



The DREAM Program, Inc.

FINANCIAL STATEMENTS
AUGUST 31, 2011 and 2010



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CONTENTS

	<u>Page</u>
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REVIEW REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3 - 4
Statements of Cash Flows	5
Notes to Financial Statements	6 – 15
SUPPLEMENTAL INFORMATION	
Statements of Functional Expenses	16 – 17
Statements of Program Expenses	18 – 19



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INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying statement of financial position of The DREAM Program, Inc. (a nonprofit organization) as of August 31, 2011, 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. The prior year summarized comparative information has been derived from the Organization's 2010 financial statements and in our reports dated June 27, 2011, we stated that we are not aware of any material modifications that should be made to those statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. All information included in these financial statements is the representation of management of The DREAM Program, Inc.

John W. Davis
CPA, CFP®, CVA

Bret L. Hodgdon
CPA, CFP®, CFE

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.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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Suite 201
Williston, Vermont
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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.

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Our reviews were 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 accounting principles generally accepted in the United State of America. The supplemental information is presented only for supplemental analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review if the basic financial statements, and we are not aware of any material modifications that should be made thereto.

Davis & Hodgdon Associates CPAs, PLC

Williston, Vermont
February 17, 2012

THE DREAM PROGRAM, INC.
STATEMENTS OF FINANCIAL POSITION
August 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 19,520	\$ 64,867
Accounts receivable		
Trade receivables	59,978	82,552
Pledge receivables	12,788	12,318
Prepaid expenses	<u>3,470</u>	<u>18,159</u>
Total current assets	<u>95,756</u>	<u>177,896</u>
PROPERTY AND EQUIPMENT, net	<u>194,898</u>	<u>170,760</u>
INVESTMENTS		
Alumni Fund	<u>51,929</u>	<u>47,533</u>
Total investments	<u>51,929</u>	<u>47,533</u>
Total assets	<u>\$ 342,583</u>	<u>\$ 396,189</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 3,046	\$ 2,274
Accrued expenses	8,933	4,341
Accrued payroll	7,610	6,191
Line of credit	<u>--</u>	<u>25,059</u>
Total current liabilities	<u>19,589</u>	<u>37,865</u>
NET ASSETS		
Unrestricted	263,548	302,348
Temporarily restricted	13,487	11,575
Permanently restricted	<u>45,959</u>	<u>44,401</u>
Total net assets	<u>322,994</u>	<u>358,324</u>
Total liabilities and net assets	<u>\$ 342,583</u>	<u>\$ 396,189</u>

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

THE DREAM PROGRAM, INC.

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended August 31, 2011 (With Comparative Totals For 2010)**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>2011 Totals</u>	<u>2010 Totals</u>
SUPPORT AND REVENUE					
Government	\$ --	\$ 145,962	\$ --	\$ 145,962	\$ 249,002
Foundations	23,442	70,669	1,558	95,669	92,530
Companies	6,188	1,000	--	7,188	9,318
Organizations	8,966	24,242	--	33,208	21,809
Housing authorities	86,415	--	--	86,415	104,250
United Ways	--	24,527	--	24,527	26,024
Individuals	<u>152,976</u>	<u>--</u>	<u>--</u>	<u>152,976</u>	<u>137,063</u>
Total support and revenues	<u>277,987</u>	<u>266,400</u>	<u>1,558</u>	<u>545,945</u>	<u>639,996</u>
OTHER INCOME					
Investment income	10	2,330	--	2,340	3,439
Sales to public	4,278	--	--	4,278	1,016
Fundraising events	2,502	--	--	2,502	--
In-kind contributions	13,500	--	--	13,500	13,500
Loss on disposal of assets	<u>(1,833)</u>	<u>--</u>	<u>--</u>	<u>(1,833)</u>	<u>--</u>
Total other income	<u>18,457</u>	<u>2,330</u>	<u>--</u>	<u>20,787</u>	<u>17,955</u>
Net assets released from restrictions - satisfaction of donor requirements	<u>266,818</u>	<u>(266,818)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total support, revenues and reclassifications	<u>\$ 563,262</u>	<u>\$ 1,912</u>	<u>\$ 1,558</u>	<u>\$ 566,732</u>	<u>\$ 657,951</u>

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

THE DREAM PROGRAM, INC.

