

# DreamYard

**THE DREAMYARD PROJECT, INC.**

**FINANCIAL STATEMENTS**

June 30, 2021 and 2020

## CONTENTS

Independent Auditor's Report .....	1
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses .....	5
Statement of Cash Flows .....	6
Notes to Financial Statements .....	7

## 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 statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the The DreamYard Project, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 10, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Adoption of New Accounting Guidance**

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. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and all subsequently issued clarifying ASUs as of July 1, 2020. Our opinion is not modified with respect to this matter.

**Wegner CPAs LLP**

Wegner CPAs, LLP  
New York, New York  
May 6, 2022

**THE DREAMYARD PROJECT, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2021 with comparative totals for June 30, 2020

	2021	2020
<b>ASSETS</b>		
Cash	\$ 2,202,136	\$ 3,081,543
Unconditional promises to give, net	1,904,488	2,314,003
Accounts receivable	227,196	125,835
Prepaid expenses	34,935	40,694
Fixed assets, net	105,625	140,626
<b>Total assets</b>	<b>\$ 4,474,380</b>	<b>\$ 5,702,701</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 99,529	\$ 65,286
Accrued expenses	55,976	133,713
Deferred rent	18,005	9,987
Paycheck Protection Program loan	-	851,457
Notes payable	350,000	350,000
<b>Total liabilities</b>	<b>523,510</b>	<b>1,410,443</b>
<b>NET ASSETS</b>		
Without donor restrictions	2,153,953	912,454
With donor restrictions	1,796,917	3,379,804
<b>Total net assets</b>	<b>3,950,870</b>	<b>4,292,258</b>
<b>Total liabilities and net assets</b>	<b>\$ 4,474,380</b>	<b>\$ 5,702,701</b>

See accompanying notes.

**THE DREAMYARD PROJECT, INC.**  
STATEMENT OF ACTIVITIES

Year ended June 30, 2021 with comparative totals for the year ended June 30, 2020

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUES</b>				
Contributions	\$ 1,888,957	\$ 1,537,487	\$ 3,426,444	\$ 5,317,514
Paycheck Protection Program loan forgiveness	860,334	-	860,334	-
Virtual special event revenue	784,666	-	784,666	686,478
In-kind contributions	222,034	-	222,034	299,059
Program service revenue	409,240	-	409,240	777,143
Other income	18,256	-	18,256	9,990
Net assets released from restrictions				
Satisfaction of purpose restrictions	1,562,124	(1,562,124)	-	-
Expiration of time restrictions	1,558,250	(1,558,250)	-	-
<b>Total revenues</b>	<b>7,303,861</b>	<b>(1,582,887)</b>	<b>5,720,974</b>	<b>7,090,184</b>
<b>EXPENSES</b>				
Program services				
Community Programs	1,721,201	-	1,721,201	1,746,122
In-School Programs	2,117,871	-	2,117,871	3,346,842
Work-Based Learning	691,433	-	691,433	153,335
Fiscal Sponsorships	616,192	-	616,192	280,522
<b>Total program services</b>	<b>5,146,697</b>	<b>-</b>	<b>5,146,697</b>	<b>5,526,821</b>
Supporting activities				
Management and general	612,376	-	612,376	632,477
Fundraising	303,289	-	303,289	291,665
<b>Total expenses</b>	<b>6,062,362</b>	<b>-</b>	<b>6,062,362</b>	<b>6,450,963</b>
<b>Change in net assets</b>	<b>1,241,499</b>	<b>(1,582,887)</b>	<b>(341,388)</b>	<b>639,221</b>
Net assets at beginning of year	912,454	3,379,804	4,292,258	3,653,037
<b>Net assets at end of year</b>	<b>\$ 2,153,953</b>	<b>\$ 1,796,917</b>	<b>\$ 3,950,870</b>	<b>\$ 4,292,258</b>

See accompanying notes.

