

# **THE DREAM PROGRAM, INC.**

**Executive Director's Report**

**Financial Statements**

Year Ended December 31, 2003

# THE DREAM PROGRAM, INC.

## STATEMENT OF FINANCIAL POSITION (UNAUDITED)

DECEMBER 31, 2003

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### ASSETS

#### CURRENT ASSETS:

Cash and cash equivalents	\$ 23,761
Unrestricted contributions receivable	-
Temporarily restricted contributions receivable	40,237
Accounts receivable	13,400
Employees and volunteers receivable	-
Inventory	-
	<hr/>
Total current assets	<u>77,397</u>

#### LONG-TERM ASSETS:

Property and equipment	10,257
Accumulated depreciation	<u>(5,257)</u>
	<hr/>
Total property and equipment, net	<u>5,000</u>

Cash restricted for college accounts	272
Other temporarily restricted assets	<u>63,948</u>
	<hr/>
Total long-term assets	<u>69,220</u>

TOTAL ASSETS \$ 146,617

### LIABILITIES AND NET ASSETS

#### CURRENT LIABILITIES

Current portion of long-term debt	\$ -
Employees and volunteers payable	628
Accounts payable	-
Accrued payroll	-
	<hr/>
Total current liabilities	<u>628</u>

#### LONG-TERM LIABILITIES:

Long-term debt minus current portion	-
	<hr/>
Total long-term liabilities	-
	<hr/>
Total liabilities	<u>628</u>

#### NET ASSETS:

Net assets, beginning of year	38,629
Unrestricted net income	16,179
Temporarily restricted net income	<u>91,181</u>
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Total net assets	<u>145,990</u>

TOTAL LIABILITIES AND NET ASSETS \$ 146,617

See notes to financial statements.

# THE DREAM PROGRAM, INC.

## STATEMENT OF ACTIVITIES (UNAUDITED) YEAR ENDED DECEMBER 31, 2003

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	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT:			
Contributions	\$ 21,234	\$ 129,096	\$ 150,330
Fees	68,656	-	68,656
Investment income	56	0	56
Sales to public	166	-	166
Other	5,894	14,048	19,942
Net assets released from restrictions:			
Satisfaction of program restrictions	51,963	(51,963)	-
Satisfaction of equipment acquisition restrictions	-	-	-
Expiration of time restrictions	-	-	-
Total revenues	<u>147,970</u>	<u>91,181</u>	<u>239,150</u>
FUNCTIONAL EXPENSES:			
Program Services:			
Local programs	56,589	-	56,589
High adventure	34,305	-	34,305
Camp DREAM	<u>10,782</u>	<u>-</u>	<u>10,782</u>
Total program services	<u>101,676</u>	<u>-</u>	<u>101,676</u>
Supporting Services:			
General and administrative	20,863	-	20,863
Fundraising	<u>9,251</u>	<u>-</u>	<u>9,251</u>
Total supporting services	<u>30,114</u>	<u>-</u>	<u>30,114</u>
Total functional expenses	<u>131,790</u>	<u>-</u>	<u>131,790</u>
TOTAL INCREASE (DECREASE) IN NET ASSETS	16,179	91,181	107,360
NET ASSETS, BEGINNING OF YEAR	<u>25,354</u>	<u>13,276</u>	<u>38,629</u>
NET ASSETS, END OF YEAR	<u>\$ 41,533</u>	<u>\$ 104,457</u>	<u>\$ 145,990</u>

See notes to financial statements.

