

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Financial Statements
(With Independent Auditors' Report)

June 30, 2020 and 2019

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.
June 30, 2020 and 2019

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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, 2020, 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, 2020, 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.

**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 August 3, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As noted in the "Auditors' Responsibilities" paragraphs, we considered the Organization's internal control over financial reporting. Although we do not issue an opinion on internal control, we issued a separate report dated May 12, 2021 communicating certain material weaknesses and significant deficiencies over internal control.

South Burlington, Vermont
May 12, 2021
VT Reg. No. 92-349

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Statements of Financial Position

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 463,904	\$ 625,143
Accounts receivable	73,516	120,369
Prepays and other assets	<u>39,015</u>	<u>27,800</u>
Total current assets	576,435	773,312
Property, land and equipment, net	337,743	353,917
Investments	<u>1,935,077</u>	<u>1,656,988</u>
Total assets	<u>\$ 2,849,255</u>	<u>\$ 2,784,217</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 114,188	\$ 98,470
Advance deposits	<u>33,199</u>	<u>198,892</u>
Total current liabilities	<u>147,387</u>	<u>297,362</u>
Net assets:		
Without donor restrictions		
Undesignated	353,996	426,905
Board designated	1,935,077	1,656,988
With donor restrictions	<u>412,795</u>	<u>402,962</u>
Total net assets	<u>2,701,868</u>	<u>2,486,855</u>
Total liabilities and net assets	<u>\$ 2,849,255</u>	<u>\$ 2,784,217</u>

See accompanying notes to the financial statements.

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Statements of Activities

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Changes in net assets without donor restrictions:		
Revenue and support:		
Contributions	\$ 509,859	\$ 955,221
Service learning trips, net	131,836	235,246
Donated services and materials	192,370	225,490
Project service fees	476	18,645
Special event income, net	187,870	149,998
Interest and dividend income	34,244	42,980
Realized and unrealized gain (loss) on investments	2,145	(10,455)
COVID-19 related funding	10,000	-
Other income	<u>6,720</u>	<u>18,754</u>
Total revenue and support	1,075,520	1,635,879
Net assets released from restrictions:		
Satisfaction of program restrictions	<u>657,040</u>	<u>231,878</u>
Total revenue and support without donor restrictions	<u>1,732,560</u>	<u>1,867,757</u>
Operating expenses		
Program services:		
Montessori preschools	321,419	379,410
Youth programs	620,152	644,584
Community programs	378,699	422,113
Service learning trips	<u>13,252</u>	<u>2,833</u>
Total program services	<u>1,333,522</u>	<u>1,448,940</u>
Supporting services:		
Management and general	155,701	86,788
Fundraising	<u>151,296</u>	<u>156,369</u>
Total operating expenses	<u>1,640,519</u>	<u>1,692,097</u>
Increase in net assets without donor restrictions	<u>92,041</u>	<u>175,660</u>
Changes in net assets with donor restrictions:		
Contributions	780,012	360,159
Net assets released from restrictions	<u>(657,040)</u>	<u>(231,878)</u>
Increase in net assets with donor restrictions	<u>122,972</u>	<u>128,281</u>
Increase in net assets	215,013	303,941
Net assets, beginning of the year	<u>2,486,855</u>	<u>2,182,914</u>
Net assets, ending of the year	<u>\$ 2,701,868</u>	<u>\$ 2,486,855</u>

See accompanying notes to the financial statements.

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2020

(With Summarized Totals for 2019)