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended August 31, 2011 (With Comparative Totals For 2010)**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>2011 Totals</u>	<u>2010 Totals</u>
OPERATING EXPENSES					
Program services					
School-year programs	\$ 239,035	\$ --	\$ --	\$ 239,035	\$ 321,216
Summer programs	98,167	--	--	98,167	94,691
Camp DREAM	<u>129,562</u>	<u>--</u>	<u>--</u>	<u>129,562</u>	<u>130,193</u>
Total program services	<u>466,764</u>	<u>--</u>	<u>--</u>	<u>466,764</u>	<u>546,100</u>
Supporting services					
Management and general	101,252	--	--	101,252	120,019
Fundraising	<u>34,046</u>	<u>--</u>	<u>--</u>	<u>34,046</u>	<u>30,440</u>
Total supporting services	<u>135,298</u>	<u>--</u>	<u>--</u>	<u>135,298</u>	<u>150,459</u>
Total operating expenses	<u>602,062</u>	<u>--</u>	<u>--</u>	<u>602,062</u>	<u>696,559</u>
Change in net assets	(38,800)	1,912	1,558	(35,330)	(38,608)
NET ASSETS, beginning	<u>302,348</u>	<u>11,575</u>	<u>44,401</u>	<u>358,324</u>	<u>396,932</u>
NET ASSETS, ending	<u>\$ 263,548</u>	<u>\$ 13,487</u>	<u>\$ 45,959</u>	<u>\$ 322,994</u>	<u>\$ 358,324</u>

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

THE DREAM PROGRAM, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (35,330)	\$ (38,608)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	5,873	5,375
Net realized/unrealized (gain)/loss on investments	(4,396)	5,477
Changes in:		
Trade receivables	22,574	2,118
Pledge receivables	(470)	3,264
Prepaid expenses	14,689	(14,034)
Accounts payable	772	2,165
Accrued expenses	4,592	(3,820)
Accrued payroll	<u>1,419</u>	<u>(1,300)</u>
Net cash provided (used) by operating activities	<u>9,723</u>	<u>(39,363)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(30,011)</u>	<u>(2,500)</u>
Net cash used by investing activities	<u>(30,011)</u>	<u>(2,500)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Line of credit proceeds	<u>(25,059)</u>	<u>25,059</u>
Net cash provided (used) by financing activities	<u>(25,059)</u>	<u>25,059</u>
Net change in cash	(45,347)	(16,804)
Cash, beginning of the year	<u>64,867</u>	<u>81,671</u>
Cash, end of the year	<u>\$ 19,520</u>	<u>\$ 64,867</u>

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

THE DREAM PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2011 and 2010

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

Nature of Business

The DREAM Program, Inc. (the Organization or DREAM) was incorporated on November 20, 2001. With offices in Vermont and Massachusetts, the Organization is an independent non-profit organization dedicated to initiating and supporting mentoring programs between residents of government subsidized affordable housing developments and college students with campuses in Vermont, New Hampshire and Massachusetts. 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 description of the Organization's major programs follows:

School-Year Programs: Children and youth ages 5 to 18 from housing developments are paired with college student volunteers in one-on-one, consistent, long-term relationships. Each week, students bring the children in the program to their college campus for a combination of group and one-on-one activities. Group activities are age appropriate and the individual activities are tailored to the specific needs and interests of each child or teen in the program.

Summer Programs: One of the intrinsic challenges of the college-based mentoring program is bridging the summer, when many mentors having other commitments away from school is combined with children having much more free time. The goal, whether it is through one-on-one Village Mentoring™ partnerships or memorable culminating experiences is to provide the children of DREAM with a supportive environment replete with experiences that will help grow into their limitless potential. To this end, the DREAM Program has a Summer Program that offers support for High Adventure, TripScape, on-site summer programming and other special projects.

Camp DREAM: Camp DREAM is a time for the children involved in the program to explore, grow, and learn outside their everyday environment. For some children, a 50 acre camp in Fletcher, Vermont provides their first experience to independently interact with the great outdoors. For others, Camp DREAM becomes a highly anticipated experience that grows and changes as they do. The DREAM Program, Inc. makes sure that every DREAM child who wishes to come to camp has that opportunity by offering comprehensive Camperships, which allow children to attend camp free of charge.

