

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

**FINANCIAL STATEMENTS  
AND  
ADDITIONAL INFORMATION**

**JUNE 30, 2009 AND 2008**

**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, 2009 and 2008, 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, 2009 and 2008, 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  
April 30, 2010

## DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Cash and cash equivalents (Note 1b)	\$ 184,558	\$ 66,174
Investments (Notes 1c and 3)	-	7,000
Unconditional promises to give (Notes 1d and 4)		
Unrestricted	26,246	-
Restricted	96,589	278,207
Prepaid expenses	12,461	6,546
Security deposits	794	1,142
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 5)	<u>275,828</u>	<u>238,968</u>
<b>Total Assets</b>	<u><u>\$ 596,476</u></u>	<u><u>\$ 598,037</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accrued expenses	\$ 13,520	\$ 10,554
Deferred revenue	18,700	40,000
Total Liabilities	<u>32,220</u>	<u>50,554</u>
Commitment and Contingency (Note 7)		
Net Assets		
Unrestricted	388,368	307,663
Temporarily restricted (Note 2)	<u>175,888</u>	<u>239,820</u>
Total Net Assets	<u>564,256</u>	<u>547,483</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 596,476</u></u>	<u><u>\$ 598,037</u></u>

See notes to financial statements.

## DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<b>Changes in Unrestricted Net Assets</b>		
Revenue and Support		
Contributions	\$ 561,671	\$ 649,608
Donated services and materials (Note 6)	504,817	355,783
Project service fees	70,998	111,882
Interest income	559	183
Other income	255	32
	<u>1,138,300</u>	<u>1,117,488</u>
Net assets released from restrictions		
Satisfaction of program restrictions	<u>136,699</u>	<u>-</u>
Total Unrestricted Revenue and Support	<u>1,274,999</u>	<u>1,117,488</u>
Expenses		
Program Services		
Summer camp	408,008	363,501
Montessori	202,091	230,804
Other programs	342,946	259,641
Total Program Services	<u>953,045</u>	<u>853,946</u>
Supporting Services		
Management and general	135,592	120,366
Fundraising	105,657	85,195
Total Expenses	<u>1,194,294</u>	<u>1,059,507</u>
Increase in Unrestricted Net Assets	<u>80,705</u>	<u>57,981</u>
<b>Changes in Temporarily Restricted Net Assets</b>		
Contributions	79,299	232,820
Net realized and unrealized losses on investments	(6,532)	(26,840)
Net assets released from restrictions	<u>(136,699)</u>	<u>-</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>(63,932)</u>	<u>205,980</u>
Increase in net assets	16,773	263,961
Net assets, beginning of year	<u>547,483</u>	<u>283,522</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 564,256</u></u>	<u><u>\$ 547,483</u></u>

See notes to financial statements.

## DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

## STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 16,773	\$ 263,961
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	19,677	18,567
Realized loss on sale of investments	92,652	-
Unrealized (gain) loss on investments	(86,120)	26,840
(Increase) decrease in:		
Unconditional promise to give	155,372	(273,207)
Prepaid insurance	(5,915)	(254)
Security deposits	348	(1,142)
Increase (decrease) in:		
Accrued expenses	2,966	5,982
Deferred revenue	(21,300)	17,600
Net Cash Provided By Operating Activities	<u>174,453</u>	<u>58,347</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of investments	(15,990)	-
Sale of investments	16,458	-
Purchase of property and equipment	<u>(56,537)</u>	<u>(37,637)</u>
Net Cash Used By Investing Activities	<u>(56,069)</u>	<u>(37,637)</u>
Net increase in cash and cash equivalents	118,384	20,710
Cash and cash equivalents, beginning of year	<u>66,174</u>	<u>45,464</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 184,558</u>	<u>\$ 66,174</u>

See notes to financial statements.

**DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2009 AND 2008****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 - Investments**

The Organization reflects investments at fair value in the statement of financial position. Donated securities are valued at the market value at the time of the gift. Unrealized gains and losses on investments are reflected in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Gains and investment income that are limited to specific uses by donor imposed restrictions are reported as increases in unrestricted net assets if the restrictions are met in the same fiscal year in which the gains and income are recognized.

**d - 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.

**e - 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.

**DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2009 AND 2008****Note 1 - Organization and Summary of Significant Accounting Policies (continued)**f - 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.

g - 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.

h - 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.

i - Subsequent Events

The Organization has evaluated subsequent events through April 30, 2010, the date that the financial statements are considered available to be issued.

**Note 2 - Restriction on Net Assets**

Temporarily restricted net assets are restricted for future programs.

