

# DreamYard

**THE DREAMYARD PROJECT, INC.**

**FINANCIAL STATEMENTS**

June 30, 2023 and 2022

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## INDEPENDENT AUDITOR'S REPORT

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

**Opinion**

We have audited the financial statements of The DreamYard Project, Inc., which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The DreamYard Project, Inc. as of June 30, 2023, 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.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The DreamYard Project, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**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. 2016-02, *Leases (Topic 842)*, and all subsequently issued clarifying ASUs, as of July 1, 2022. Our opinion is not modified with respect to this matter.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The DreamYard Project, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 DreamYard Project, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The DreamYard Project, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Report on Summarized Comparative Information***

We have previously audited The DreamYard Project, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 15, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Wegner CPAs, LLP  
New York, New York  
May 13, 2024

**THE DREAMYARD PROJECT, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2023 with comparative totals for June 30, 2022

	2023	2022
<b>ASSETS</b>		
Cash	\$ 965,269	\$ 1,642,493
Unconditional promises to give, net	2,041,170	1,441,827
Accounts receivable	472,387	540,335
Prepaid expenses	34,095	5,373
Fixed assets, net	93,335	113,400
Operating lease right-of-use assets	1,827,726	-
<b>Total assets</b>	<b>\$ 5,433,982</b>	<b>\$ 3,743,428</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 196,068	\$ 184,536
Deferred rent	-	37,680
Deferred revenue	-	6,595
Notes payable	-	183,333
Operating lease liabilities	1,843,456	-
<b>Total liabilities</b>	<b>2,039,524</b>	<b>412,144</b>
<b>NET ASSETS</b>		
Without donor restrictions	2,008,904	1,962,090
With donor restrictions	1,385,554	1,369,194
<b>Total net assets</b>	<b>3,394,458</b>	<b>3,331,284</b>
<b>Total liabilities and net assets</b>	<b>\$ 5,433,982</b>	<b>\$ 3,743,428</b>

See accompanying notes.

**THE DREAMYARD PROJECT, INC.**  
**STATEMENT OF ACTIVITIES**  
Year ended June 30, 2023 with comparative totals for June 30, 2022

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUES</b>				
Contributions	\$ 1,034,610	\$ 2,031,650	\$ 3,066,260	\$ 2,520,426
Special event revenue	858,238	-	858,238	627,074
Less costs of direct benefits to donors	(102,488)	-	(102,488)	(85,417)
In-kind contributions	203,001	-	203,001	275,745
Government grants	1,532,391	205,000	1,737,391	1,013,441
Program service revenue	1,397,184	-	1,397,184	1,587,565
Other income	34,572	-	34,572	6,252
Net assets released from restrictions				
Satisfaction of purpose restrictions	1,639,290	(1,639,290)	-	-
Expiration of time restrictions	581,000	(581,000)	-	-
<b>Total revenues</b>	<b>7,177,798</b>	<b>16,360</b>	<b>7,194,158</b>	<b>5,945,086</b>
<b>EXPENSES</b>				
Program services				
Community programs	1,869,987	-	1,869,987	1,841,408
In-school programs	3,331,513	-	3,331,513	2,835,290
Work-based learning	675,518	-	675,518	662,392
<b>Total program services</b>	<b>5,877,018</b>	<b>-</b>	<b>5,877,018</b>	<b>5,339,090</b>
Supporting activities				
Management and general	880,100	-	880,100	901,537
Fundraising	373,866	-	373,866	324,045
<b>Total expenses</b>	<b>7,130,984</b>	<b>-</b>	<b>7,130,984</b>	<b>6,564,672</b>
<b>Change in net assets</b>	<b>46,814</b>	<b>16,360</b>	<b>63,174</b>	<b>(619,586)</b>
Net assets at beginning of year	1,962,090	1,369,194	3,331,284	3,950,870
<b>Net assets at end of year</b>	<b>\$ 2,008,904</b>	<b>\$ 1,385,554</b>	<b>\$ 3,394,458</b>	<b>\$ 3,331,284</b>

See accompanying notes.