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.

THE DREAM PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2011 and 2010

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

Basis of presentation

The Organization's financial statement presentation is as required by the Not-for-Profit Topic of the Codified FASB Accounting Standards. 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 represent resources restricted by donors as 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.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported 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.

Allowance for doubtful accounts

The Organization has adopted the direct write-off method to record bad debts. Generally accepted accounting principles require that the allowance method be used to recognize bad debt. At August 31, 2011 and 2010 the effect of using the direct write-off method is not considered to be materially different from the results that would have been obtained under the allowance method.

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 the accompanying Statement of Activities and Changes in Unrestricted Net Assets.

Investments

Investments consist of cash, fixed income securities and equities that have been designated for long-term investment by the Organization. The Organization reports investment income and gains and losses on investments as increases or decreases in net assets unless a donor law temporarily or permanently restricts their use.

THE DREAM PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS
August 31, 2011 and 2010

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

Fair Value Measurements

FASB ASC Topic 820 provides a definition of fair value which focuses on an exit price rather than an entry price, establishes a framework for measuring fair value which emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and requires expanded disclosures about fair value measurements. In accordance with FASB ASC 820-10, the Organization may use valuation techniques consistent with the market, income and cost approaches to measure fair value. As a basis for considering market participant assumptions in fair value measurements, ASC Topic 820 establishes a fair value hierarchy, which prioritizes the inputs used in measuring fair values. The hierarchy gives the highest priority to Level 1 measurements and the lowest priority to Level 3 measurements. The Organization only uses Level 1 of the fair value hierarchy under ASC Topic 820 as described below:

Level 1 – Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date.

Common Stocks, corporate bonds and U.S. Government Securities:

Valued at the composite closing price as reported on the active market on which the individual securities are traded.

Mutual Funds:

Valued using the Net Asset Value (NAV) of shares held by the Organization at year-end. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is quoted in an active market.

All long-term investments (see Note 5.) have been valued in accordance with the definition of Level 1 inputs as described above.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, although the Organization management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Net asset classifications

The Organization has adopted the Codified FASB Accounting Standards that provide guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The Codified Accounting Standards also improve disclosures about an organization's endowment funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

THE DREAM PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2011 and 2010

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

Net asset classifications (continued)

The State of Vermont adopted UPMIFA effective May 5, 2009. The Organization has adopted the Codified FASB Accounting Standards for the year ended August 31, 2009. It has been determined that the majority of the Organization's net assets do not meet the definition of endowment under UPMIFA or the Codified FASB Accounting Standards. The Organization is governed subject to the governing documents for the Organization and most contributions are subject to the terms of these governing documents. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Organization.

Under the terms of the Organization's governing documents and in the absence of overriding, explicit donor stipulations, the board of directors has the ability to distribute so much of the corpus of any trust or separate gift, devise, bequest, or fund as the board in its sole discretion shall determine. As a result of the ability to distribute corpus, all contributions not classified as temporarily restricted or permanently restricted are classified as unrestricted net assets for financial statement purposes.

Temporarily restricted net assets may consist of irrevocable charitable trusts, lead trusts, restricted contributions receivable, and the remaining portion of donor-restricted endowment funds that are not classified as permanently restricted net assets. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets represent the fair value of the original gift as of the gift date and the original value of subsequent gifts to donor-restricted endowment funds.

The Organization's endowment funds are made up entirely of net assets transferred to a community foundation from unrestricted net assets as described below. Accordingly, these funds are not subject to The DREAM Program, Inc.'s interpretation of the pertinent State Prudent Management of Institutional Funds Act (SPMIFA) or The DREAM Program, Inc.'s investment and spending policy.