**Note 3 - Investments**

Investments at June 30, 2008 were temporarily restricted and consisted of an equity security with a fair value of \$7,000 and a cost of \$93,120.

**Note 4 - Unconditional Promises to Give**

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



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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009 AND 2008**

**Note 5 - Property and Equipment**

Property and equipment consist of:

	<u>Life</u>	<u>2009</u>	<u>2008</u>
Capital construction	40 years	\$189,323	\$189,323
Equipment	5 years	86,854	61,066
Furniture and furnishings	5 years	26,652	13,653
Library assets	3 years	<u>17,750</u>	<u>-</u>
		320,579	264,042
Less: Accumulated depreciation		<u>(64,751)</u>	<u>(45,074)</u>
		255,828	218,968
Land		<u>20,000</u>	<u>20,000</u>
		<u>\$275,828</u>	<u>\$238,968</u>

Depreciation expense for the years ended June 30, 2009 and 2008 was \$19,677 and \$18,567, respectively.

**Note 6 - Donated Services and Materials**

Donated services and materials are comprised of:

	<u>2009</u>	<u>2008</u>
Advertising	\$ 18,020	\$ 3,360
Bookkeeping	6,000	-
Office supplies	640	4,907
School supplies and meals	27,869	54,920
Field trips	10,364	-
Transportation	5,665	31,265
Food and lodging	66,805	-
Books	24,705	-
Furniture	1,000	-
Professional services	343,749	255,231
Legal services	<u>-</u>	<u>6,100</u>
	<u>\$504,817</u>	<u>\$355,783</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009 AND 2008**

**Note 7 - 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>	
2010	\$7,677
Thereafter, through November 30, 2010	2,275

Rent expense for the years ended June 30, 2009 and 2008 was \$18,505 and 15,550, respectively.

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

**Note 8 - Functional Allocation of Expenses**

The cost of providing the program and the 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**



**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 2009 and 2008 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 accompanying Schedule of Functional Expenses for the year ended June 30, 2009 with comparative totals for 2008 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  
April 30, 2010

## DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

## SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2009 WITH COMPARATIVE TOTALS FOR 2008

	Program Services			Total	Supporting Services		2009 Total Expenses	2008* Total Expenses
	Summer Camp	Montessori	Other Programs		Management and General	Fundraising		
Salaries and fees	\$ 31,046	\$ 79,617	\$ 61,709	\$172,372	\$ 51,428	\$ 64,868	\$ 288,668	\$ 289,127
Payroll taxes and fringe benefits	4,922	22,906	3,506	31,334	6,071	6,282	43,687	56,165
Volunteer professional services	164,236	34,777	234,131	433,144	-	-	433,144	278,816
Insurance	720	1,583	575	2,878	-	-	2,878	2,500
Brochures and advertising expense	11,500	-	-	11,500	-	4,169	15,669	15,483
Child sponsorship	-	-	-	-	-	-	-	3,484
Photography	-	-	-	-	-	-	-	1,076
Building projects and equipment	-	-	-	-	-	-	-	51,724
Fundraising fees	-	-	-	-	-	12,972	12,972	2,454
Program development	-	107	10,454	10,561	-	-	10,561	4,179
Bank and other charges	-	-	-	-	3,779	-	3,779	3,549
Office supplies and expenses	779	1,714	3,846	6,339	2,854	-	9,193	8,755
School supplies	20,672	24,813	12,813	58,298	-	-	58,298	77,034
Meals for students, teachers and staff	13,342	11,325	5,043	29,710	228	1,209	31,147	13,520
Summer camp volunteer food and lodging	103,928	-	-	103,928	-	-	103,928	51,794
Professional fees	-	1,621	-	1,621	31,015	-	32,636	28,031
Repairs and maintenance	-	-	-	-	50	-	50	8,284
Telephone	2,102	4,244	2,965	9,311	6,287	2,614	18,212	16,474
Postage	-	-	-	-	818	2,952	3,770	2,438
Printing and copying	-	-	2,669	2,669	230	-	2,899	227
Occupancy	7,829	-	-	7,829	10,676	-	18,505	15,550
Staff development	-	3,347	-	3,347	-	-	3,347	8,509
Transportation	46,932	16,037	5,235	68,204	2,479	10,591	81,274	92,470
Depreciation	-	-	-	-	19,677	-	19,677	18,567
Miscellaneous expenses	-	-	-	-	-	-	-	9,297
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>	
Total Expenses, 2008	<u>\$363,501</u>	<u>\$230,804</u>	<u>\$259,641</u>		<u>\$ 120,366</u>	<u>\$ 85,195</u>		<u>\$1,059,507</u>

\* Certain amounts have been reclassified for comparative purposes.

See independent auditors' report for additional information.