# THE DREAM PROGRAM, INC.

## STATEMENT OF FUNCTIONAL EXPENSES (UNAUDITED)

YEAR ENDED DECEMBER 31, 2003

	Program Services				Supporting Services			Total Expenses
	Local Programs	High Adventure	Camp DREAM	Total	General and Administrative	Fundraising	Total	
FUNCTIONAL EXPENSES:								
Salaries and related expenses	\$ 31,960	\$ 7,299	\$ 8,000	\$ 47,259	\$ 5,000	\$ 8,000	\$ 13,000	\$ 60,259
Payroll taxes and benefits	3,125	684	782	4,592	489	782	1,271	5,863
Professional services	-	-	1,186	1,186	956	-	956	2,143
Supplies	8,023	8,068	-	16,091	7,976	123	8,099	24,190
Postage	-	767	-	767	251	108	359	1,126
Travel and transportation	1,473	13,504	-	14,976	20	38	58	15,034
Activities	2,107	2,096	-	4,203	-	-	-	4,203
Lodging	211	968	-	1,179	-	-	-	1,179
Risk management	8,109	-	-	8,109	1,545	-	1,545	9,654
Office and occupancy	-	-	-	-	612	-	612	612
Staff development	370	266	71	708	534	-	534	1,242
Dues and subscriptions	-	-	50	50	434	-	434	484
Interest and fees	134	69	-	203	4	-	4	207
Depreciation	1,078	-	-	1,078	2,941	-	2,941	4,019
Cost of goods sold	-	-	-	-	-	-	-	-
Other costs	-	585	692	1,277	101	200	301	1,577
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 56,589</b>	<b>\$ 34,305</b>	<b>\$ 10,782</b>	<b>\$ 101,676</b>	<b>\$ 20,863</b>	<b>\$ 9,251</b>	<b>\$ 30,114</b>	<b>\$ 131,790</b>

See notes to financial statements.

# THE DREAM PROGRAM, INC.

## STATEMENT OF CASH FLOWS (UNAUDITED)

YEAR ENDED DECEMBER 31, 2003

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### CASH FLOWS FROM OPERATING ACTIVITIES:

Net (decrease) increase in net assets	\$ 107,360
Adjustments to reconcile net (decrease) increase in net assets to net cash (used in) provided by operating activities:	
Depreciation	4,019
Increase (decrease) in cash and cash equivalents as a result of a change in:	
Advances and other receivables	5,430
Grants receivable	(40,237)
Cash restricted for college accounts	4
Other temporarily restricted assets	(50,948)
Inventory	6,704
Other assets	-
Accounts payable and accrued liabilities	(8,479)
Net cash used in operating activities	<u>23,853</u>

### CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment	-
Proceeds from sales of investments	-
Purchases of investments	-
Purchase of land	(5,000)
Net cash provided by (used in) investing activities	<u>(5,000)</u>

### CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from contributions restricted for:	
Investment in endowment	-
Investment in plant	-
Investment subject to annuity agreements	-
Other financing activities:	
Interest and dividends restricted for reinvestment	-
Payments of annuity obligation	-
Payments on notes payable	-
Payments on long-term debt	-
Net cash provided by (used in) financing activities	<u>-</u>

INCREASE IN CASH AND CASH EQUIVALENTS	18,853
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,907</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 23,761</u></u>

See notes to financial statements.

# THE DREAM PROGRAM, INC.

## NOTES TO FINANCIAL STATEMENTS (UNAUDITED) YEAR ENDED DECEMBER 31, 2003

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### 1. NATURE OF ORGANIZATION

The DREAM Program, Inc. ("DREAM") was incorporated on November 20, 2001. With offices in Winooski, Vermont, DREAM is an independent non-profit organization dedicated to reducing the effects of poverty on children by initiating and supporting mentoring programs between residents of government subsidized housing developments in Vermont and college students with campuses in Vermont and New Hampshire. *DREAM's mission is to create communities of families and college students that empower children from disadvantaged circumstances to recognize their options, make informed decisions, and achieve their dreams.* DREAM is recognized as tax exempt by the Internal Revenue Service, which has granted DREAM 501(c)(3) status.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Basis of presentation*** - Net assets, revenues and expenses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, the net assets of DREAM and the changes therein are classified and reported as follows:

- Unrestricted net assets - net assets that are not subject to donor- or grantor-imposed restrictions.
- Temporarily restricted net assets - contributions, grants, and income whose use by DREAM has been limited by donors or grantors to a specific time or purpose.
- Permanently restricted net assets - net assets subject to donor-imposed stipulations that are maintained permanently by DREAM. DREAM had no permanently restricted net assets in 2003.