	Program Services					Supporting Services		2020 Total Expenses	2019 Total Expenses	
	Montessori Preschools	Youth Programs	Community Programs	Service Learning Trips	DREAM Center	Total Program	Management & General			Fundraising
Bank fees	\$ -	\$ -	\$ 125	\$ -	\$ -	\$ 125	\$ 9,458	\$ 74	\$ 9,657	\$ 9,773
Brochures and marketing	-	-	-	-	-	-	1,410	4,398	5,808	1,297
Community support	608	4,675	107,202	-	-	112,485	-	-	112,485	98,565
Events and trips	376	16,843	1,089	7,636	3,437	29,381	57	-	29,438	28,236
In-kind goods	3,850	10,463	2,712	-	460	17,485	290	-	17,775	40,088
Insurance	135	2,325	-	-	1,825	4,285	-	-	4,285	4,059
Meals	7,189	26,572	2,827	-	401	36,989	277	2	37,268	52,277
Medical	3,109	621	351	-	1,425	5,506	-	-	5,506	4,146
Miscellaneous	-	18	-	-	-	18	5,689	449	6,156	7,534
Occupancy	2,995	7,427	-	-	-	10,422	6,210	-	16,632	16,711
Office supplies	39	53	68	-	14	174	1,045	1,883	3,102	4,326
Payroll and related	204,971	243,645	57,681	1,916	19,700	527,913	80,738	129,930	738,581	713,651
Phone and internet	763	3,415	1,675	-	1,246	7,099	2,169	1,286	10,554	9,952
Postage and shipping	1,041	87	3,475	-	-	4,603	380	11	4,994	5,363
Printing and copying	1,364	7,826	2,741	-	18	11,949	2,349	41	14,339	21,652
Professional fees	-	2,722	3,514	-	39	6,275	18,160	-	24,435	16,025
Pro bono	8,845	77,430	26,140	3,700	-	116,115	-	4,800	120,915	129,970
Repairs and maintenance	3,383	4,068	334	-	13,159	20,944	1,683	69	22,696	26,788
School supplies	4,963	11,655	60,157	-	1,049	77,824	395	-	78,219	94,034
Staff development	4,829	592	1,694	-	2,615	9,730	1,140	1,336	12,206	37,927
Travel and transportation	9,489	40,437	8,911	-	1,938	60,775	549	2,572	63,896	88,044
Uniforms	7,992	7,074	174	-	910	16,150	107	-	16,257	32,970
Utilities	524	1,456	-	-	1,348	3,328	2,372	-	5,700	4,700
Volunteers	6,614	25,660	9,484	-	719	42,477	-	2,172	44,649	44,397
Overhead allocation	43,955	117,780	70,806	-	(50,303)	182,238	20,249	-	202,487	164,007
Depreciation	4,385	7,308	17,539	-	-	29,232	974	2,273	32,479	35,605
Total expenses	\$ 321,419	\$ 620,152	\$ 378,699	\$ 13,252	\$ -	\$ 1,333,522	\$ 155,701	\$ 151,296	\$ 1,640,519	\$ 1,692,097

**

** 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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Increase in net assets	\$ 215,013	\$ 303,941
Adjustments to reconcile increase in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	32,479	35,605
COVID-19 related funding	(10,000)	-
Unrealized (gain) loss on investments	(2,145)	10,455
Changes in:		
Accounts receivable	46,853	13,928
Prepays and other assets	(11,215)	(1,697)
Accounts payable and accrued expenses	15,718	35,218
Advance deposits	<u>(165,693)</u>	<u>111,564</u>
Net cash provided by operating activities	<u>121,010</u>	<u>509,014</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	(14,454)	(29,869)
Purchase of investments	<u>(277,795)</u>	<u>(243,230)</u>
Net cash used in investing activities	<u>(292,249)</u>	<u>(273,099)</u>
Cash Flows from Financing Activities:		
Proceeds from Paycheck Protection Program	<u>10,000</u>	-
Net increase (decrease) in cash and cash equivalents	(161,239)	235,915
Cash and Cash Equivalents:		
Beginning	<u>625,143</u>	<u>389,228</u>
Ending	<u>\$ 463,904</u>	<u>\$ 625,143</u>

See accompanying notes to the financial statements.

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Notes to Financial Statements

June 30, 2020 and 2019

(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 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 accounting principles generally accepted in the United States of America (U.S. GAAP).

(b) Financial statement presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Notes to Financial Statements

June 30, 2020 and 2019

Summary of Significant Accounting Policies (continued)

Contributions received are recorded as either net assets with or without donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose restrictions. Restricted contributions whose restrictions are met in the same period are shown as increases in net assets with donor restrictions with a corresponding transfer to those without.

(c) Estimates

The preparation of financial statements in conformity with 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.

(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.

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Notes to Financial Statements

June 30, 2020 and 2019

Summary of Significant Accounting Policies (continued)

(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. Realized and 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

On July 1, 2019, the Organization adopted FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which requires that an entity evaluate whether transactions should be accounted for as contributions or as exchange transactions and determining whether a contribution is conditional. The Organization has implemented ASU 2018-08 applicable to contributions made in the accompanying financial statements under the full prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

(j) Advanced deposits

Cash received from students for future student trips is 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.

(l) 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, 2019, from which the summarized information was derived.

(m) Subsequent events

The Organization evaluated subsequent events through May 12, 2021, the date the Organization's financial statements were available to be used.

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Notes to Financial Statements

June 30, 2020 and 2019

Summary of Significant Accounting Policies (continued)

(n) 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.

(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, 2020 and 2019:

	Useful life in years	2020	2019
Land		\$ 44,763	\$ 44,763
Vehicles	3 - 5	68,057	68,057
Equipment	5 - 10	147,866	136,986
Building	40	329,505	329,505
Furniture	5 - 7	109,700	105,947
Books	3	70,000	69,500
		769,891	754,758
Less accumulated depreciation		(432,148)	(400,841)
Property, land and equipment, net		\$ 337,743	\$ 353,917

Depreciation expense for the years ended June 30, 2020 and 2019 was \$32,479 and \$35,605, 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.