**THE DREAMYARD PROJECT, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended June 30, 2023 with comparative totals for June 30, 2022

	Program Services			Supporting Activities		Costs of Direct Benefits to Donors	2023 Total	2022 Total	
	Community Programs	In-School Programs	Work-Based Learning	Total Program Services	Management and General				Fundraising
Salaries and wages	\$ 1,211,134	\$ 2,283,383	\$ 484,503	\$ 3,979,020	\$ 428,125	\$ 256,133	\$ -	\$ 4,663,278	\$ 4,222,929
Payroll taxes and benefits	183,146	345,289	73,266	601,701	64,740	38,732	-	705,173	643,679
Grants and scholarships	22,893	25	-	22,918	-	-	-	22,918	136,529
Professional fees	59,500	360,743	47,355	467,598	240,026	16,807	23,867	748,298	506,375
Occupancy and utilities	152,481	42,912	17,555	212,948	5,852	5,852	-	224,652	262,137
Student supplies and meals	106,069	197,432	15,958	319,459	3,316	8,182	-	330,957	230,047
Facilities repair and maintenance	70,870	21,794	17,817	110,481	5,044	3,969	-	119,494	188,807
Donated legal services	-	-	-	-	64,780	-	-	64,780	133,783
Office expenses	6,207	16,667	3,622	26,496	4,673	11,519	-	42,688	87,986
Event space and catering	2,327	1,560	-	3,887	-	22,613	78,621	105,121	83,041
Information technology	10,191	9,156	988	20,335	8,803	5,475	-	34,613	35,637
Insurance	58	-	-	58	37,485	-	-	37,543	38,594
Depreciation	17,459	9,488	7,970	34,917	1,518	1,518	-	37,953	36,503
Travel and lodging	22,168	37,344	73	59,585	18	2,885	-	62,488	28,049
Interest	-	-	-	-	8,000	-	-	8,000	500
Credit card and bank fees	-	-	-	-	6,967	44	-	7,011	6,653
Subscriptions and license fees	1,915	1,926	977	4,818	753	137	-	5,708	7,450
Conferences and meetings	3,569	3,794	5,434	12,797	-	-	-	12,797	1,390
<b>Total expenses</b>	<b>\$ 1,869,987</b>	<b>\$ 3,331,513</b>	<b>\$ 675,518</b>	<b>\$ 5,877,018</b>	<b>\$ 880,100</b>	<b>\$ 373,866</b>	<b>\$ 102,488</b>	<b>\$ 7,233,472</b>	<b>\$ 6,650,089</b>
Less costs of direct benefits to donors included in revenue on the statement of activities	-	-	-	-	-	-	(102,488)	(102,488)	(85,417)
<b>Total expenses included in the expenses section of the statement of activities</b>	<b>\$ 1,869,987</b>	<b>\$ 3,331,513</b>	<b>\$ 675,518</b>	<b>\$ 5,877,018</b>	<b>\$ 880,100</b>	<b>\$ 373,866</b>	<b>\$ -</b>	<b>\$ 7,130,984</b>	<b>\$ 6,564,672</b>

See accompanying notes.

**THE DREAMYARD PROJECT, INC.**  
**STATEMENT OF CASH FLOWS**  
Year ended June 30, 2023 with comparative totals for June 30, 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 63,174	\$ (619,586)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	37,953	36,503
Amortization of operating lease right-of-use assets	134,731	-
(Increase) decrease in assets		
Unconditional promises to give, net	(599,343)	462,661
Accounts receivable	67,948	(313,139)
Prepaid expenses	(28,722)	29,562
Increase (decrease) in liabilities		
Accounts payable	11,532	85,007
Accrued expenses	-	(55,976)
Deferred rent	(37,680)	19,675
Deferred revenue	(6,595)	6,595
Operating lease liabilities	(119,001)	-
Net cash flows from operating activities	(476,003)	(348,698)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	(17,888)	(44,278)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from notes payable	392,000	-
Payments on notes payable	(575,333)	(166,667)
Net cash flows from financing activities	(183,333)	(166,667)
<b>Net change in cash</b>	(677,224)	(559,643)
Cash at beginning of year	1,642,493	2,202,136
<b>Cash at end of year</b>	<u>\$ 965,269</u>	<u>\$ 1,642,493</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid for interest	\$ 8,000	\$ 500

See accompanying notes.