**THE DREAMYARD PROJECT, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended June 30, 2021 with comparative totals for the year ended June 30, 2020

	Program Services				Supporting Activities		2021 Total	2020 Total	
	Community Programs	In-School Programs	Work-Based Learning	Fiscal Sponsorships	Total Program Services	Management and General			Fundraising
Salaries and wages	\$ 987,888	\$ 1,441,261	\$ 348,285	\$ -	\$ 2,777,434	\$ 257,145	\$ 204,511	\$ 3,239,090	\$ 4,285,224
Grants and scholarships	181,466	221,589	196,331	615,242	1,214,628	-	-	1,214,628	249,767
Payroll taxes and benefits	160,034	233,478	56,420	-	449,932	41,656	33,130	524,718	611,210
Professional fees	49,161	57,573	44,829	-	151,563	179,577	17,924	349,064	348,755
Occupancy and utilities	160,420	40,923	19,384	-	220,727	6,461	6,462	233,650	237,805
Student supplies and meals	75,898	69,200	7,639	554	153,291	15,737	1,828	170,856	171,338
Facilities repair and maintenance	64,749	20,314	7,641	-	92,704	3,253	4,070	100,027	123,310
Donated legal services	-	-	-	-	-	43,803	100	43,903	164,991
Information technology	10,281	9,201	641	-	20,123	7,629	15,729	43,481	31,223
Insurance	-	-	-	-	-	37,602	-	37,602	40,891
Depreciation	17,150	7,000	8,050	-	32,200	1,401	1,400	35,001	40,234
Office expenses	10,633	11,931	1,663	-	24,227	1,340	3,432	28,999	48,319
Event space and catering	30	2,093	-	-	2,123	-	11,092	13,215	15,302
Interest	-	-	-	-	-	9,419	-	9,419	927
Credit card and bank fees	-	-	-	281	281	3,262	2,232	5,775	7,462
Travel and lodging	1,848	1,594	127	115	3,684	1,338	225	5,247	55,195
Subscriptions and license fees	1,320	1,620	392	-	3,332	854	230	4,416	8,367
Conferences and meetings	323	94	31	-	448	1,899	924	3,271	10,643
<b>Total expenses</b>	<b>\$ 1,721,201</b>	<b>\$ 2,117,871</b>	<b>\$ 691,433</b>	<b>\$ 616,192</b>	<b>\$ 5,146,697</b>	<b>\$ 612,376</b>	<b>\$ 303,289</b>	<b>\$ 6,062,362</b>	<b>\$ 6,450,963</b>

See accompanying notes.

**THE DREAMYARD PROJECT, INC.**  
**STATEMENT OF CASH FLOWS**

Year ended June 30, 2021 with comparative totals for the year ended June 30, 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (341,388)	\$ 639,221
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	35,001	40,234
Bad debt expense	-	9,000
Discount on long term promises to give	21,745	42,034
Forgiveness of Paycheck Protection Program loan	(851,457)	-
(Increase) decrease in assets		
Unconditional promises to give, net	387,770	169,272
Accounts receivable	(101,361)	346,494
Prepaid expenses	5,759	(17,320)
Increase (decrease) in liabilities		
Accounts payable	34,243	(1,167)
Accrued expenses	(77,737)	132,909
Deferred rent	8,018	9,987
Deferred revenue	-	(15,075)
Net cash flows from operating activities	(879,407)	1,355,589
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	-	(19,807)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on line of credit	-	(26,142)
Proceeds from notes payable	-	1,201,457
Net cash flows from financing activities	-	1,175,315
<b>Net change in cash</b>	(879,407)	2,511,097
Cash at beginning of year	3,081,543	570,446
<b>Cash at end of year</b>	<u>\$ 2,202,136</u>	<u>\$ 3,081,543</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid for interest	\$ 541	\$ 927

See accompanying notes.

