

DreamYard

THE DREAMYARD PROJECT, INC.

FINANCIAL STATEMENTS

June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The DreamYard Project, Inc.
Bronx, New York

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, 2019 and 2018 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 the amounts 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, 2019 and 2018, 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.

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, The DreamYard Project, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended June 30, 2019. The requirements of the update have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Wegner CPAs LLP

Wegner CPAs, LLP
New York, New York
June 5, 2020

THE DREAMYARD PROJECT, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	2019	2018
ASSETS		
Cash	\$ 570,446	\$ 1,129,036
Unconditional promises to give, net	2,534,309	1,203,959
Accounts receivable	472,329	371,642
Prepaid expenses	23,374	9,560
Fixed assets, net	161,053	173,382
Total assets	\$ 3,761,511	\$ 2,887,579
LIABILITIES		
Accounts payable	\$ 66,453	\$ 104,390
Accrued expenses	804	-
Deferred revenue	15,075	4,450
Line of credit	26,142	-
Total liabilities	108,474	108,840
NET ASSETS		
Without donor restrictions	1,153,224	1,189,448
With donor restrictions	2,499,813	1,589,291
Total net assets	3,653,037	2,778,739
Total liabilities and net assets	\$ 3,761,511	\$ 2,887,579

See accompanying notes.

THE DREAMYARD PROJECT, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ 439,711	\$ 3,957,132	\$ 4,396,843
In-kind contributions	165,803	-	165,803
Program service revenue	1,458,007	-	1,458,007
Special event revenue	828,221	-	828,221
Less costs of direct benefits to donors	(108,572)	-	(108,572)
Other income	20,557	-	20,557
Net assets released from restrictions			
Satisfaction of purpose restrictions	2,721,610	(2,721,610)	-
Expiration of time restrictions	325,000	(325,000)	-
Total revenues	5,850,337	910,522	6,760,859
EXPENSES			
Program services			
In School Programs	2,006,608	-	2,006,608
Creative Career Pathways	1,143,725	-	1,143,725
Art Center	1,178,214	-	1,178,214
DreamYard Prep	328,395	-	328,395
Fiscal Sponsorships	348,077	-	348,077
Community Arts	92,681	-	92,681
Total program services	5,097,700	-	5,097,700
Supporting activities			
Management and general	493,124	-	493,124
Fundraising	295,737	-	295,737
Total expenses	5,886,561	-	5,886,561
Change in net assets	(36,224)	910,522	874,298
Net assets at beginning of year	1,189,448	1,589,291	2,778,739
Net assets at end of year	<u>\$ 1,153,224</u>	<u>\$ 2,499,813</u>	<u>\$ 3,653,037</u>

See accompanying notes.

THE DREAMYARD PROJECT, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ 632,428	\$ 2,947,917	\$ 3,580,345
In-kind contributions	445,395	-	445,395
Program service revenue	1,408,158	-	1,408,158
Special event revenue	1,038,584	-	1,038,584
Less costs of direct benefits to donors	(95,097)	-	(95,097)
Other income	3,732	-	3,732
Net assets released from restrictions			
Satisfaction of purpose restrictions	2,698,879	(2,698,879)	-
Expiration of time restrictions	315,000	(315,000)	-
	<u>6,447,079</u>	<u>(65,962)</u>	<u>6,381,117</u>
Total revenues			
	6,447,079	(65,962)	6,381,117
EXPENSES AND LOSSES			
Program services			
In School Programs	2,343,179	-	2,343,179
Creative Career Pathways	1,336,010	-	1,336,010
Art Center	1,104,809	-	1,104,809
DreamYard Prep	341,256	-	341,256
Fiscal Sponsorships	231,343	-	231,343
Community Arts	78,062	-	78,062
	<u>5,434,659</u>	<u>-</u>	<u>5,434,659</u>
Total program services			
	5,434,659	-	5,434,659
Supporting activities			
Management and general	640,542	-	640,542
Fundraising	264,912	-	264,912
	<u>6,340,113</u>	<u>-</u>	<u>6,340,113</u>
Total expenses			
	6,340,113	-	6,340,113
Losses on uncollectible promises to give	53,008	-	53,008
	<u>6,393,121</u>	<u>-</u>	<u>6,393,121</u>
Total expenses and losses			
	6,393,121	-	6,393,121
Change in net assets	53,958	(65,962)	(12,004)
Net assets at beginning of year	1,135,490	1,655,253	2,790,743
Net assets at end of year	<u>\$ 1,189,448</u>	<u>\$ 1,589,291</u>	<u>\$ 2,778,739</u>

See accompanying notes.