***Cash and cash equivalents*** - Cash and cash equivalents consist of cash on deposit with banks.

***Investments*** - Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the statements of activities.

***Federal income tax*** - DREAM has been determined to be a tax-exempt, nonprofit organization under Section 501(c) of the Internal Revenue Code (the "Code") and is exempt from federal income tax on related income pursuant to Section 501(a) of the Code. Accordingly, no provision for federal income tax has been recorded in the accompanying financial statements.

***Contributions and grants*** - Contributions and grants are received from individuals, private industry, foundations, and government agencies. Contributions and grants may be designated by the donor for a specific project or given as a general contribution. All contributions and grants are considered to be available for general use unless specifically restricted by the donor. Contributions and grants, including unconditional promises to give, are recorded when made. Grants from U.S. Government agencies are recorded in the period in which the funds become receivable on a letter of credit. Contributions and grants received for services which are required to be performed in future periods are accounted for as temporarily restricted assets. Amounts received which are required by the donor to be passed on to other organizations are recorded as a liability until the transfer is made.

***Use of estimates*** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements. Actual results could differ from those estimates.

### 3. CORRECTIONS

In DREAM's financial statements for year ended December 31, 2002, the following was recorded in the Statement of Financial Position:

#### LONG-TERM ASSETS:

Property and equipment	5,247
Accumulated depreciation	<u>(1,238)</u>
Total property and equipment, net	<u>4,009</u>

These figures were in error. The following should have been recorded, with the increased assets carried throughout the financial statements:

#### LONG-TERM ASSETS:

Property and equipment	5,257
Accumulated depreciation	<u>(1,238)</u>
Total property and equipment, net	<u>4,019</u>

This error has been corrected for the financial statements for year ended December 31, 2003. This document and attached financial statements reflect the required corrections.

### 4. NOTES PAYABLE

Notes payable consist of the following at December 31, 2003:

EMPLOYEES PAYABLE	
Michael Foote	\$ 628
Total employees payable	<u>\$ 628</u>

Employees payable were accumulated in the form of purchases of equipment and supplies for DREAM. Employees will be reimbursed for their expenses in the exact amount of their purchase, with no interest accrued.

### 5. ACCOUNTS RECEIVABLE

TEMPORARILY RESTRICTED CONTRIBUTIONS RECEIVABLE	
Compassion Capital Fund Grant Receivable	\$ 40,237
Total temporarily restricted contributions receivable	<u>\$ 40,237</u>
OTHER ACCOUNTS RECEIVABLE	
Barre Housing Authority	\$ 3,200
Burlington Housing Authority	1,600
Winooski Housing Authority	<u>8,600</u>
Total other accounts receivable	<u>\$ 13,400</u>
Total accounts receivable	<u><u>\$ 53,637</u></u>

### 6. COMMITMENTS AND CONTINGENCIES

DREAM has no financial commitments or contingencies at December 31, 2003.

## 7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2003:

Property	\$ 5,000
Furniture, fixtures, and equipment	5,122
Less accumulated depreciation	(5,122)
Software	135
Less accumulated depreciation	<u>(135)</u>
Property and equipment, net	<u><u>\$ 5,000</u></u>

Computers, software, and furniture were completely depreciated in 2003 and all purchases of these items were considered to be expenses. DREAM made a \$5,000 non-refundable deposit on a 50-acre parcel of land in Fletcher, Vermont. This deposit will go towards the purchase price of the property. The closing date for sale of this property is set for May of 2004.