**THE DREAMYARD PROJECT, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 with comparative totals for June 30, 2022

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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. Primary sources of revenues are contributions, government grants, and earned income. 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

**THE DREAMYARD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023 with comparative totals for June 30, 2022

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 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.

**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. DreamYard bills for the services monthly.

**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 statement of activities as net assets released from restrictions.

**THE DREAMYARD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023 with comparative totals for June 30, 2022

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**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, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Beginning of year	\$ 540,335	\$ 227,196
End of year	472,386	540,335

**In-Kind Contributions**

DreamYard receives various forms of in-kind contributions including rent and legal services. In-kind contributions are reported as contributions at their estimated fair value on the date of receipt and reported as expenses when utilized. In-kind contributions are valued at estimated fair market or wholesale values. Donated services are recognized as revenue if the services create or enhance nonfinancial assets, 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 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, 2023 and 2022, DreamYard has received \$924,719 and \$1,143,985, respectively, of promises conditioned upon incurring qualifying expenses under the grant agreements.

**Leases**

DreamYard does not recognize short-term leases in the statement of financial position. For these leases, DreamYard recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. DreamYard also does not separate nonlease components from lease components for all underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, DreamYard uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

**THE DREAMYARD PROJECT, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023 with comparative totals for June 30, 2022

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Adoption of New Accounting Guidance**

On February 25, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. The guidance in this Update and all subsequently issued clarifying Updates supersede the guidance in FASB Accounting Standards Codification (ASC) Topic 840, Leases, and creates FASB ASC Topic 842, Leases. The main difference between previous guidance and Topic 842 is the recognition of assets and liabilities by lessees for those leases classified as operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. Also, under Topic 842, disclosures are required by lessees and lessors to report useful information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from leases.

DreamYard adopted the requirements of Topic 842 as of July 1, 2022, using the optional transition method that allows DreamYard to initially apply the new guidance at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. DreamYard's reporting for the year ended June 30, 2022, is in accordance with the previous guidance in Topic 840.

DreamYard elected the package of practical expedients permitted under the transition guidance within Topic 842. This package allowed DreamYard to account for its leases that commenced before the adoption date without reassessing whether any expired or existing contracts are or contain leases, the lease classification for any expired or existing leases, and initial direct costs for any existing leases.

The adoption of Topic 842 resulted in the recognition of an operating lease right-of-use assets of \$1,124,219 and an operating lease liabilities of \$1,149,357 as of July 1, 2022. The adoption of Topic 842 did not have a material effect on DreamYard's change in net assets or cash flows.

**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.

**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, 2022, from which the summarized information was derived.

**THE DREAMYARD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023 with comparative totals for June 30, 2022

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**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.

**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 13, 2024, 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, 2023 and 2022, DreamYard’s uninsured cash balances were approximately \$713,000 and \$1,392,000, respectively.

NOTE 3 – PROMISES TO GIVE

Unconditional promises to give consisted of the following:

	2023	2022
Receivable in less than one year	\$ 1,838,066	\$ 1,059,373
Receivable in more than one year	235,000	400,000
Unconditional promises to give	2,073,066	1,459,373
Less discount to net present value	(31,896)	(17,546)
Unconditional promises to give, net	\$ 2,041,170	\$ 1,441,827

Unconditional promises to give due in more than one year at June 30, 2023 and 2022 are discounted at an effective interest between 2.07% and 3.75% depending on the year of the pledge origination.

**THE DREAMYARD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023 with comparative totals for June 30, 2022

**NOTE 4 – LINE OF CREDIT**

DreamYard has a \$200,000 and \$500,000 revolving line of credit. The \$200,000 line of credit expires in February 2025. The \$500,000 line of credit does not have an expiration date. Outstanding balances accrue interest at the bank’s prime rate plus 4% and 3.52%, respectively. There were no outstanding balances as of June 30, 2023 and 2022.