THE DREAMYARD PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019

	Program Services						Supporting Activities		Costs of Direct Benefits to Donors	Total Expenses	
	In School Programs	Creative Career Pathways	Art Center	DreamYard Prep	Fiscal Sponsorships	Community Arts	Total Program Services	Management and General			Fundraising
Salaries and wages	\$ 1,438,196	\$ 793,600	\$ 737,509	\$ 237,274	\$ -	\$ 51,358	\$ 3,257,937	\$ 149,662	\$ 190,149	\$ -	\$ 3,597,748
Payroll taxes and benefits	215,759	119,056	110,642	35,596	-	7,705	488,758	22,452	28,526	-	539,736
Grants and scholarships	300	-	38,279	40	206,135	722	245,476	-	-	-	245,476
Professional fees	53,850	93,584	24,752	15,442	41,181	18,951	247,760	234,987	5,851	-	488,598
Donated legal services	-	-	-	-	-	-	-	43,294	-	-	43,294
Student supplies and meals	103,899	34,723	90,645	24,573	2,105	5,036	260,981	10,236	16,815	-	288,032
Occupancy and utilities	65,285	30,667	41,418	-	85,558	2,450	225,378	5,454	5,454	-	236,286
Travel and lodging	25,982	33,547	51,337	3,698	3,686	185	118,435	364	3,003	-	121,802
Event space and catering	14,175	-	773	4,163	-	2,124	21,235	1,500	7,924	108,572	139,231
Facilities repair and maintenance	32,883	13,538	43,825	1,271	988	2,226	94,731	7,172	6,396	-	108,299
Office expenses	17,302	7,641	13,411	3,485	4,501	522	46,862	4,749	14,408	-	66,019
Depreciation and amortization	19,610	9,205	7,204	-	-	800	36,819	1,601	1,601	-	40,021
Insurance	10,085	5,565	5,173	1,664	2,282	360	25,129	1,049	1,333	-	27,511
Information technology	3,524	1,455	3,247	1,025	1,116	206	10,573	1,843	8,806	-	21,222
Conferences and meetings	4,165	838	6,815	73	-	16	11,907	1,910	465	-	14,282
Subscriptions and license fees	1,593	306	3,184	91	525	20	5,719	4,315	73	-	10,107
Credit card and bank fees	-	-	-	-	-	-	-	1,388	4,933	-	6,321
Interest	-	-	-	-	-	-	-	1,148	-	-	1,148
Total expenses	\$ 2,006,608	\$ 1,143,725	\$ 1,178,214	\$ 328,395	\$ 348,077	\$ 92,681	\$ 5,097,700	\$ 493,124	\$ 295,737	\$ 108,572	\$ 5,995,133
Less cost of direct benefits to donors included in revenue on the statement of activities	-	-	-	-	-	-	-	-	-	(108,572)	(108,572)
Total expenses included in the expenses section of the statement of activities	\$ 2,006,608	\$ 1,143,725	\$ 1,178,214	\$ 328,395	\$ 348,077	\$ 92,681	\$ 5,097,700	\$ 493,124	\$ 295,737	\$ -	\$ 5,886,561

See accompanying notes.