## 8. REVENUES, GAINS, AND OTHER SUPPORT

In the Statement of Activities, within the category "Revenues, gains, and other support," the following income was recorded:

### TEMPORARILY RESTRICTED CONTRIBUTIONS

#### Private foundations

Henderson Foundation (forest park start-up)	\$ 14,680
Vermont Community Foundation (forest park start-up)	4,129
Vermont Children's Trust Fund (summer programs)	7,750
Chittenden Housing Corporation (summer lunch program)	500
The Byrne Foundation (templeton high adventure)	<u>10,000</u>

Total private foundations \$ 37,059

#### Government

Compassion Capital Fund (received)	\$ 6,959
Compassion Capital Fund (receivable)	<u>40,237</u>

Total government \$ 47,195

#### Individuals

Camp DREAM contributions	\$ 41,455
High adventure contributions	<u>487</u>

Total individuals \$ 41,942

#### Organizations

Norwich Congregational Church (camping gear)	\$ 2,000
Vermont Campaign to End Childhood Hunger (summer lunch program)	500
The Tabard (camp dream)	<u>400</u>

Total organizations \$ 2,900

Total temporarily restricted contributions \$ 129,096

### TEMPORARILY RESTRICTED INVESTMENT INCOME

Interest on college savings contributions	<u>\$ 0.12</u>
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Total temporarily restricted investment income \$ 0.12



OTHER TEMPORARILY RESTRICTED INCOME	
High adventure fundraising events	\$ 13,603
Homeshow raffle for Camp DREAM	445
	<u>                    </u>
Total other temporarily restricted income	\$ 14,048
SATISFACTION OF PROGRAM RESTRICTIONS	
Satisfaction of program restrictions	\$ (51,963)
	<u>                    </u>
Total satisfaction of program restrictions	\$ (51,963)
	<u>                    </u>
Total temporarily restricted revenues, gains, and other support	\$ 91,181
	<u>                    </u>
UNRESTRICTED CONTRIBUTIONS	
Organizations	
The Waiting Room	\$ 287
Schoor DePalma	100
	<u>                    </u>
Total organizations	\$ 387
	<u>                    </u>
Individuals	
Unrestricted donations received	\$ 39,677
Unrestricted donations receivable (from 2002)	(18,830)
	<u>                    </u>
Total individuals	\$ 20,847
	<u>                    </u>
Total unrestricted contributions	\$ 21,234
	<u>                    </u>
FEES, UNRESTRICTED INCOME	
Housing authorities	
Burlington Housing Authority (received)	\$ 20,800
Burlington Housing Authority (receivable)	1,600
Winooski Housing Authority (received)	25,956
Winooski Housing Authority (receivable)	8,600
Barre Housing Authority (received)	7,700
Barre Housing Authority (receivable)	3,200
	<u>                    </u>
Total housing authorities	\$ 67,856
	<u>                    </u>
Organizations	
Mentoring Partnership of Orange and Windsor County	\$ 800
	<u>                    </u>
Total organizations	\$ 800
	<u>                    </u>
Total fees, unrestricted income	\$ 68,656
	<u>                    </u>
UNRESTRICTED INVESTMENT INCOME	
Money Market Interest	\$ 56
	<u>                    </u>
Total unrestricted investment income	\$ 56
	<u>                    </u>
SALES TO PUBLIC, UNRESTRICTED INCOME	
Bumper stickers	\$ 57
Shirts	109
	<u>                    </u>
Total sales to public, unrestricted income	\$ 166
	<u>                    </u>

OTHER UNRESTRICTED INCOME	
Local program fundraising events	<u>\$ 5,894</u>
Total other unrestricted income	<u>\$ 5,894</u>
SATISFACTION OF PROGRAM RESTRICTIONS	
Satisfaction of program restrictions	<u>\$ 51,963</u>
Total satisfaction of program restrictions	<u>\$ 51,963</u>
Total unrestricted revenues, gains, and other support	<u>\$ 147,970</u>
Total revenues, gains, and other support	<u>\$ 239,150</u>

**9. FUNCTIONAL EXPENSE SALARY ESTIMATES**

Estimates were made for the purpose of breaking salaries down into functional expense categories. The following estimates were made for 2003:

