



The DREAM Program, Inc.

FINANCIAL STATEMENTS
DECEMBER 31, 2007



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INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REVIEW REPORT

John W. Davis
CPA, CFP, CVA

To the Board of Directors
The DREAM Program, Inc.
Winooski, Vermont

Bret L. Hodgdon
CPA

We have reviewed the accompanying statement of financial position of The DREAM Program, Inc. (a nonprofit organization) as of December 31, 2007, and the related statement of activities and changes in net assets and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of The DREAM Program, Inc.

600 Blair Park Road,
Suite 280

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is to express and opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Williston, Vermont
05495

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

802-878-1963

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The information included in the accompanying schedules is presented only for supplementary analysis purposes. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from information that is the representation of management, without audit or review. Accordingly, we do not express and opinion or any other form of assurance on the supplementary information.

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Williston, Vermont
November 12, 2008

Licensed
VT Accounting Firm
#92-0000343



THE DREAM PROGRAM, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2007

	<u>2007</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	
- Unrestricted	\$ 78,753
- Board Designated	5,527
Accounts receivable	30,425
Prepaid expenses	<u>3,191</u>
Total current assets	<u>117,896</u>
PROPERTY AND EQUIPMENT, net	<u>136,263</u>
INVESTMENTS	
Board designated	7,612
Restricted	<u>29,750</u>
Total investments	<u>37,362</u>
Total assets	<u><u>\$ 291,521</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	11,600
Accrued expenses	<u>7,342</u>
Total current liabilities	<u>18,942</u>
NET ASSETS	
Unrestricted	241,836
Temporarily restricted	<u>30,743</u>
Total net assets	<u>272,579</u>
Total liabilities and net assets	<u><u>\$ 291,521</u></u>

See Independent Certified Public Accountants' Review Report and Notes to Financial Statements.

THE DREAM PROGRAM, INC.

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2007**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2007 Totals</u>
SUPPORT AND REVENUE			
Government	\$ 412	\$ 87,801	88,213
Foundations	16,500	29,756	46,256
Companies	2,418	3,092	5,510
Organizations	67,869	42,433	94,245
Individuals	<u>71,985</u>	<u>7,492</u>	<u>95,534</u>
Total support and revenues	<u>159,184</u>	<u>170,574</u>	<u>329,758</u>
OTHER INCOME			
Investment income	1,814	--	1,814
Sales to public	11,547	--	11,547
Miscellaneous	3,542	--	3,542
Gain on asset loss	<u>1,448</u>	<u>--</u>	<u>1,448</u>
Total other income	<u>18,351</u>	<u>--</u>	<u>18,351</u>
Net assets released from restrictions - satisfaction of donor requirements	<u>161,620</u>	<u>(161,620)</u>	<u>--</u>
Total support, revenues and reclassifications	<u>339,155</u>	<u>8,954</u>	<u>348,109</u>
OPERATING EXPENSES			
Program services			
School-Year programs	132,422	--	132,422
Summer programs	56,448	--	56,448
Camp DREAM	<u>107,757</u>	<u>--</u>	<u>107,757</u>
Total program services	<u>296,627</u>	<u>--</u>	<u>296,627</u>
Supporting services			
Management and general	46,708	--	46,708
Fundraising	<u>17,026</u>	<u>--</u>	<u>17,026</u>
Total supporting services	<u>63,734</u>	<u>--</u>	<u>63,734</u>
Total operating expenses	<u>360,361</u>	<u>--</u>	<u>360,361</u>
Net change in net assets	(21,206)	8,954	(12,252)
NET ASSETS, beginning of year	<u>263,042</u>	<u>21,789</u>	<u>284,831</u>
NET ASSETS, end of year	<u>\$ 241,836</u>	<u>\$ 30,743</u>	<u>\$ 272,579</u>

See Independent Certified Public Accountants' Review Report and Notes to Financial Statements.

