>	<u>\$ 1,424,213</u>	<u>\$ (15,923)</u>

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

(6) Board Designated Funds

The board designated funds consist of net assets without donor restrictions 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, 2019 and 2018:

	2019	2018
Beginning balance	\$ 1,424,213	\$ 1,198,949
Contributions	200,250	200,000
Investment income	478	529
Change in market value	32,317	24,735
Fees	(270)	-
	<u>\$ 1,656,988</u>	<u>\$ 1,424,213</u>

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Notes to Financial Statements

June 30, 2019 and 2018

(7) Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted as follows:

	<u>2019</u>	<u>2018</u>
Abreu Development	\$ 76,531	\$ 71,114
Brugal Library	-	1,606
Callejon Park	1,492	1,948
Community Support	49,863	24,454
Luceros Grant	20,143	40,256
Montessori Programs	46,480	5,842
Public Library	139,285	77,855
Summer School & Camps	-	12,407
US Embassy Grant	-	6,998
Young Stars	69,168	32,201
	<u>\$ 402,962</u>	<u>\$ 274,681</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 U.S. 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.

(9) Donated Services and Materials

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

	<u>2019</u>	<u>2018</u>
Educational material	\$ 29,803	\$ 26,366
In-kind services	<u>195,687</u>	<u>499,331</u>
Total	<u>\$ 225,490</u>	<u>\$ 525,697</u>

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Notes to Financial Statements

June 30, 2019 and 2018

(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, 2019 and 2018, the net activity for service learning trips was \$235,246 and \$149,828, 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:

	<u>2019</u>	<u>2018</u>
Other Events:		
Revenue	\$ 9,321	\$ 11,567
In-kind revenue	7,967	1,773
Less:		
Direct expenses	(4,252)	-
In-kind expenses	<u>(5,861)</u>	<u>(14,105)</u>
	<u>7,175</u>	<u>(765)</u>
New York City Event (Sueños):		
Revenue	184,200	146,896
In-kind revenue	25,502	47,601
Less:		
Direct expenses	(58,370)	(56,662)
In-kind expenses	<u>(29,002)</u>	<u>(72,681)</u>
	<u>122,330</u>	<u>65,154</u>
Santo Domingo Event:		
Revenue	21,279	76,462
In-kind revenue	-	12,700
Less:		
Direct expenses	(786)	(9,330)
In-kind expenses	<u>-</u>	<u>(12,700)</u>
	<u>20,493</u>	<u>67,132</u>

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Notes to Financial Statements

June 30, 2019 and 2018

Special Events (continued)

	<u>2019</u>	<u>2018</u>
Brunch and Auction Event:		
Revenue	11,121	7,978
In-kind revenue	4,932	8,058
Less:		
Direct expenses	(5,227)	(3,475)
In-kind expenses	<u>(9,045)</u>	<u>(8,058)</u>
	<u>1,781</u>	<u>4,503</u>
Fuente Action Event:		
Revenue	-	18,100
In-kind revenue	-	23,700
Less:		
Direct expenses	-	(19,890)
In-kind expenses	<u>-</u>	<u>(23,700)</u>
	<u>-</u>	<u>(1,790)</u>
Total special events	<u>\$ 151,779</u>	<u>\$ 134,234</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 Organization 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 2016.

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(13) 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, 2019 and 2018, contributions received from Board members and their related companies, totaled \$405,128 and \$501,607, 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, 2019 and 2018, the Organization received \$301,011 (74% of all revenue and support) and \$301,830 (60% of all revenue and support), respectively, in contributions from this donor.

(14) Liquidity and Availability

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 as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 264,984	\$ 301,809
Accounts receivable	<u>120,369</u>	<u>134,297</u>
	<u>\$ 385,353</u>	<u>\$ 436,106</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has several sources of liquidity at its disposal, including cash and cash equivalents, investments, and accounts receivable.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The Organization strives to maintain liquid cash reserves sufficient to cover 45 days of general expenditures. General expenditures include administrative and operating expenses.

(15) Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

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(16) Subsequent Events

In March 2020, a worldwide pandemic was declared due to the spread of COVID-19. The ultimate impact of this event on the Organization's operations and financial statements is unknown as of the date of the auditors' report.