THE DREAMYARD PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2018

	Program Services						Supporting Activities		Costs of Direct Benefits to Donors	Total Expenses	
	In School Programs	Creative Career Pathways	Art Center	DreamYard Prep	Fiscal Sponsorships	Community Arts	Total Program Services	Management and General			Fundraising
Salaries and wages	\$ 1,705,464	\$ 796,108	\$ 653,986	\$ 241,495	\$ -	\$ 54,749	\$ 3,451,802	\$ 131,622	\$ 166,496	\$ -	\$ 3,749,920
Payroll taxes and benefits	257,973	120,421	98,924	36,529	100	8,281	522,228	19,909	25,185	-	567,322
Grants and scholarships	-	108,000	23,792	704	2,900	-	135,396	-	-	-	135,396
Professional fees	77,114	209,452	29,025	21,838	86,253	1,445	425,127	206,527	39,728	-	671,382
Donated legal services	-	-	-	-	-	-	-	249,466	-	-	249,466
Student supplies and meals	112,300	44,319	75,281	22,746	12,001	6,004	272,651	1,694	3,404	-	277,749
Occupancy and utilities	28,761	13,624	102,936	1,240	86,799	-	233,360	2,952	3,103	-	239,415
Travel and lodging	59,573	11,974	66,515	7,653	4,865	3,077	153,657	3,494	2,063	-	159,214
Event space and catering	15,200	-	1,123	3,900	3,955	2,432	26,610	6,935	1,544	95,097	130,186
Facilities repair and maintenance	28,238	5,281	28,735	980	1,616	538	65,388	5,569	2,061	-	73,018
Office expenses	10,223	6,397	3,368	1,256	24,296	203	45,743	2,475	3,818	-	52,036
Depreciation and amortization	22,409	10,788	8,232	-	-	668	42,097	1,605	2,031	-	45,733
Insurance	7,353	3,432	2,820	1,041	4,736	236	19,618	567	718	-	20,903
Information technology	8,221	3,838	3,153	1,164	594	264	17,234	634	803	-	18,671
Conferences and meetings	5,280	108	4,325	63	1,011	18	10,805	2,947	2,041	-	15,793
Subscriptions and license fees	5,070	2,268	2,594	647	1,305	147	12,031	797	452	-	13,280
Credit card and bank fees	-	-	-	-	912	-	912	497	11,465	-	12,874
Interest	-	-	-	-	-	-	-	2,852	-	-	2,852
Total expenses	\$ 2,343,179	\$ 1,336,010	\$ 1,104,809	\$ 341,256	\$ 231,343	\$ 78,062	\$ 5,434,659	\$ 640,542	\$ 264,912	\$ 95,097	\$ 6,435,210
Less cost of direct benefits to donors included in revenue on the statement of activities	-	-	-	-	-	-	-	-	-	(95,097)	(95,097)
Total expenses included in the expenses and losses section of the statement of activities	\$ 2,343,179	\$ 1,336,010	\$ 1,104,809	\$ 341,256	\$ 231,343	\$ 78,062	\$ 5,434,659	\$ 640,542	\$ 264,912	\$ -	\$ 6,340,113

See accompanying notes.

THE DREAMYARD PROJECT, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 874,298	\$ (12,004)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	40,021	45,733
Donated services and equipment capitalized	-	(75,213)
Losses on uncollectible promises to give	-	53,008
Net change in discount on long term promises to give	72,406	2,961
(Increase) decrease in assets		
Unconditional promises to give	(1,402,756)	504,184
Accounts receivable	(100,687)	(170,656)
Prepaid expenses	(13,814)	12,580
Increase (decrease) in liabilities		
Accounts payable	(37,937)	(78,841)
Accrued expenses	804	-
Deferred revenue	10,625	(73,745)
Pass through funds held for others	-	(5,039)
Net cash flows from operating activities	(557,040)	202,968
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(27,692)	(7,911)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	370,221	725,000
Payments on line of credit	(344,079)	(872,666)
Net cash flows from financing activities	26,142	(147,666)
Net change in cash	(558,590)	47,391
Cash at beginning of year	1,129,036	1,081,645
Cash at end of year	<u>\$ 570,446</u>	<u>\$ 1,129,036</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ 1,148	\$ 2,852
Noncash investing and financing activities		
Donated services and equipment capitalized	-	75,213

See accompanying notes.

THE DREAMYARD PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

The DreamYard Project, Inc. (DreamYard) collaborates with Bronx youth, families, and schools to build pathways to equity and opportunity through education, the arts, and technology. DreamYard's programs nurture young people's desire to make change and cultivate the skills necessary to reach positive goals. By committing to social justice pedagogy along an educational pathway, we support young people as they work toward higher learning, meaningful careers, and social action. Our programs include:

In-School Programs – 200 residencies and after school programs at 50 public schools throughout the Bronx serving more than 8,500 students annually. Combining NYS Standards-based arts instruction with social justice principles to inspire students to develop their artistic voice and create change.