In May of 2009 The DREAM Program, Inc. contributed funds to the Vermont Community Foundation (the Foundation), a not-for-profit organization, in order to encourage and enhance contributions, insure perpetual continuity and provide for professional investment management. The Foundation has been granted variance power whereby the Board of Trustees of the Vermont Community Foundation shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessarily, incapable of fulfillment, or inconsistent with the charitable needs of the community served. The Foundation has agreed that if the board proposes to exercise this power, the exercise of such power shall not be effective earlier than at least ninety days after the Foundation notifies The DREAM Program, Inc. in writing of (a) its intent to exercise such power and (b) the manner in which the Foundation proposes to vary the purposes, uses, or methods of administration of the funds. Each year the Foundation shall pay to The DREAM Program, Inc. an amount to be determined on an annual basis by the Foundation's board.

THE DREAM PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

August 31, 2011 and 2010

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

Net asset classifications (continued)

In accordance with the FASB ASC, these funds have been treated as a beneficial interest in assets held by others and appear on the accompanying Statements of Financial Position as investments.

Earnings on endowment investments are restricted for fund programs or to provide scholarships to the extent that endowment losses do not reduce the investment below the historical dollar value of the original gifts.

Support and revenue

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 purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Restricted contributions that meet restrictions in the same reporting period 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. Donated investments are also reported at fair value at the date of receipt, which is then treated as the Organization's cost basis.

Advertising

Advertising costs are expensed as incurred.

Income taxes

The Organization is a not-for-profit corporation, exempt from Federal income tax 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 has been made in the accompanying financial statements.

The Organization annually files an IRS Form 990, *Return of Organization Exempt From Income Tax*, tax return in the U.S. Federal jurisdiction. The Organization is no longer subject to U.S. Federal income tax examination by tax authorities for the years prior to August 31, 2008. In the normal course of business, the Organization is subject to the examination by various taxing authorities. Although the outcome of tax audits is always uncertain, the management of the Organization believes that there are no significant unrecognized tax liabilities at August 31, 2011 and 2010.

THE DREAM PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS
August 31, 2011 and 2010

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

Expense allocation

The cost of providing the Organization's various programs and supporting services have been summarized on a functional basis in the accompanying Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. This allocation was based on the functions of the employees and management's estimate of actual hours attributable to each activity.

Reclassifications

Certain amounts for the year ended August 31, 2010, have been reclassified to conform to the presentation of the August 31, 2011 amounts. The reclassifications have no effect on net assets for the year ended August 31, 2010.

Subsequent events

Subsequent events have been evaluated through February 17, 2012 which is the date the financial statements were issued.

Note 2. Trade Receivables

Trade receivables consisted of the following at August 31:

	<u>2011</u>	<u>2010</u>
AmeriCorps grant reimbursement	\$ 27,113	\$ 59,647
Maloney Properties	--	15,000
Madison Park Village IV LP	--	3,750
Vermont Youth Development Corp	1,041	--
Bennington Housing Authority	1,500	--
Cambridge Housing Authority	5,625	--
Pine Meadow Apartments	7,500	--
Winooski Housing Authority	--	2,092
Burlington Housing Authority	3,200	1,600
Vermont Student Assistance Corporation	9,922	--
Vermont Dept. of Education	2,104	--
Other	<u>1,973</u>	<u>463</u>
Total trade receivables	<u>\$ 59,978</u>	<u>\$ 82,552</u>

THE DREAM PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS
August 31, 2011 and 2010

Note 3. Pledge Receivables

Pledge receivables consisted of the following at August 31:

	<u>2011</u>	<u>2010</u>
United Way of Chittenden County	\$ 11,538	\$ 11,068
United Way of Rutland County	<u>1,250</u>	<u>1,250</u>
Total pledge receivables	<u>\$ 12,788</u>	<u>\$ 12,318</u>

Note 4. Property and Equipment

Property and equipment consisted of the following at August 31:

	Useful Life (Years)	<u>2011</u>	<u>2010</u>
Building	39	\$ 79,538	\$ 53,250
Land improvements	15	--	--
Vehicles	5	23,954	20,898
Land	--	<u>110,731</u>	<u>110,731</u>
Total property and equipment		214,223	184,879
Less accumulated depreciation		<u>(19,325)</u>	<u>(14,119)</u>
Property and equipment, net		<u>\$ 194,898</u>	<u>\$ 170,760</u>

Depreciation expense was \$5,873 and \$5,375 for the years ended August 31, 2011 and 2010, respectively.

