

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

**FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION**

JUNE 30, 2010 AND 2009

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of Dominican Republic Education and Mentoring Project, Inc. (a not-for-profit corporation) as June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Lutz + Carr, LLP

New York, New York
July 28, 2011

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash and cash equivalents (Note 1b)	\$ 146,780	\$ 184,558
Unconditional promise to give (Notes 1c and 3)		
Unrestricted	12,416	26,246
Restricted	-	96,589
Prepaid expenses and other assets	12,261	12,461
Security deposits	914	794
Property and equipment, at cost, net of accumulated depreciation (Notes 1d and 4)	<u>372,865</u>	<u>275,828</u>
Total Assets	<u>\$ 545,236</u>	<u>\$ 596,476</u>
Liabilities and Net Assets		
Liabilities		
Accrued expenses	\$ 14,359	\$ 13,520
Deferred revenue	-	18,700
Total Liabilities	<u>14,359</u>	<u>32,220</u>
Commitment and Contingency (Note 6)		
Net Assets		
Unrestricted	464,596	388,368
Temporarily restricted (Note 2)	<u>66,281</u>	<u>175,888</u>
Total Net Assets	<u>530,877</u>	<u>564,256</u>
Total Liabilities and Net Assets	<u>\$ 545,236</u>	<u>\$ 596,476</u>

See notes to financial statements.

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Changes in Unrestricted Net Assets		
Revenue and Support		
Contributions	\$ 407,475	\$ 561,671
Donated services and materials (Note 5)	358,109	504,817
Project service fees	79,713	70,998
Interest income	267	559
Other income	2,958	255
	<u>848,522</u>	<u>1,138,300</u>
Net assets released from restrictions		
Satisfaction of program restrictions	<u>128,494</u>	<u>136,699</u>
Total Unrestricted Revenue and Support	<u>977,016</u>	<u>1,274,999</u>
Expenses		
Program Services		
Summer camp	245,199	408,008
Montessori	135,164	202,091
Other programs	326,304	342,946
Total Program Services	<u>706,667</u>	<u>953,045</u>
Supporting Services		
Management and general	133,513	135,592
Fundraising	<u>60,608</u>	<u>105,657</u>
Total Expenses	<u>900,788</u>	<u>1,194,294</u>
Increase in Unrestricted Net Assets	<u>76,228</u>	<u>80,705</u>
Changes in Temporarily Restricted Net Assets		
Contributions	18,887	79,299
Net realized and unrealized losses on investments	-	(6,532)
Net assets released from restrictions	<u>(128,494)</u>	<u>(136,699)</u>
Decrease in Temporarily Restricted Net Assets	<u>(109,607)</u>	<u>(63,932)</u>
Increase (decrease) in net assets	(33,379)	16,773
Net assets, beginning of year	<u>564,256</u>	<u>547,483</u>
Net Assets, End of Year	<u><u>\$ 530,877</u></u>	<u><u>\$ 564,256</u></u>

See notes to financial statements.

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (33,379)	\$ 16,773
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	27,887	19,677
Realized loss on sale of investments	-	92,652
Unrealized gain on investments	-	(86,120)
(Increase) decrease in:		
Unconditional promise to give	110,419	155,372
Prepaid expenses and other assets	200	(5,915)
Security deposits	(120)	348
Increase (decrease) in:		
Accrued expenses	839	2,966
Deferred revenue	(18,700)	(21,300)
Net Cash Provided By Operating Activities	<u>87,146</u>	<u>174,453</u>
Cash Flows From Investing Activities		
Purchase of investments	-	(15,990)
Sale of investments	-	16,458
Purchase of property and equipment	(124,924)	(56,537)
Net Cash Used By Investing Activities	<u>(124,924)</u>	<u>(56,069)</u>
Net increase (decrease) in cash and cash equivalents	(37,778)	118,384
Cash and cash equivalents, beginning of year	<u>184,558</u>	<u>66,174</u>
Cash and Cash Equivalents, End of Year	<u>\$ 146,780</u>	<u>\$ 184,558</u>

See notes to financial statements.

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2010 AND 2009****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

The Dominican Republic Education and Mentoring Project, Inc. is a not-for-profit organization that works to improve the education of poor children in the Dominican Republic. The Dominican Republic Education and Mentoring Project, Inc. collects and distributes school supplies, provides scholarships; builds classrooms, libraries, computer labs, play areas; recruits, trains, and places volunteer teachers; trains native Dominican teachers; and operates two pre-schools.

b - Cash and Cash Equivalents

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

c - Contributions and Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. Amounts received that are designated for future periods and all other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

d - Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided on 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.

e - Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of assets: unrestricted, temporarily restricted and permanently restricted net assets.

f - Estimates

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

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

g - Tax Status

Dominican Republic Education and Mentoring Project, Inc. is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. Management has evaluated all income tax positions and concluded that no disclosures related to uncertain tax positions are required in the financial statements.

h - Subsequent Events

The Organization has evaluated subsequent events through July 28, 2011, the date that the financial statements are considered available to be issued.

Note 2 - Restrictions on Net Assets

Temporarily restricted net assets are restricted for future programs.