**THE DREAMYARD PROJECT, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 with comparative totals for June 30,2020

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities**

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:

*Community Programs* – The DreamYard Community Art Center has become an important cultural and educational space in the South Bronx - addressing a real need for high-quality programming for youth and families. Art Center programs run during after school hours (4 PM-6 PM), Saturdays (10 AM-3 PM), and throughout the summer (10 AM-4 PM) for a total of 1500 hours of programming each year. Over 300 students take part in a variety of arts classes such as fashion, visual art, theater, digital learning, music and audio recording, poetry, arts and social activism, and dance. Furthermore, all of our students have access to leadership development opportunities and academic support such as college advisory, community building, internships, and social work services. Kicking off virtually last year is the Art Center's newest program, COSI (Community Outreach and Special Initiatives), which includes our monthly BX Farm to Table events and bi-weekly Parent Advocacy Groups. DreamYard's Community Organizing team offers a hybrid (virtual & in-person) of bi-lingual programming for our parents and caregivers to reflect on family and community needs and determine how best to respond to those needs. Each program is meant to build supportive relationships among participants and their families to reimagine our world, implement new or remixed ideas, and practice collaboration within our community.

*In-School Programs* – Combines NY State-Standards-based arts instruction with social justice pedagogy principles to inspire students to develop character, scholarship, and an artistic voice to create change. Our year-long program model offers both in-school and after-school arts residencies; one and two 90-minute sessions per week respectively plus weekly collaborative planning and reflection time. The following art programs are available: dance, journalism, design, maker, music, poetry, theater, and visual art plus leadership development, digital arts, and internships. Each DreamYard teaching artist receives over 50 hours of professional development each year. Additionally, this year partnering schools also received free racial equity professional development training supported by the DreamYard Racial Equity and Arts Liaison (REAL) team. The REAL teams work 1 on 1 with school faculty in an individualized coaching model that supports the naming and addressing of ways in which racial injustice lives within our schools and communities. REAL Team members guided our school's faculty in identifying choice points of action and transformation inclusive of answering questions such as: How do I create change in my community? and what is one thing that I need to shift in my role that will move us closer to racial justice? These activities lead to steps that each school can take to move towards racial equity goals in their procedures, policies, and practices.

*Work-Based Learning* – Through our Creative Career Pathway program, DreamYard is increasing the percentage of high school and post-secondary students of the Bronx, NY who are placed in paid internships, employment, and entrepreneurial experiences. A critical function of this program is our annual Work-Based Learning six-week internships. The experience is co-led by a DreamYard Teaching Artist and City University of New York (CUNY) college mentor. Together they lead a

**THE DREAMYARD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021 with comparative totals for June 30,2020

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

career readiness curriculum and foster connections between the student and partnering businesses. Each of our 19 creative career paths is paired with a local creative industry, business, collective, or Community-Based Organization that serves as the guiding employer - creating projects and assignments for students to work on and providing continuous feedback on student work and presentations. The six-week experience kicks off with 16 hours of college & career readiness training for each participant, followed by hands-on artistic practice working alongside a partnering business and supported by a DreamYard Teaching Artist. Concluding the experience is a student sharing where our young people present their work to an audience of peers and professional mentors. Each participant graduates with a CUNY recognized digital portfolio of their work and professional references that they can call upon when they need. In the Summer of 2020, DreamYard hosted its first-ever fully virtual Creative Career Pathways internship program. The initiative was so successful that the NYC Dept of Youth and Community Development (DYCD) selected DreamYard's program as the blueprint for career readiness and youth development programs across the city.

*Fiscal Sponsorships* – DreamYard supports other organizations that serve the Bronx community through fiscal sponsorship arrangements.

**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-adjusted interest rate applicable to the years in which the promises to give are to be received.

**Fixed Assets**

Purchases of fixed assets costing \$5,000 or more 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.

**Revenue Recognition**

DreamYard is a contracted vendor of the Department of Education, NYC Department of Youth and Community Development, Department of Cultural Affairs, and other nonprofits to provide arts instruction to school-age children and professional development to classroom teachers across the borough of the Bronx. Program service revenue consists of performance obligations that are satisfied over time within the designated contract period.

**THE DREAMYARD PROJECT, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 with comparative totals for June 30,2020

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**Accounts Receivable**

Accounts receivable primarily consists of program revenue due from service recipients. 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.

