

THE DREAMYARD PROJECT, INC.
(a nonprofit organization)
FINANCIAL STATEMENTS
JUNE 30, 2012 and 2011

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
The DreamYard Project, Inc.

We have audited the accompanying financial statements of The DreamYard Project, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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 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 The DreamYard Project, Inc. as of June 30, 2012 and 2011, 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.

Harvey Ginsberg & Co. CPAs P.C.

HARVEY GINSBERG & COMPANY CPA's P.C.

Briarcliff Manor, New York
April 29, 2013

THE DREAMYARD PROJECT, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30,

	2012	2011
ASSETS		
Current Assets:		
Cash	\$ 375,640	805,408
Contributions and service fees receivable (allowance for doubtful accounts of zero)	321,257	171,387
Prepaid expense	<u>7,426</u>	<u>9,225</u>
Total Current Assets	704,323	986,020
Fixed Assets:		
Furniture and fixtures	52,444	40,810
Equipment	255,809	184,018
Leasehold improvements	105,855	105,855
Less: Accumulated depreciation	<u>(209,737)</u>	<u>(168,521)</u>
	<u>204,371</u>	<u>162,162</u>
TOTAL ASSETS	<u>\$ 908,694</u>	<u>1,148,182</u>
LIABILITIES & NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expense	\$ 11,342	825
Pass-through grants payable	- 0 -	- 0 -
Unearned program contract fees	<u>34,509</u>	<u>361,000</u>
Total Liabilities	<u>45,851</u>	<u>361,825</u>
Net Assets:		
Unrestricted	862,843	786,357
Temporarily restricted	<u>- 0 -</u>	<u>- 0 -</u>
Total Net Assets	<u>862,843</u>	<u>786,357</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 908,694</u>	<u>\$ 1,148,182</u>

See accompanying notes to the financial statements.
See accountants' report.

**THE DREAMYARD PROJECT, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,**

	2012	2011
Cash flows from operating activities:		
Increase in net assets	\$ 76,486	117,579
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	41,216	38,756
Changes in operating assets and liabilities:		
Increase in contributions and service fees receivable	(149,870)	(33,248)
Decrease in prepaid expense	1,799	3,026
Increase in accounts payable and accrued expense	10,517	825
(Decrease) increase in unearned program contract fees	<u>(326,491)</u>	<u>301,000</u>
Net cash (used in) provided by operations	(346,343)	427,938
Cash flows from investing activities:		
Purchases of furniture, fixtures and equipment	<u>(83,425)</u>	<u>(99,987)</u>
Net cash used in investing activities	<u>(83,425)</u>	<u>(99,987)</u>
Cash flows from financing activities:		
Net cash used in financing activities	<u>- 0 -</u>	<u>- 0 -</u>
Net increase (decrease) in cash	(429,768)	327,951
Cash, beginning of year	<u>805,408</u>	<u>477,457</u>
Cash, end of year	<u>\$ 375,640</u>	<u>805,408</u>

See accompanying notes to the financial statements.
See accountants' report.

THE DREAMYARD PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 and 2011

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

The DreamYard Project, Inc. (“DreamYard” or “The Organization”) uses project-based arts learning to ignite the transformative spirit in youth, schools and communities in New York City. Through a series of comprehensive school-based and out-of-school programs DreamYard helps young people pursue educational pathways toward higher learning and meaningful careers. DreamYard believes that the goal of arts education is to help youth develop their voices, become deeply engaged in learning and make positive changes in their communities. Programs are offered during the school day, after school, on weekends, and during the summer months.

On February 26, 2008 DreamYard filed papers with the State of New York to change the name of the organization to The DreamYard Project, Inc. from its prior name of The DreamYard Drama Project, Inc.

Basis of Accounting, Contributions and Program Service Fees

The financial statements are prepared on the accrual method of accounting. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Contributions, including unconditional promises to give, are recognized in the period received.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fixed Assets

Fixed assets are recorded at cost and are depreciated using the straight-line method over their estimated useful life of three to ten years.

Functional Expense

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

(Continued)

THE DREAMYARD PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 and 2011

NOTE 2 – ADMINISTRATION OF FUNDING

On occasion, DreamYard receives and administers funds for organizations that were not able to directly receive public funding. These are referred to as “pass-through grants”. Under these arrangements, DreamYard agrees to use funds provided by a donor on behalf of a beneficiary designated by said donor. Under SFAS No. 136, *Transfer of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others* such funding is to be recorded as a liability of the Organization to the beneficiary.

NOTE 3 – UNINSURED CASH BALANCES

As of June 30, 2012 and 2011, the Organization had cash balances at local banks, which exceeded the amount insured by the FDIC in the amount of approximately \$126,000 and \$555,000, respectively.

NOTE 4 – COMMITMENTS & CONTINGENCIES

During the year ended June 30, 2009, DreamYard entered into a non-cancelable, five year operating lease for its office space, which also has program facilities as well. On September 1, 2012 the Organization signed an amendment to this lease with the same landlord to reflect additional space included in the lease terms. In addition DreamYard has an option to extend this lease for an additional five year period.

Future minimum lease payments under the noncancellable office lease are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2013	85,917
2014	105,678
2015	108,848
2016	18,230
Thereafter	- 0 -
	<u>\$ 318,673</u>

(Continued)

THE DREAMYARD PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 and 2011

NOTE 5 – RETIREMENT PLAN

DreamYard has a defined contribution retirement plan. Under this plan, employees are able to defer part of their salary to this plan. At present, there is no obligation for the Organization to match these employee salary deferrals.

NOTE 6 – BANK CREDIT FACILITY

The Organization maintains a credit facility with a bank whereby it is permitted to borrow up to a maximum of \$250,000 under a line of credit facility for working capital purposes. As of June 30, 2012 and 2011 there was no balance outstanding on this credit facility.