Note 5. Investments

Investments at fair value based on quoted prices in active markets for identical assets (Level 1 as described in Note 1.) consisted of the following at August 31:

	<u>2011</u>	<u>2010</u>
Permanently restricted		
Vermont Community Foundation	<u>51,929</u>	<u>47,533</u>
Total investments	<u>\$ 51,929</u>	<u>\$ 47,533</u>

THE DREAM PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS
August 31, 2011 and 2010

Note 5. Investments (continued)

The following table provides additional information regarding the aggregate changes in Level 1 investments:

	<u>2011</u>	<u>2010</u>
Beginning balance	\$ 47,533	\$ 53,010
Total gains or (losses) included in statement of activities and changes in net assets	2,330	3,394
Purchases, sales, issuances, and settlements (net)	<u>2,066</u>	<u>(8,871)</u>
Ending balance	<u>\$ 51,929</u>	<u>\$ 47,533</u>

Alumni fund

The Alumni Fund consisted of permanently restricted funds in accordance with the Organization's interpretation of UPMIFA and ASC 958-208 (see note 1.). During 2009 the Organization transferred the entire balance of the fund to the Vermont Community Foundation (the Foundation). Funds released to The DREAM Program, Inc. from the Foundation are either used to fund programs or provide scholarships.

The following schedule summarizes the investment income reported in the statement of activities as an increase (decrease) in net assets:

	(Level 1) <u>2011</u>	(Level 1) <u>2010</u>
Balance, beginning of year	\$ 47,533	\$ 44,797
Contributions	1,558	1,018
Interest & Dividends earned	1,109	993
Realized gain	3,789	312
Unrealized gain (loss)	(1,224)	2,900
Distributions	--	(1,660)
Management fees	<u>(836)</u>	<u>(827)</u>
Balance, end of year	<u>\$ 51,929</u>	<u>\$ 47,533</u>

The historical dollar value of \$45,959 and \$44,401 (including 2011 contributions of \$1,558) are included in permanently restricted net assets at August 31, 2011 and 2010, respectively. Aggregate earnings of \$5,462 and \$3,132, which are in excess of the historical dollar value, are included in temporarily restricted net assets at August 31, 2011 and 2010, respectively.

THE DREAM PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS
August 31, 2011 and 2010

Note 6. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at August 31:

	<u>2011</u>	<u>2010</u>
Anna-Maria Moggion Foundation	\$ --	\$ 5,833
Vermont Mentors Grant	8,025	--
The Ben & Jerry's Foundation	--	2,000
Net earnings on endowment funds	5,462	3,132
Other temporary restrictions	<u>--</u>	<u>610</u>
Total temporary restricted net assets	<u>\$ 13,487</u>	<u>\$ 11,575</u>

Note 7. 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 Organization is authorized to occupy the South Burlington office space on a month-to-month agreement. The DREAM Program has a lease for the Winooski office through March 2013. Fair market value for the office space donations has been determined to be \$13,500 by management for each of the years ending August 31, 2011 and 2010. The amounts are included in the accompanying Statement of Activities and Changes in Net Assets.

Note 8. Changes in Endowment Net Assets

Changes in endowment net assets for the year ending August 31, 2011 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Endowment net assets, beginning	\$ --	\$ 3,132	\$ 44,401
Interest and dividends net of expenses	--	1,109	--
Net realized and unrealized gains	<u>--</u>	<u>1,221</u>	<u>--</u>
Net return on endowment assets	--	2,330	--
Donor contributions	--	--	1,558
Amounts appropriated for expenditure	<u>--</u>	<u>--</u>	<u>--</u>
Change in endowment assets	<u>--</u>	<u>2,330</u>	<u>1,558</u>
Endowment net assets, ending	<u>\$ --</u>	<u>\$ 5,462</u>	<u>\$ 45,959</u>

THE DREAM PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS
August 31, 2011 and 2010

Note 8. Changes in Endowment Net Assets (continued)

Changes in endowment net assets for the year ending August 31, 2010 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Endowment net assets, beginning	\$ 8,213	\$ 1,414	\$ 43,383
Interest and dividends net of expenses	16	166	--
Net realized and unrealized gains	<u> --</u>	<u> 3,212</u>	<u> --</u>
Net return on endowment assets	16	3,378	--
Donor contributions	--	--	1,018
Amounts appropriated for expenditure	<u>(8,229)</u>	<u>(1,660)</u>	<u> --</u>
Change in endowment assets	<u>(8,213)</u>	<u> 1,718</u>	<u> 1,018</u>
Endowment net assets, ending	<u>\$ --</u>	<u>\$ 3,132</u>	<u>\$ 44,401</u>

Note 9. Risks and Uncertainties

The DREAM Program, Inc. 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.