Creative Career Pathway Programs – Introduce and connect young people to careers in the creative sector that directly correlate to the work they are doing in their DreamYard classes. By providing the opportunity to explore the wealth of options available to them and revealing a clear pathway to a career rooted in their artistry through interest-driven, work-based learning programs, we are building a collaborative network of youth, educators, and employers to create systemic and sustainable change in the Bronx. As DreamYard continues to expand creative career exploration operations, the spaces in which these programs are happening will also grow in number and scale. The latest iteration of our physical expansion has taken root in a new brick-and-mortar space located in the Longwood section of the Bronx: BX Start, home to DreamYard's gaming and entrepreneurship programs, will serve as a space where the power of video games and digital media can be used to promote economic opportunity, intergenerational community building, and social justice.

Art Center – Nationally-recognized classes for over 300 young people annually in 14 different arts disciplines. High-quality arts workshops, leadership development and academic and social supports through programs that run after school, on weekends, and throughout the summer.

DreamYard Preparatory High School – Founded in 2006, DreamYard Preparatory High School offers a rigorous arts-integrated curriculum as well as opportunities after school and throughout the summer for students to develop their artistic skills and hone in on their creative passions. DreamYard Prep has a 10% higher graduation rate than the average Bronx high school.

Community Arts – DreamYard sparks community involvement through engaging community art events and installations that combine community activism and creative placemaking by taking the learning of DreamYard students outside the four walls of the classroom. By creating opportunities for community members across the public and private sectors to work alongside young artists, our community art programs are helping to transform the physical landscape of the Bronx, strengthening and beautifying the places and spaces we call home.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Promises to Give

Unconditional promises to give are recognized as contributions in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Unconditional promises to give receivable in more than one year are reported at the present value of their net realizable value, using the risk-free interest rate applicable to the years in which the promises to give are to be received.

THE DREAMYARD PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

DreamYard considers all accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been established. If accounts become uncollectible, they will be charged to operations when that determination is made.

Fixed Assets

Purchases of fixed assets are capitalized at cost or, if donated, at their estimated fair value on the date of donation and are considered unrestricted unless the donor has restricted the donated asset for a specific purpose. Depreciation is computed using the straight-line method over the estimated useful lives of the individual assets.

Deferred Revenue

Program service revenue is recognized based on contract delivery dates. Revenue received prior to the contract dates to which it applies is recorded as deferred revenue.

Contributions

Contributions received are recorded as increases in net assets with or without donor restrictions, depending on the existence of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction expires or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by DreamYard.

Government Grants

DreamYard's programs are funded in part by grants from various government agencies. Revenue from these grants is based upon the actual cost of the services provided up to the maximum amount specified in the grants. Costs are allocated to these grants in accordance with established procedures and are subject to audit by various government agencies. No determination has been made regarding the effect, if any, such audits could have on the financial statements.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

THE DREAMYARD PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New Accounting Pronouncement

DreamYard adopted the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended June 30, 2019. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The changes required by the update have been applied retrospectively to all periods presented. A key change required by the update are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets are now reported as net assets with donor restrictions.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, payroll taxes and benefits, and office expenses, which are allocated on the basis of estimates of time and effort and occupancy and utilities, facilities repair and maintenance, and depreciation, which are allocated on the basis of estimates of asset and space usage. All other expenses are allocated based upon the types of services performed and expenses incurred.

Income Tax Status

DreamYard is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Date of Management's Review

Management has evaluated subsequent events through June 5, 2020, the date which the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS

DreamYard maintains its cash balances at one financial institution located in Bronx, New York. Balances at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2019 and 2018, DreamYard's uninsured cash balances were approximately \$350,000 and \$890,000.

During the year ended June 30, 2019, 91% of total program service revenue was earned from two New York government agencies and 59% of total contributions was derived from two donors. At June 30, 2019, 75% of total unconditional promises to give were receivable from two donors.

During the year ended June 30, 2018, 95% of total program service revenue was earned from two New York government agencies and 47% of total contributions was derived from five donors. At June 30, 2018, 60% of total unconditional promises to give were receivable from three donors.