Note 3 - Unconditional Promises to Give

Unconditional promises to give are due in less than one year. Uncollectible promises are expected to be insignificant.

Note 4 - Property and Equipment

Property and equipment consist of:

	<u>Life</u>	<u>2010</u>	<u>2009</u>
Building and improvements	40 years	\$296,034	\$189,323
Equipment	5 years	98,361	86,854
Furniture and furnishings	5 years	31,313	26,652
Library	3 years	<u>19,170</u>	<u>17,750</u>
		444,878	320,579
Less: Accumulated depreciation		<u>(92,013)</u>	<u>(64,751)</u>
		352,865	255,828
Land		<u>20,000</u>	<u>20,000</u>
		<u>\$372,865</u>	<u>\$275,828</u>

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

Note 4 - Property and Equipment (continued)

Depreciation expense for the years ended June 30, 2010 and 2009 was \$27,887 and \$19,677, respectively.

Note 5 - Donated Services and Materials

Donated services and materials are comprised of:

	<u>2010</u>	<u>2009</u>
Professional services	\$332,209	\$342,809
Food and lodging	11,467	66,805
School supplies and meals	11,219	27,869
Health	1,994	900
Bookkeeping	1,220	6,000
Advertising	-	18,020
Legal services	-	40
Office supplies	-	640
Field trips	-	10,364
Transportation	-	5,665
Books	-	24,705
Furniture	-	1,000
	<u>\$358,109</u>	<u>\$504,817</u>

Note 6 - Commitment and Contingency

a - The Organization occupies office space in the United States and Dominican Republic. The minimum annual rental payments under its leases are as follows:

<u>Year Ending June 30,</u>	
2011	\$6,813
2012	5,227
Thereafter, through December 1, 2012	2,128

Rent expense for the years ended June 30, 2010 and 2009 was \$15,707 and \$18,505, respectively.

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

Note 6 - Commitment and Contingency (continued)

b - Government supported projects are subject to audit by the granting agency.

Note 7 - Functional Allocation of Expenses

The cost of providing the various program and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and the supporting services in reasonable ratios determined by management.

ADDITIONAL INFORMATION



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**INDEPENDENT AUDITORS' REPORT ON
ADDITIONAL INFORMATION**

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

Our report on our audits of the basic financial statements of Dominican Republic Education and Mentoring Project, Inc. for 2010 and 2009 appears on page 1. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Functional Expenses for the year ended June 30, 2010 with comparative totals for 2009 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lutz + Carr, LLP

New York, New York
July 28, 2011

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2010 WITH COMPARATIVE TOTALS FOR 2009

	Program Services				Supporting Services		2010	2009 *
	Summer Camp	Montessori	Other Programs	Total	Management and General	Fundraising	Total Expenses	Total Expenses
Salaries, fees, payroll taxes and fringe benefits	\$ 32,157	\$ 83,192	\$ 97,815	\$213,164	\$ 58,007	\$ 45,007	\$316,178	\$ 332,355
Volunteer professional services	126,997	10,899	186,127	324,023	-	-	324,023	433,144
Insurance	264	2,500	-	2,764	-	-	2,764	2,878
Brochures and advertising expense	489	-	-	489	-	1,638	2,127	15,669
Fundraising fees	-	-	-	-	-	6,360	6,360	12,972
Program development	-	-	8,285	8,285	233	225	8,743	10,561
Bank and other charges	-	-	-	-	1,713	-	1,713	3,779
Office supplies and expenses	1,598	4,421	5,353	11,372	4,860	-	16,232	9,193
School supplies	11,992	3,243	7,581	22,816	-	-	22,816	58,298
Meals for students, teachers and staff	19,740	8,659	1,832	30,231	-	1,233	31,464	31,147
Summer camp volunteer food and lodging	-	-	-	-	-	-	-	103,928
Professional fees	-	-	528	528	20,008	-	20,536	32,636
Telephone	845	330	2,617	3,792	4,754	1,449	9,995	18,212
Postage	-	-	-	-	566	21	587	3,770
Printing and copying	639	570	-	1,209	379	-	1,588	2,899
Occupancy	2,762	279	-	3,041	12,666	-	15,707	18,505
Staff development	-	11,298	14	11,312	-	-	11,312	3,347
Transportation	41,742	5,618	13,922	61,282	1,854	4,675	67,811	81,274
Depreciation	-	-	-	-	27,887	-	27,887	19,677
Miscellaneous expenses	5,974	4,155	2,230	12,359	586	-	12,945	50
Total Expenses, 2010	<u>\$245,199</u>	<u>\$ 135,164</u>	<u>\$326,304</u>	<u>\$706,667</u>	<u>\$ 133,513</u>	<u>\$ 60,608</u>	<u>\$900,788</u>	
Total Expenses, 2009	<u>\$408,008</u>	<u>\$ 202,091</u>	<u>\$342,946</u>	<u>\$953,045</u>	<u>\$ 135,592</u>	<u>\$ 105,657</u>		<u>\$1,194,294</u>

* Certain amounts have been reclassified for comparative purposes.

See independent auditors' report for additional information.