**NOTE 5 – FIXED ASSETS**

Fixed assets consisted of the following:

	2023	2022
Furniture and fixtures	\$ 83,159	\$ 83,159
Equipment	580,602	562,713
Leasehold improvements	172,448	172,448
Fixed assets	836,209	818,320
Less accumulated depreciation	(742,874)	(704,920)
Fixed assets, net	\$ 93,335	\$ 113,400

**NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS**

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

	2023	2022
Creative Career Pathways & Art Center	\$ 60,000	\$ 335,740
In-School Programs	225,000	100,000
Work-Based Learning	60,000	50,000
Community Programs		
BX Start	300,000	-
Corporate Engagement	7,450	-
Subsequent period activities	733,104	883,454
Net assets with donor restrictions	\$ 1,385,554	\$ 1,369,194

**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 December 5, 2022, the loan maturity date was extended to June 1, 2023. The remaining loan balance has been paid in full as of June 30, 2023. In March 2023, Dreamyard received a \$392,000 cash flow loan to cover operating expenses pending expected receipt of funds from grants. This loan has paid in full as of June 30, 2023.

**THE DREAMYARD PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023 with comparative totals for June 30, 2022

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**NOTE 8 – 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. The loan was forgiven in full during fiscal year 2021.

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 9 – IN-KIND CONTRIBUTIONS**

In-kind contributions recognized within the statement of activities for the years ended June 30, 2023 and 2022 include:

	2023	2022
Rent	\$ 138,221	\$ 135,866
Legal services	64,780	133,783
Supplies	-	6,096
	\$ 203,001	\$ 275,745

The fair value of the contributed rent was estimated on the basis of comparable rent prices in the Bronx, New York rental market. The fair value of the legal services was estimated based on current rates for similar legal services. The supplies were valued at the estimated fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States. None of the in-kind contributions received contained donor restrictions. DreamYard does not sell any of the donated supplies received. Contributed legal services were for Management and General activities. Contributed supplies were used for programmatic activities. Contributed rent was used for programmatic and supporting activities.

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**NOTE 10 – LEASING ARRANGEMENTS**

DreamYard leases its office and program facilities pursuant to an operating lease that expires in August 2040. During the years ended June 30, 2023 and 2022, the lessor waived all lease payments. The estimated fair value of the donated facilities was \$138,222 and \$135,867 for the years ended June 30, 2023 and 2022, respectively.

On January 1, 2020, DreamYard entered into an operating lease for community facility space that expires on December 31, 2034. During the year ended June 30, 2023, DreamYard and the lessor mutually agreed to terminate the lease.

In June 2023, DreamYard entered into an operating lease for the BX Start facility. The lease began on July 1, 2023, requiring monthly rent payments of \$5,417 with annual increase in of 2% per annum and expires on June 30, 2038.

The components of total lease costs are as follows:

Operating lease cost	\$ 50,184
Short-term lease cost	<u>1,366</u>
Total lease cost	<u>\$ 51,550</u>

Other information related to the operating leases is as follows:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 188,069
ROU assets obtained in exchange for new operating lease liabilities	1,161,899
Weighted-average remaining lease term in years for operating leases	9.9
Weighted-average discount rate for operating leases	3.45%

The maturities of the operating lease liabilities as of June 30, 2023, are as follows:

2024	\$ 213,957
2025	214,021
2026	219,764
2027	225,666
2028	231,732
Thereafter	<u>1,070,619</u>
Total minimum lease payments	2,175,759
Imputed interest	<u>(332,303)</u>
Total operating lease liabilities	<u>\$ 1,843,456</u>



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NOTE 11 – LIQUIDITY AND AVAILABILITY

The following represents DreamYard's financial assets as of June 30, 2023 and 2022, 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>2023</u>	<u>2022</u>
Cash	\$ 965,269	\$ 1,642,493
Unconditional promises to give, net	2,041,170	1,441,827
Accounts receivable	<u>472,387</u>	<u>540,335</u>
Financial assets at year-end	3,478,826	3,624,655
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor imposed restrictions:		
Restricted by donor with time and purpose restrictions	(1,385,554)	(1,369,194)
Add back amounts available within one year	<u>530,000</u>	<u>465,908</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,623,272</u>	<u>\$ 2,721,369</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. DreamYard also has lines of credit totaling \$700,000 which it could draw upon in the event of an unanticipated liquidity need.