THE DREAMYARD PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 3 – PROMISES TO GIVE

Unconditional promises to give consisted of the following:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 869,676	\$ 1,111,920
Receivable in more than one year	<u>1,740,000</u>	<u>95,000</u>
Unconditional promises to give	2,609,676	1,206,920
Less discount to net present value	<u>(75,367)</u>	<u>(2,961)</u>
Unconditional promises to give, net	<u><u>\$ 2,534,309</u></u>	<u><u>\$ 1,203,959</u></u>

Unconditional promises to give due in more than one year at June 30, 2019 and 2018 are discounted at an effective interest rate of 2.07% and 2.91%.

NOTE 4 – FIXED ASSETS

Fixed assets consisted of the following:

	<u>2019</u>	<u>2018</u>
Furniture and fixtures	\$ 83,159	\$ 76,653
Equipment	505,928	484,742
Leasehold improvements	<u>165,148</u>	<u>165,148</u>
Fixed assets	754,235	726,543
Less accumulated depreciation and amortization	<u>(593,182)</u>	<u>(553,161)</u>
Fixed assets, net	<u><u>\$ 161,053</u></u>	<u><u>\$ 173,382</u></u>

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or periods:

	<u>2019</u>	<u>2018</u>
In School Programs	\$ 201,188	\$ 162,459
Creative Career Pathways	334,458	581,182
Art Center	364,277	242,500
Fiscal Sponsorships	24,687	263,570
Community Arts	9,790	14,580
Subsequent period activities	<u>1,565,413</u>	<u>325,000</u>
Net assets with donor restrictions	<u><u>\$ 2,499,813</u></u>	<u><u>\$ 1,589,291</u></u>

THE DREAMYARD PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 6 – LEASING ARRANGEMENTS

DreamYard leases its office and program facilities pursuant to an operating lease that expires on August 31, 2020. During the years ended June 30, 2019 and 2018, the lessor waived all monthly lease payments. The estimated fair value of the donated facilities was \$122,509 and \$120,716 for the years ending June 30, 2019 and 2018, and is included in occupancy on the statements of functional expenses. Additionally, DreamYard leases program space with payments that vary from month to month.

On November 1, 2019, DreamYard entered into a new operating lease for community facility space that expires on October 31, 2034.

Future minimum lease payments for the years ending June 30 are as follows:

	2020	\$ 141,959
	2021	60,907
	2022	48,720
	2023	50,184
	2024	51,690
	Thereafter	<u>645,546</u>
		<u>\$ 999,006</u>

NOTE 7 – LIQUIDITY AND AVAILABILITY

The following represents DreamYard's financial assets as of the date of the statements of financial position, reduced by amounts not available for general expenditures within one year because of contractual or donor-imposed restrictions. General expenditures are defined as all budgeted programmatic and operational expenses for the following year.

	2019	2018
Cash	\$ 570,446	\$ 1,129,036
Unconditional promises to give, net	2,534,309	1,203,959
Accounts receivable	<u>472,329</u>	<u>371,642</u>
Financial assets at year-end	3,577,084	2,704,637
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor imposed restrictions:		
Restricted by donor with time and purpose restrictions	(2,499,813)	(1,589,291)
Add back amounts available within one year	<u>265,413</u>	<u>325,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,342,684</u>	<u>\$ 1,440,346</u>

THE DREAMYARD PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 8 – LINE OF CREDIT

In July 2019, DreamYard renewed its existing revolving line of credit and increased the maximum allowable outstanding draws from \$250,000 to \$500,000. Outstanding balances accrue interest at the bank's prime rate plus 3.52% and the line expires in July 2020. At June 30, 2019, the line had an outstanding balance of \$26,142. There was no balance outstanding at June 30, 2018.

NOTE 9 – RETIREMENT PLAN

DreamYard provides a 403(b) plan that allows employees to make elective deferrals. On March 1, 2018, DreamYard began making discretionary 2% contributions to the plan for employees that met the eligibility requirements. Retirement contributions totaled \$16,273 and \$20,757 for the years ended June 30, 2019 and 2018.

NOTE 10 – SUBSEQUENT EVENTS

DreamYard's operations may be affected by the recent and ongoing COVID-19 outbreak that was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption and effect on DreamYard are uncertain; however, it may result in a material adverse impact on its financial position, activities, and cash flows. Possible effects may include, but are not limited to, disruption to DreamYard's donors and revenues, absenteeism in the staff, changes to how programs will be accomplished, and unavailability of supplies and/or facilities used in DreamYard's programs.