Note 10. AmeriCorps Members

In addition to paid staff members, DREAM is an AmeriCorps State Program. DREAM maintains approximately 6 full-time AmeriCorps positions and 23 part-time members. The AmeriCorps members are recruited, hired, and managed by DREAM, and their living stipend (up to \$12,100 per year) is reflected in the accompanying statement of functional expenses.

Note 11. 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.

SUPPLEMENTAL INFORMATION

THE DREAM PROGRAM, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2011**

	Supporting Services			
	Program Services	General and Administrative	Fundraising	Total
Salaries and related expenses	\$ 303,565	\$ 53,643	\$ 26,974	\$ 384,182
Payroll taxes	26,154	4,622	2,324	33,100
Health insurance	20,706	3,659	1,840	26,205
Housing stipends	8,700	--	--	8,700
Other benefits	7,252	1,281	645	9,178
Staff development	231	842	--	1,073
Staff recruitment	--	35	--	35
Accounting and payroll	--	8,136	--	8,136
Engineering and design	527	--	--	527
Other professional services	615	--	--	615
Office and occupancy	4,279	841	343	5,463
In-kind rent expenses	--	13,500	--	13,500
Phone, fax, and internet	3,736	660	332	4,728
Website	--	290	--	290
Technology	--	505	--	505
Risk management - insurance	10,412	2,321	--	12,733
Evaluation	--	381	--	381
Supplies	5,444	1,316	217	6,977
Food	15,519	1,343	--	16,862
Postage	199	1,186	435	1,820
Activities	12,367	203	--	12,570
Printing and duplication	--	830	415	1,245
Travel and transportation	20,416	1,990	20	22,426
Lodging	310	--	--	310
Program fundraising expenses	--	--	501	501
Dues and subscriptions	465	538	--	1,003
Interest and fees	391	1,602	--	1,993
Taxes	3,034	--	--	3,034
Depreciation	5,873	--	--	5,873
Vehicles	9,352	1,528	--	10,880
DREAM gear purchases	6,896	--	--	6,896
Building Materials	321	--	--	321
	<u>\$ 466,764</u>	<u>\$ 101,252</u>	<u>\$ 34,046</u>	<u>\$ 602,062</u>
Total Functional Expenses	<u>\$ 466,764</u>	<u>\$ 101,252</u>	<u>\$ 34,046</u>	<u>\$ 602,062</u>

THE DREAM PROGRAM, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2010**

	Supporting Services			Total
	Program Services	General and Administrative	Fundraising	
Salaries and related expenses	\$ 331,889	\$ 62,777	\$ 24,441	\$ 419,107
Payroll taxes	25,487	4,821	1,877	32,185
Health insurance	29,341	5,550	2,161	37,052
Housing stipends	10,150	4,500	--	14,650
Other benefits	4,276	809	315	5,400
Staff development	841	504	--	1,345
Staff recruitment	100	75	--	175
Legal	--	150	--	150
Accounting and payroll	--	10,339	--	10,339
Engineering and Design	155	--	--	155
Other professional services	442	--	--	442
Office and occupancy	4,812	953	--	5,765
In-kind donation expenses	--	13,500	--	13,500
Phone, fax, and internet	4,026	761	297	5,084
Website	50	--	--	50
Technology	--	760	--	760
Risk management - insurance	20,288	4,555	777	25,620
Evaluation	4,521	--	--	4,521
Supplies	7,427	1,979	107	9,513
Food	14,731	1,223	--	15,954
Postage	225	1,078	266	1,569
Activities	26,486	113	--	26,599
Printing and duplication	29	1,448	--	1,477
Building materials	--	--	--	--
Travel and transportation	31,443	52	20	31,515
Lodging	4,576	268	--	4,844
Program fundraising expenses	--	--	179	179
Dues and subscriptions	572	199	--	771
Interest and fees	557	940	--	1,497
Taxes	3,060	--	--	3,060
Depreciation	5,375	--	--	5,375
Vehicles	6,952	--	--	6,952
Bad debt	--	2,665	--	2,665
DREAM gear purchases	8,289	--	--	8,289
Total Functional Expenses	\$ 546,100	\$ 120,019	\$ 30,440	\$ 696,559

THE DREAM PROGRAM, INC.

