

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

**FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION**

JUNE 30, 2008 AND 2007

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

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INDEPENDENT AUDITOR'S 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, 2008 and 2007, 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, 2008 and 2007, 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, 2009

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash and cash equivalents (Note 1b)	\$ 66,174	\$ 45,464
Investments (Notes 1c and 3)	7,000	33,840
Unconditional promise to give (Notes 1d and 4)		
Unrestricted	-	5,000
Restricted	278,207	-
Prepaid expenses	6,546	6,292
Security deposits	1,142	-
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 5)	<u>238,968</u>	<u>219,898</u>
Total Assets	<u><u>\$ 598,037</u></u>	<u><u>\$ 310,494</u></u>
Liabilities and Net Assets		
Liabilities		
Accrued expenses	\$ 10,554	\$ 4,572
Deferred revenue	<u>40,000</u>	<u>22,400</u>
Total Liabilities	<u>50,554</u>	<u>26,972</u>
Commitment and Contingency (Note 7)		
Net Assets		
Unrestricted	307,663	249,682
Temporarily restricted (Note 2)	<u>239,820</u>	<u>33,840</u>
Total Net Assets	<u>547,483</u>	<u>283,522</u>
Total Liabilities and Net Assets	<u><u>\$ 598,037</u></u>	<u><u>\$ 310,494</u></u>

See notes to financial statements.

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Changes in Unrestricted Net Assets		
Revenue and Support		
Contributions	\$ 649,608	\$ 494,306
Contributions released from restriction	-	15,000
Donated services and materials (Note 6)	355,783	440,262
Project service fees	111,882	81,931
Interest income	183	618
Other income	32	133
	<u>1,117,488</u>	<u>1,032,250</u>
Total Unrestricted Revenue and Support		
Expenses		
Program Services	853,946	777,522
Supporting Services		
Management and general	120,366	89,205
Fundraising	85,195	68,014
	<u>1,059,507</u>	<u>934,741</u>
Total Expenses		
Increase in Unrestricted Net Assets	<u>57,981</u>	<u>97,509</u>
Changes in Temporarily Restricted Net Assets		
Contributions	232,820	-
Unrealized loss on investment	(26,840)	(21,560)
Released from restriction	-	(15,000)
	<u>205,980</u>	<u>(36,560)</u>
Increase (Decrease) in Temporarily Restricted Net Assets		
Increase in net assets	263,961	60,949
Net assets, beginning of year	<u>283,522</u>	<u>222,573</u>
Net Assets, End of Year	<u><u>\$ 547,483</u></u>	<u><u>\$ 283,522</u></u>

See notes to financial statements.

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 263,961	\$ 60,949
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	18,567	13,688
Unrealized loss on investments	26,840	21,560
(Increase) decrease in:		
Unconditional promise to give	(273,207)	10,000
Prepaid expenses	(254)	(1,467)
Security deposits	(1,142)	-
Increase (decrease) in:		
Accrued expenses	5,982	(1,326)
Deferred revenue	17,600	22,400
Net Cash Provided By Operating Activities	<u>58,347</u>	<u>125,804</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	<u>(37,637)</u>	<u>(164,149)</u>
Net increase (decrease) in cash and cash equivalents	20,710	(38,345)
Cash and cash equivalents, beginning of year	<u>45,464</u>	<u>83,809</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 66,174</u></u>	<u><u>\$ 45,464</u></u>

See notes to financial statements.

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2008 AND 2007****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 and 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, 2008 AND 2007

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.

Note 2 - Restriction on Net Assets

Temporarily restricted net assets are restricted for future programs.

Note 3 - Investments

Investments are temporarily restricted and consist of the following:

	2008		2007	
	Fair Value	Cost	Fair Value	Cost
Equity security	<u>\$7,000</u>	<u>\$93,120</u>	<u>\$33,840</u>	<u>\$93,120</u>

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, 2008 AND 2007

Note 5 - Property and Equipment

Property and equipment consist of:

	<u>Life</u>	<u>2008</u>	<u>2007</u>
Capital construction	40 years	\$189,323	\$187,732
Equipment	5 years	61,066	38,673
Furniture and fixtures	5 years	<u>13,653</u>	<u>-</u>
		264,042	226,405
Less: Accumulated depreciation		<u>(45,074)</u>	<u>(26,507)</u>
		218,968	199,898
Land		<u>20,000</u>	<u>20,000</u>
		<u>\$238,968</u>	<u>\$219,898</u>

Depreciation expense for the years ended June 30, 2008 and 2007 was \$18,567 and \$13,688, respectively.

Note 6 - Donated Services and Materials

Donated services and materials are comprised of:

	<u>2008</u>	<u>2007</u>
Advertising	\$ 3,360	\$ -
Legal services	6,100	2,120
Office supplies	4,907	-
School supplies and meals	54,920	25,302
Teacher training	-	200
Salary and fees	-	1,120
Transportation	31,265	13,385
Building project costs	-	8,750
Professional services	<u>255,231</u>	<u>389,385</u>
	<u>\$355,783</u>	<u>\$440,262</u>

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

Note 7 - Commitment and Contingency

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

<u>Year Ending June 30,</u>	
2009	\$8,181
Thereafter, through December 31, 2009	4,028

Rent expense for the years ended June 30, 2008 and 2007 was \$15,550 and \$9,833, respectively.

b - Government supported project 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 AUDITOR'S 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 2008 and 2007 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, 2008 with comparative totals for 2007 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, 2009

DOMINICAN REPUBLIC EDUCATION AND MENTORING PROJECT, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2008 WITH COMPARATIVE TOTALS FOR 2007

	Program Services	Supporting Services		2008	2007
		Management and General	Fundraising	Total Expenses	Total Expenses
Salaries and fees	\$214,495	\$ 23,822	\$ 50,810	\$ 289,127	\$192,255
Payroll taxes and fringe benefits	37,599	6,776	11,790	56,165	38,502
Volunteer professional services	330,610	-	-	330,610	451,973
Insurance	2,500	-	-	2,500	2,500
Brochures and advertising expense	-	-	15,483	15,483	6,592
Child sponsorship	3,484	-	-	3,484	1,994
Photography	-	-	1,076	1,076	3,308
Building projects and equipment	51,724	-	-	51,724	19,547
Fundraising fees	2,058	-	396	2,454	17,525
Program development	4,179	-	-	4,179	511
Bank and other charges	-	3,549	-	3,549	694
Office supplies and expenses	-	8,755	-	8,755	7,837
School supplies	77,034	-	-	77,034	33,716
Meals	13,520	-	-	13,520	6,848
Professional fees	3,826	24,205	-	28,031	20,627
Repairs and maintenance	7,854	430	-	8,284	18,198
Telephone	-	16,474	-	16,474	10,576
Postage	-	573	1,865	2,438	1,615
Printing and copying	-	227	-	227	316
Occupancy	-	15,550	-	15,550	9,833
Staff development	8,509	-	-	8,509	5,643
Transportation	89,523	1,326	1,621	92,470	63,084
Depreciation	-	18,567	-	18,567	13,688
Miscellaneous expenses	7,031	112	2,154	9,297	7,359
Total Expenses, 2008	<u>\$853,946</u>	<u>\$ 120,366</u>	<u>\$ 85,195</u>	<u>\$1,059,507</u>	
Total Expenses, 2007	<u>\$777,522</u>	<u>\$ 89,205</u>	<u>\$ 68,014</u>		<u>\$934,741</u>

See independent auditor's report on additional information.