EXECUTIVE DIRECTOR	
Local programs	\$ 6,000
High adventure	2,000
Camp dream	4,000
General and administrative	5,000
Fundraising	<u>8,000</u>
Total executive director	<u>\$ 25,000</u>
PROGRAM DIRECTOR	
Local programs	\$ 16,000
High adventure	5,000
Camp dream	<u>4,000</u>
Total program director	<u>\$ 25,000</u>
HIGH ADVENTURE COORDINATOR	
High adventure	<u>\$ 299</u>
Total high adventure coordinator	<u>\$ 299</u>
SUMMER INTERNS	
Local programs	<u>\$ 9,960</u>
Total summer interns	<u>\$ 9,960</u>
Total local programs	<u>\$ 31,960</u>
Total high adventure	<u>\$ 7,299</u>
Total camp dream	<u>\$ 8,000</u>
Total general and administrative	<u>\$ 5,000</u>
Total fundraising	<u>\$ 8,000</u>
Total salaries	<u>\$ 60,259</u>

## 10. AMERICORPS\*VISTA MEMBERS

In addition to paid staff members, DREAM is a sponsoring organization for AmeriCorps\*VISTA. In 2003, DREAM held three full-time AmeriCorps\*VISTA positions. The AmeriCorps\*VISTA members are recruited, hired, and managed by DREAM, but their compensation is paid by the Corporation for National and Community Service (CNCS). Through CNCS, AmeriCorps\*VISTA members receive a living allowance, health insurance, an educational award, and other benefits. Their compensation is not included in these financial statements.

## 11. INVENTORY

In the financial statements for year ended December 31, 2002, DREAM recorded \$6,704.25 in inventory, in the form of bumper stickers and greeting cards. Due to a lack of sales for these items, combined with their usefulness to the organization internally, the entire inventory has been re-classified as a general administrative supply expense in these financial statements.

## 12. INTEREST AND FEES

In the Statement of Functional Expenses, within the category "Interest and fees," the following expenses were recorded:

LOCAL PROGRAMS	
Local program bank fees	<u>\$ 134</u>
Total local programs	<u>\$ 134</u>
HIGH ADVENTURE	
High adventure credit card fees	\$ 45
High adventure bank fees	<u>24</u>
Total high adventure	<u>\$ 69</u>
GENERAL AND ADMINISTRATIVE	
Central office bank fees	<u>\$ 4</u>
Total general and administrative	<u>\$ 4</u>
Total interest and fees	<u><u>\$ 207</u></u>

## 13. OTHER COSTS

In the Statement of Functional Expenses, within the category "Other costs," the following expenses were recorded:

HIGH ADVENTURE	
Child repayments	\$ 53
Miscellaneous cash expenses	<u>532</u>
Total high adventure	<u>\$ 585</u>
Camp DREAM	
Building inspection	\$ 275
Water quality test	85
Backhoe service	<u>332</u>
Total camp dream	<u>\$ 692</u>

GENERAL AND ADMINISTRATIVE	
Credit card credit	\$ (10)
Office desk	21
Software	<u>90</u>
Total general and administrative	<u>\$ 101</u>
FUNDRAISING	
Homeshow booth	<u>\$ 200</u>
Total fundraising	<u>\$ 200</u>
Total other costs	<u><u>\$ 1,577</u></u>

**14. EMPLOYEE BENEFIT PLAN**

DREAM offers no benefit plan to its employees beyond federally required payroll taxes and state-required worker's compensation. Benefits for AmeriCorps and AmeriCorps\*VISTA members are set nationally by the Corporation for National and Community Service.

**15. TEMPORARILY RESTRICTED NET ASSETS**

DREAM holds temporarily restricted net assets with a total value of \$64,220.14 as of December 31, 2003. DREAM has an additional \$40,236.50 in receivable temporarily restricted assets.

Of the total temporarily restricted net assets, \$271.94 is the result of donations by individuals who designated that their donations be used as college savings for specific children in the program. In the event that the children do not attend college by their 30th birthday, the funds will be given in the form of a scholarship to another child to be selected by committee. Committee members will be nominated by DREAM's Board of Directors.