Accounts receivable from contracts for June 30, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Beginning of year	\$ 125,835	\$ 472,329
End of year	227,196	125,835

**Contributions**

Contributions received are recorded as increases in net assets with donor restrictions or net assets 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. Included in professional fees for the year ended June 30, 2021, are \$43,803 of donated legal services for management and general purposes. Corresponding amounts are also recognized as revenue.

**Government Grants**

DreamYard's programs are funded in part by grants and contracts from government agencies that are conditioned upon DreamYard incurring qualifying expenses. Revenue from these grants is generally recognized on a reimbursement basis, that is, when qualifying expenses are incurred by DreamYard, both a promise to give from the grantor agency and revenue are recorded. Grants, whose conditions and restrictions are met in the same reporting period that the revenue is recognized are reported in increases in net assets without donor restrictions. Costs are allocated to these grants in accordance with established procedures and are subject to audit by the various government agencies. No determination has been made regarding the effect, if any, such audits could have on the financial statements. As of June 30, 2021, DreamYard has received \$1,545,983 of promises to give conditioned upon incurring qualifying expenses under the grant agreements.

**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, 2021 with comparative totals for June 30,2020

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**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 directly charged based upon the types of services performed and expenses incurred.

**Adoption of New Accounting Pronouncement**

On May 28, 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs supersedes the revenue recognition requirements and most industry-specific guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance also includes a cohesive set of disclosure requirements that will provide users of the financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

DreamYard adopted the requirements of the new guidance as of July 1, 2020, using the modified retrospective method of transition. In applying the new guidance, DreamYard elected to use the practical expedient that allows the guidance to be applied only to contracts that were not complete as of July 1, 2020. The adoption of the new guidance did not have a significant impact on DreamYard's financial statements. Based on DreamYard's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new guidance.

**Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with DreamYard's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

**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 May 6, 2022, the date which the financial statements were available to be issued.

**THE DREAMYARD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021 with comparative totals for June 30, 2020

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**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, 2021 and 2020, DreamYard’s uninsured cash balances were approximately \$1,952,100 and \$2,832,000, respectively.

At June 30, 2021, 34% of total unconditional promises to give were receivable from one donor. At June 30, 2020, 64% of total unconditional promises to give were receivable from two donors.

**NOTE 3 – PROMISES TO GIVE**

Unconditional promises to give consisted of the following:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 1,146,234	\$ 1,154,537
Receivable in more than one year	<u>780,000</u>	<u>1,201,500</u>
Unconditional promises to give	1,926,234	2,356,037
Less discount to net present value	<u>(21,745)</u>	<u>(42,034)</u>
Unconditional promises to give, net	<u><u>\$ 1,904,489</u></u>	<u><u>\$ 2,314,003</u></u>

Unconditional promises to give due in more than one year at June 30, 2021 and 2020 are discounted at an effective interest between 1.52% and 2.07% depending on the year of the pledge origination.

**NOTE 4 – FIXED ASSETS**

Fixed assets consisted of the following:

	<u>2021</u>	<u>2020</u>
Furniture and fixtures	\$ 83,159	\$ 83,159
Equipment	518,435	518,435
Leasehold improvements	<u>172,448</u>	<u>172,448</u>
Fixed assets	774,042	774,042
Less accumulated depreciation	<u>(668,417)</u>	<u>(633,416)</u>
Fixed assets, net	<u><u>\$ 105,625</u></u>	<u><u>\$ 140,626</u></u>

**THE DREAMYARD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021 with comparative totals for June 30, 2020

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**NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS**

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

	2021	2020
Creative Career Pathways & Art Center	\$ 1,308,750	\$ 1,323,750
In-School Programs	144,715	113,000
Work-Based Learning	100,000	-
Fiscal Sponsorships	55,067	55,621
Bronx Relief Fund	25,879	486,966
Subsequent period activities	162,506	1,400,467
Net assets with donor restrictions	\$ 1,796,917	\$ 3,379,804

**NOTE 6 – PAYCHECK PROTECTION PROGRAM LOAN**

In April 2020, DreamYard received a \$851,457 loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). The loan accrues interest at 1% but payments are deferred for borrowers who apply for forgiveness until SBA remits the borrower's forgiveness amount to the lender. The amount of forgiveness depends, in part, on the total amount of eligible expenses paid by DreamYard during the covered period. Eligible expenses may include payroll costs, interest on mortgages, rent, and utilities. Any unforgiven portion is payable over two years. On May 19, 2021, the SBA preliminarily approved forgiveness of the loan and the \$8,877 of accrued interest.