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Notes to Financial Statements

June 30, 2020 and 2019

Fair Value Measurement of Investments (continued)

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.

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, 2020 and 2019:

	June 30, 2020		
	Cost	Fair Market Value	Unrealized Gain
Money market funds	\$ 449,604	\$ 449,604	\$ -
Short-term duration mutual funds	<u>1,480,831</u>	<u>1,485,473</u>	<u>4,642</u>
	<u>\$ 1,930,435</u>	<u>\$ 1,935,077</u>	<u>\$ 4,642</u>
	June 30, 2019		
	Cost	Fair Market Value	Unrealized Gain
Money market funds	\$ 202,799	\$ 202,799	\$ -
Short-term duration mutual funds	<u>1,451,692</u>	<u>1,454,189</u>	<u>2,497</u>
	<u>\$ 1,654,491</u>	<u>\$ 1,656,988</u>	<u>\$ 2,497</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, 2020 and 2019

(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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 1,656,988	\$ 1,424,213
Contributions	246,700	200,250
Investment income	105	478
Change in market value	31,284	32,317
Fees	<u>-</u>	<u>(270)</u>
	<u>\$ 1,935,077</u>	<u>\$ 1,656,988</u>

(7) Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted as follows:

	<u>2020</u>	<u>2019</u>
Abreu Development	\$ 67,302	\$ 76,531
Callejon Park	-	1,492
Community Support	8,808	49,863
Luceros Grant	37,491	20,143
Montessori Programs	95,948	46,480
Public Library	107,641	139,285
Summer School & Camps	12,765	-
Young Stars	<u>82,840</u>	<u>69,168</u>
	<u>\$ 412,795</u>	<u>\$ 402,962</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.

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Notes to Financial Statements

June 30, 2020 and 2019

(9) Donated Services and Materials

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

	<u>2020</u>	<u>2019</u>
Educational material	\$ 17,575	\$ 29,803
In-kind services	<u>174,795</u>	<u>195,687</u>
Total	<u>\$ 192,370</u>	<u>\$ 225,490</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, 2020 and 2019, the net activity for service learning trips was \$131,836 and \$235,246, 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>2020</u>	<u>2019</u>
Other Events:		
Revenue	\$ 4,670	\$ 9,321
In-kind revenue	-	7,967
Less:		
Direct expenses	-	(4,252)
In-kind expenses	<u>-</u>	<u>(5,861)</u>
	<u>4,670</u>	<u>7,175</u>
 New York City Event (Sueños):		
Revenue	198,943	184,200
In-kind revenue	30,350	25,502
Less:		
Direct expenses	(52,036)	(58,370)
In-kind expenses	<u>(30,350)</u>	<u>(29,002)</u>
	<u>146,907</u>	<u>122,330</u>

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Notes to Financial Statements

June 30, 2020 and 2019

Special Events (continued)

	<u>2020</u>	<u>2019</u>
Santo Domingo Event:		
Revenue	850	21,279
Less:		
Direct expenses	<u>-</u>	<u>(786)</u>
	<u>850</u>	<u>20,493</u>
 Dom Joe Action Event		
Revenue	2,340	-
In-kind revenue	23,297	-
Less:		
Direct expenses	-	-
In-kind expenses	<u>(24,288)</u>	<u>-</u>
	<u>1,349</u>	<u>-</u>
 Best of the Best Event		
Revenue	61,205	-
Less:		
Direct expenses	<u>(27,111)</u>	<u>-</u>
	<u>34,094</u>	<u>-</u>
 Total special events	<u>\$ 187,870</u>	<u>\$ 149,998</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 2017.

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Notes to Financial Statements

June 30, 2020 and 2019

(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, 2020 and 2019, contributions received from Board members and their related companies, totaled \$462,901 and \$405,128, 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, 2020 and 2019, the Organization received \$317,750 (69% of all related party revenue and support) and \$301,011 (74% of all related party 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 51,109	\$ 222,181
Accounts receivable	<u>73,516</u>	<u>120,369</u>
	<u>\$ 124,625</u>	<u>\$ 342,550</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) COVID-19 Relief

In April 2020, the Organization received a loan of \$10,000 under the Paycheck Protection Program issued by the Small Business Administration. In March 2021, management received notification they have met all qualifications to receive full forgiveness and therefore has recognized the proceeds on the accompanying statement of activities for the year ended June 30, 2020.

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

Notes to Financial Statements

June 30, 2020 and 2019

(16) Uncertainty

COVID-19 continues to cause financial market unrest as the economy slowly begins to open back up. The ultimate impact of this event on the Organization's operations and financial statements is unknown as of the date of the independent auditors' report.

(17) Subsequent Event

In March 2021, the Organization received a Second Draw Paycheck Protection Program loan that amounted to \$9,375. The Organization expects this loan to be forgiven