THE DREAM PROGRAM, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2007

	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (12,252)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation and amortization	2,656
Gain on asset loss	(1,448)
Changes in:	
Accounts receivable	(26,634)
Inventory	4,391
Prepaid expenses	(3,191)
Accounts payable	11,600
Accrued expenses	<u>3,673</u>
Net cash used for operating activities	<u>(21,204)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Insurance proceeds on asset loss	6,500
Net proceeds from sale of investments	9,628
Purchases of property and equipment	<u>(2,928)</u>
Net cash provided by investing activities	<u>13,200</u>
Net change in cash	(8,004)
Cash, beginning of the year	<u>92,284</u>
Cash, end of the year	<u>\$ 84,280</u>

See Independent Certified Public Accountants' Review Report and Notes to Financial Statements.

THE DREAM PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

Note 1. Nature of Business and Summary of Significant Accounting Policies

Nature of Business

The DREAM Program, Inc. (the Organization) was incorporated on November 20, 2001. With offices in Winooski and South Burlington, Vermont, the Organization is an independent non-profit organization dedicated to initiating and supporting mentoring programs between residents of government subsidized housing developments in Vermont and college students with campuses in Vermont and New Hampshire. The Organization's mission is to create communities of families and college students that empower children from affordable housing neighborhoods to recognize their options, make informed decisions, and achieve their dreams.

A summary of the Organization's significant accounting policies follows:

Basis of accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

Basis of presentation

The Organization's financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, which represents the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represents resources restricted by donors a to purpose or by the passage of time; and permanently restricted net assets, which represents resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization has no permanently restricted net assets at December 31, 2007.

Use of estimates

The preparation of financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

The Organization considers all investments with an original maturity of three months or less to be cash and cash equivalents.

THE DREAM PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

Note 1. Nature of Business and Summary of Significant Accounting Policies (continued)

Investments

Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the Statement of Activities and Changes in Net Assets.

Property and equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the assets' estimated useful lives. Additions and betterments with a value in excess of \$1,000 are capitalized, and expenditures for repairs and maintenance are expensed when incurred. Upon sale or retirement, the costs and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is included in revenue.

Income taxes

The Organization is a not-for-profit organization, exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and none of its present or anticipated future activities are subject to taxation as unrelated business income; therefore, no provision for income taxes is made in the accompanying financial statements.

Support and revenue

In accordance with the provisions of the Financial Accounting Standards Board's Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made" the Organization records contributions as unrestricted, temporarily restricted, and permanently restricted support depending on the existence or nature of donor restrictions. Unconditional promises to give are recorded as pledges receivable.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions. Restricted contributions that meet restrictions in the same reporting period as received are reported as increases in unrestricted net assets.

Contributions of non-cash assets are recorded at their fair values in the period received. Contributions of services that create or enhance non-financial assets or that require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

THE DREAM PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

Note 2. Board Designated Cash

Board designated cash consists of \$5,527 as of December 31, 2007. These funds were received in December of 2007 and are designated to the Founder's CD. The money was transferred to the Founder's CD the following year.

Note 3. Accounts Receivable

Accounts receivable consisted of the following at December 31:

	<u>2007</u>
Burlington Housing Authority	\$ 1,600
Highgate Apartments	2,500
Vermont Student Assistance Corporation	2,534
Winooski Housing Authority	2,091
Adams Fund (Beth family foundation)	10,000
Vermont Youth Conservation Corps	11,600
St. Albans Teen Center	<u>100</u>
Total accounts receivable	<u>\$ 30,425</u>

Note 4. Property and Equipment

Property and equipment consisted of the following at December 31:

	<u>Useful Life (Years)</u>	<u>2007</u>
Building	39	\$ 25,189
Vehicles	5	5,500
Land improvements	15	10,731
Land		<u>100,000</u>
Total property and equipment		141,420
Less accumulated depreciation		<u>(5,157)</u>
Property and equipment, net		<u>\$ 136,263</u>

Depreciation expense was for the year ended December 31, 2007.