DreamYard must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review DreamYard's good-faith certification concerning the necessity of its loan request, whether DreamYard calculated the loan amount correctly, whether DreamYard used loan proceeds for the allowable uses specified in the CARES Act, and whether DreamYard is entitled to loan forgiveness in the amount claimed on its application. If SBA determines DreamYard was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

**NOTE 7 – NOTES PAYABLE**

In April 2020, DreamYard received a \$350,000 zero-interest loan from the NYC COVID-19 Response & Impact Fund administered by the Nonprofit Finance Fund. The loan was due in one lump sum payment on its maturity date in April 2021; however, on June 18, 2021, the loan maturity date was extended to June 18, 2022. The loan is to be paid in three quarterly payments of \$116,667, starting December 18, 2021.

**NOTE 8 – LINE OF CREDIT**

DreamYard had a \$200,000 revolving line of credit that expired in February 2022. Dreamyard has another \$500,000 line of credit. Outstanding balances accrue interest at the bank's prime rate plus 3.52%. There were no outstanding balances as of June 30, 2021 and 2020.

**THE DREAMYARD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021 with comparative totals for June 30,2020

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**NOTE 9 – LIQUIDITY AND AVAILABILITY**

The following represents DreamYard's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general expenditures within one year due to contractual or donor-imposed restrictions. General expenditures are defined as all budgeted programmatic and operational expenses for the following year.

	<u>2021</u>	<u>2020</u>
Cash	\$ 2,202,136	\$ 3,081,543
Unconditional promises to give, net	1,904,488	2,314,003
Accounts receivable	<u>227,196</u>	<u>125,835</u>
Financial assets at year-end	4,333,820	5,521,381
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor imposed restrictions:		
Restricted by donor with time and purpose restrictions	(1,796,917)	(3,379,804)
Add back amounts available within one year	<u>162,506</u>	<u>198,967</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,699,409</u>	<u>\$ 2,340,544</u>

DreamYard has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As a not-for-profit, donor-funded organization, DreamYard regularly receives contributions from donors that are available to meet annual cash needs for general operating expenditures.

**NOTE 10 – RISKS AND UNCERTAINTIES**

The COVID-19 pandemic has impacted in-person programs and program service revenue and could further impact DreamYard's operations and their donors. The extent to which the COVID-19 pandemic impacts DreamYard's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on DreamYard's donors and revenues and to what extent normal economic and operating conditions can resume. Therefore, DreamYard cannot reasonably estimate the impact at this time.

**THE DREAMYARD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021 with comparative totals for June 30,2020

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**NOTE 11 – LEASING ARRANGEMENTS**

DreamYard leases its office and program facilities pursuant to an operating lease that expired on August 31, 2020 and continues to lease the space on a month to month basis. During the years ended June 30, 2021 and 2020, the lessor waived all monthly lease payments. The estimated fair value of the donated facilities was \$167,434 and \$134,068 for the years ended June 30, 2021 and 2020, respectively, and is included in occupancy on the statement of functional expenses. Additionally, DreamYard leases program space with payments that vary from month to month.

On January 1, 2020, DreamYard entered into an operating lease for community facility space requiring monthly rent payments of \$4,000 with annual increases in of 3% per annum and expires on December 31, 2034.

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

2022	\$	48,720
2023		50,184
2024		51,690
2025		53,238
2026		54,834
Thereafter		<u>537,474</u>
	\$	<u><u>796,140</u></u>