**STATEMENT OF PROGRAM EXPENSES
For the Year Ended August 31, 2011**

	Program Services			Total
	School-Year Programs	Summer Programs	Camp DREAM	
Salaries and related expenses	\$ 148,590	\$ 69,169	\$ 85,806	\$ 303,565
Payroll taxes	12,802	5,960	7,392	26,154
Health insurance	10,135	4,718	5,853	20,706
Housing stipends	7,500	--	1,200	8,700
Other benefits	3,550	1,652	2,050	7,252
Staff development	125	21	85	231
Staff recruitment	--	--	--	--
Accounting and payroll	--	--	--	--
Engineering and design	--	--	527	527
Other professional services	--	--	615	615
Office and occupancy	1,891	880	1,508	4,279
In-kind rent expenses	--	--	--	--
Phone, fax, and internet	1,829	851	1,056	3,736
Website	--	--	--	--
Technology	--	--	--	--
Risk management - insurance	5,097	2,372	2,943	10,412
Evaluation	--	--	--	--
Supplies	1,639	720	3,085	5,444
Food	7,813	2,127	5,579	15,519
Postage	107	19	73	199
Activities	9,678	2,245	444	12,367
Printing and duplication	--	--	--	--
Travel and transportation	9,631	5,474	5,311	20,416
Lodging	310	--	--	310
Program fundraising expenses	--	--	--	--
Dues and subscriptions	430	--	35	465
Interest and fees	176	--	215	391
Taxes	--	--	3,034	3,034
Depreciation	5,873	--	--	5,873
Vehicles	4,963	1,959	2,430	9,352
DREAM gear purchases	6,896	--	--	6,896
Building Materials	--	--	321	321
Total Program Expenses	\$ 239,035	\$ 98,167	\$ 129,562	\$ 466,764

THE DREAM PROGRAM, INC.

**STATEMENT OF PROGRAM EXPENSES
For the Year Ended August 31, 2010**

	Program Services			Total
	School-Year Programs	Summer Programs	Camp DREAM	
Salaries and related expenses	\$ 178,146	\$ 69,355	\$ 84,388	\$ 331,889
Payroll taxes	13,680	5,326	6,481	25,487
Health insurance	15,748	6,132	7,461	29,341
Housing stipends	8,500	--	1,650	10,150
Other benefits	2,295	894	1,087	4,276
Staff development	841	--	--	841
Staff recruitment	100	--	--	100
Legal	--	--	--	--
Accounting and payroll	--	--	--	--
Engineering and Design	--	--	155	155
Other professional services	142	--	300	442
Office and occupancy	2,342	861	1,609	4,812
In-kind donation expenses	--	--	--	--
Phone, fax, and internet	2,161	841	1,024	4,026
Website	50	--	--	50
Technology	--	--	--	--
Risk management - insurance	10,889	4,240	5,159	20,288
Evaluation	4,521	--	--	4,521
Supplies	2,116	1,038	4,273	7,427
Food	5,693	2,046	6,992	14,731
Postage	167	18	40	225
Activities	24,981	724	781	26,486
Printing and duplication	21	2	6	29
Building materials	--	--	--	--
Travel and transportation	23,948	3,214	4,281	31,443
Lodging	4,576	--	--	4,576
Program fundraising expenses	--	--	--	--
Dues and subscriptions	375	--	197	572
Interest and fees	113	--	444	557
Taxes	--	--	3,060	3,060
Depreciation	5,375	--	--	5,375
Vehicles	6,952	--	--	6,952
Bad debt	--	--	--	--
DREAM gear purchases	7,484	--	805	8,289
Total Program Expenses	\$ 321,216	\$ 94,691	\$ 130,193	\$ 546,100