Note 5. In-kind Contributions

South Burlington office space was provided to the Organization rent-free by an unrelated for-profit organization. Additional office space in Winooski was provided to the Organization rent-free by a municipal housing authority. The DREAM Program has a lease with both of these organizations through March 2010, at which point these leases can be extended for another three years. Fair market value has been determined to be \$10,200 by management for the year ended December 31, 2007. In accordance with SFAS 116 (See Note 1.) the amounts are included in the accompanying Statement of Activities and Changes in Net Assets.

THE DREAM PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

Note 6. Investments

Investments consisted of board designated and restricted funds at December 31, 2007.

Alumni fund

The Alumni Fund consisted of restricted funds. Alumni of the Organization comprise the Alumni Committee and decide how to use the funds within restrictions. Funds are either used to fund programs or provide scholarships.

The Alumni Fund consisted of the following at December 31:

	<u>2007</u>
Balance, beginning of year	\$ 27,708
Contributions	2,042
Distributions	--
Balance, end of year	<u>\$ 29,750</u>

Founders CD

The Founder's CD consisted of board designated funds. The original founders of the Organization comprise the Founders Committee. The Founders Committee decides how these funds will be used.

The Founders CD consisted of the following at December 31:

	<u>2007</u>
Balance, beginning of year	\$ 11,782
Contributions	830
Distributions	(5,000)
Balance, end of year	<u>\$ 7,612</u>

Note 7. AmeriCorps Members

In addition to paid staff members, in 2007, the Organization was an AmeriCorps VISTA Program and an AmeriCorps State Program. In 2007, the Organization had 6 full-time AmeriCorps VISTA Positions until August 24, 2007, and each volunteer earned \$10,890. Of these members, five had their salaries paid directly by the AmeriCorps State Program and accordingly those amounts are not reflected in the accompanying financial statements. One volunteer was a cost-share VISTA employee and that the Organization's cost-share amount of \$9,651 is reflected in the accompanying Schedule of Functional Expenses as salary. In Sept of 2007, the Organization began its first year of being an AmeriCorps State Program. The AmeriCorps members are recruited, hired, and managed by the Organization and their living stipend from September 1, 2007 to December 31, 2007 is reflected in the accompanying Schedule of Functional Expenses as salary.

THE DREAM PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

Note 8. College Savings Temporarily Restricted Net Assets

The Organization holds temporarily restricted net assets with a total value of \$30,743 as of December 31, 2007. Of the total temporarily restricted net assets, \$475 is the result of donations by individuals who designated that their donations be used as college savings for specific children in the program.

The following children have donations in their name at December 31, 2007:

Dakota Salls	\$ 100
Nedra Keenan	<u>375</u>
Assets temporarily restricted for college savings	<u>\$ 475</u>

Note 9. Functional Allocation of Expenses

The cost of providing the various programs and supporting services have been summarized on a functional basis in the accompanying Statement of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 10. Commitments and Contingencies

Grants and contracts require the fulfillment of certain conditions set forth in the instrument of the grant or contract. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the possibility remains, management deems the contingency remote, as by accepting awards and their terms, it has accommodated the objectives of the organization to the provisions of the grant.

Note 11. Risks and Uncertainties

The DREAM Program obtains the majority of its funding from government grants and contributions from both organizations and individuals. Accordingly, a decrease in funding could result from adverse economic conditions. If this were to occur, it would have a severe impact on the organization.

SUPPLEMENTAL INFORMATION

THE DREAM PROGRAM, INC.

SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2007

	Program Services			Supporting Services		Total
	School-Year Programs	Summer Programs	Camp DREAM	General and Administrative	Fundraising	
Salaries and related expenses	\$ 70,070	\$ 43,130	\$ 40,305	\$ 13,993	\$ 13,596	\$ 181,094
Payroll taxes	5,428	3,206	3,069	1,095	1,056	13,854
Health insurance	4,980	3,063	2,960	994	866	12,863
Housing stipends	7,500	--	8,100	2,275	--	17,875
Cost share for americorps	--	--	9,651	--	--	9,651
Other benefits	2,678	--	1,913	5,873	--	10,464
Staff development	230	--	382	245	--	857
Staff recruitment	--	--	314	--	--	314
Accounting and payroll	--	--	--	4,209	--	4,209
Other professional services	--	--	12,961	--	--	12,961
Office and occupancy	--	--	1,303	11,004	--	12,307
Phone, fax, and internet	--	--	278	1,121	--	1,399
Website	--	--	--	300	--	300
Technology	50	--	--	808	--	858
Risk management - insurance	4,049	--	1,350	--	--	5,399
Evaluation	20	--	--	--	--	20
Supplies	4,406	587	11,390	959	1,472	18,814
Food	6,305	1,992	5,304	1,075	29	14,705
Postage	--	--	--	854	--	854
Activities	8,091	1,242	10	--	--	9,343
Printing and duplication	362	--	--	--	--	362
Building materials	--	--	1,414	--	--	1,414
Travel and transportation	8,748	3,084	4,202	190	--	16,224
Lodging	1,281	131	100	151	--	1,663
Program fundraising expenses	301	--	--	--	--	301
Dues and subscriptions	18	13	--	600	--	631
Interest and fees	72	--	--	962	7	1,041
Taxes	--	--	2,751	--	--	2,751
Depreciation	2,656	--	--	--	--	2,656
Bus	4,915	--	--	--	--	4,915
Van	262	--	--	--	--	262
Total Functional Expenses	\$ 132,422	\$ 56,448	\$ 107,757	\$ 46,708	\$ 17,026	\$ 360,361

See Independent Certified Public Accountants' Review Report.

THE DREAM PROGRAM, INC.

SCHEDULE OF UNRESTRICTED REVENUES

For the Year Ended December 31, 2007

Government

Diesel tax refund \$ 412

Foundations

Donley Foundation 10,000

Byrne Foundation 5,000

New England Patriots Foundation 1,500

Total foundations 16,500

Companies

Sodexo 418

Chick's Market 100

Green Mountain Power 100

Vocation Vacation 800

WalMart 400

Papa Franks 50

Ben and Jerry's 550

Total companies 2,418

Organizations

Champlain College 648

UVM 950

Accountability International 2,870

Dartmouth DASH 901

Ben and Jerry's Gift Fair 250

Cooking for Life 700

Winooski Housing Authority 25,800

Burlington Housing Authority 22,200

Highgate nonprofit 8,000

Rutland Housing Authority 3,000

Vermont State Housing Authority 2,500

City of Burlington use of DREAM bus 50

Total organizations 67,869

Individuals

Donations to DREAM in 2007 62,371

Paypal donations 877

Fundraising event 8,737

Total individuals 71,985

Total unrestricted revenue \$ 159,184

See Independent Certified Public Accountants' Review Report.

THE DREAM PROGRAM, INC.

SCHEDULE OF TEMPORARY RESTRICTED REVENUES

For the Year Ended December 31, 2007

Government

Vermont Mentors Grant	\$ 10,000
Vermont Agency of Human Services (Birchwood Program)	13,876
AmeriCorps	48,137
State of Vermont, Summer Food Program	1,882
CNCS grant for VISTA program	8,333
Champps Grant (AHS)	<u>5,573</u>
Total government	<u>87,801</u>

Foundations

Stryker Foundation	10,500
Rosentiel Foundation	1,500
Tarrant Foundation	1,000
Kelsey Foundation	3,000
Vermont Community Foundation	8,506
Key Foundation	1,600
Ryan Fitzsimons Revocable Trust	1,650
Cleveland H. Dodge	<u>2,000</u>
Total foundations	<u>29,756</u>