The following children have donations in their name at December 31, 2003:

Dakota Salls	\$ 100.00
Plus accumulated interest	0.34
Nedra Keenan	175.00
Plus accumulated interest	0.60
Bank fee	<u>(4.00)</u>
Assets temporarily restricted for college savings	<u>\$ 271.94</u>

**OTHER TEMPORARILY RESTRICTED NET ASSETS**

Local Programs	
Henderson Foundation (forest park start-up)	\$ 7,755
Vermont Community Foundation (forest park start-up)	<u>3,309</u>
Total local programs	<u>\$ 11,064</u>
High Adventure	
Elm Street	\$ 4,783
Templeton	<u>14,220</u>
Total high adventure	<u>\$ 19,002</u>

Camp DREAM	<u>\$ 33,882</u>
Total other temporarily restricted net assets	<u>\$ 63,948</u>
Total temporarily restricted net assets (non-receivable)	<u><u>\$ 64,220</u></u>

DREAM has an additional \$40,236.50 in receivable temporarily restricted assets. This entire amount is the receivable portion of a Compassion Capital Fund grant through the Office of Community Services within the U.S. Department of Health and Human Services.

## 16. LOCAL PROGRAMS

DREAM's local programs had the following net assets as of December 31, 2003:

### ELM STREET LOCAL PROGRAM

Net assets, beginning of year	\$ 212
Revenues	3,500
Expenses	<u>(2,101)</u>
Net assets, end of year, elm street local program	<u><u>\$ 1,611</u></u>

### TEMPLETON COURT LOCAL PROGRAM

Net assets, beginning of year	\$ -
Revenues	5,243
Expenses	<u>(4,151)</u>
Net assets, end of year, templeton court local program	<u><u>\$ 1,092</u></u>

### EXTREME DREAM, TEMPLETON COURT LOCAL PROGRAM

Net assets, beginning of year	\$ -
Revenues	723
Expenses	<u>(228)</u>
Net assets, end of year, extreme dream, templeton court local program	<u><u>\$ 495</u></u>

### ARMORY SQUARE LOCAL PROGRAM

Net assets, beginning of year	\$ -
Revenues	1,194
Expenses	<u>(43)</u>
Net assets, end of year, armory square local program	<u><u>\$ 1,151</u></u>

### FRANKLIN SQUARE LOCAL PROGRAM

Net assets, beginning of year	\$ -
Revenues	4,180
Expenses	<u>(1,921)</u>
Net assets, end of year, franklin square local program	<u><u>\$ 2,259</u></u>

#### GREEN ACRES LOCAL PROGRAM

Net assets, beginning of year	\$ -
Revenues	2,000
Expenses	<u>(1,247)</u>
Net assets, end of year, green acres local program	<u>\$ 753</u>

#### FOREST PARK LOCAL PROGRAM

Net assets, beginning of year	\$ -
Revenues	520
Expenses	<u>(14)</u>
Net assets, end of year, forest park local program	<u>\$ 506</u>

All of the local programs' revenues and expenses are accounted for in these financial statements. The volunteers who run each local program have control over the program's funds.

#### 17. ALUMNI ORGANIZATION

DREAM's alumni organization had the following net assets as of December 31, 2003:

Net assets, beginning of year	\$ 3,450
Revenues	3,769
Expenses	<u>(600)</u>
Net assets, end of year, alumni organization	<u>\$ 6,619</u>

The Alumni Organization's revenues and expenses are accounted for in these financial statements. The alumni organization, consisting of former DREAM volunteers, has control over the allocation of these funds.

#### 18. FISCAL AGENT RESPONSIBILITIES

DREAM serves as the fiscal agent for the Mentoring Partnership of Orange and Windsor County (MPOW), one of twelve regional mentoring networks throughout the state of Vermont. MPOW had the following net assets as of December 31, 2003:

Net assets, beginning of year	\$ -
Revenues	8,000
Expenses	<u>(1,715)</u>
Net assets, end of year, mpow	<u>\$ 6,285</u>

MPOW's revenues and expenses are not accounted for in the attached financial statements.