Companies

Seventh Generation	2,500
Chittenden Bank	<u>592</u>
Total companies	<u>3,092</u>

Organizations

VSAC support for programs	22,509
VSAC support for UVM High Adventure	4,000
Casey Family Services	2,000
Mobius; New American Children	4,000
Mobius for Birchwood Program	9,000
Thrivent Lutherans for Edible Landscape	<u>924</u>
Total organizations	<u>42,433</u>

Individuals

Supporting donations for WAC	1,700
Founder's Fund	500
Supporting donations for High Adventure	2,792
Henry Howell support for treehouse	1,000
Supporting donations for Edible Landscape at camp	<u>1,500</u>
Total individuals	<u>7,492</u>

Total temporary restricted revenue \$ 170,574

See Independent Certified Public Accountants' Review Report.

THE DREAM PROGRAM, INC.

SCHEDULE OF SALARY FUNCTIONAL EXPENSES
For the Year Ended December 31, 2007

Executive Director

School-year programs	\$ 9,161
Summer programs	3,664
Camp DREAM	5,587
General and administrative	7,328
Fundraising	<u>10,993</u>
Total executive director	<u>36,733</u>

Associate Executive Director

School-year programs	11,595
Summer programs	5,797
Camp DREAM	5,797
General and administrative	<u>5,797</u>
Total associate executive director	<u>28,986</u>

Program Director

School-year programs	17,392
Summer programs	5,797
Camp DREAM	<u>5,797</u>
Total program director	<u>28,986</u>

Development Director

School-year programs	2,169
Summer programs	868
Camp DREAM	2,169
General and administrative	868
Fundraising	<u>2,603</u>
Total development director	<u>8,677</u>

Program Staff

AmeriCorps member	<u>29,747</u>
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Summer Interns

Summer programs	<u>27,000</u>
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Camp Staff

AmeriCorps member	14,515
Camp DREAM	<u>6,450</u>
Total camp staff	<u>20,965</u>

Total unrestricted revenue	<u>\$ 181,094</u>
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See Independent Certified Public Accountants' Review Report.

THE DREAM PROGRAM, INC.

SCHEDULE OF INTEREST AND FEES
For the Year Ended December 31, 2007

<u>Local Programs</u>	<u>Total</u>
Parking violation	\$ <u>50</u>
<u>General and administrative</u>	
Central office bank fees	119
Central office credit card fees (all credited back to DREAM)	315
Transfer fee from fidelity	1,144
Transaction fee from morgan stanley	60
Less: reversal of bank fees	<u>(647)</u>
Total general and administrative	<u>991</u>
Total interest and fees	<u>\$ 1,041</u>

See Independent Certified Public Accountants' Review Report.

THE DREAM PROGRAM, INC.

SCHEDULE OF LOCAL PROGRAMS NET ASSETS

For the Year Ended December 31, 2007

<u>Local Program</u>	Net Assets <u>1/1/2007</u>	<u>Revenues</u>	<u>Expenses</u>	Net Assets <u>12/31/2007</u>
Elm Street	\$ 1,090	\$ 1,192	\$ 957	\$ 1,325
Northwoods/Hollow Drive	(7)	5,950	4,792	1,151
Birchwood	(691)	3,395	1,624	1,080
Armory Square	(488)	3,732	3,050	194
Franklin Square	1,137	1,120	1,397	860
Highgate (Green Acres)	250	1,738	1,114	874
Forest Park	670	1,082	1,404	348
Franklin Street	653	2,189	2,086	756
Pine Meadows	<u>--</u>	<u>18</u>	<u>26</u>	<u>(8)</u>
Total local programs	<u>\$ 2,614</u>	<u>\$ 20,416</u>	<u>\$ 16,450</u>	<u>\$ 6,580</u>

See Independent Certified Public Accountants' Review Report.