

**Harlem RBI, Inc. d/b/a DREAM and Affiliates**



**Consolidated Financial Statements  
and Supplementary Information  
(Together with Independent Auditors' Report)**

**Years Ended June 30, 2022 and 2021**

**HARLEM RBI, INC. d/b/a DREAM AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
(Together with Independent Auditors' Report)**

**YEARS ENDED JUNE 30, 2022 AND 2021**

**CONTENTS**

	<b><u>Page</u></b>
Independent Auditors' Report.....	1-2
<b>Consolidated Financial Statements</b>	
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities .....	4
Consolidated Statements of Functional Expenses .....	5-6
Consolidated Statements of Cash Flows .....	7
Notes to Consolidated Financial Statements .....	8-16
<b>Supplementary Information</b>	
Consolidating Schedule of Financial Position as of June 30, 2022.....	17
Consolidating Schedule of Activities for the Year Ended June 30, 2022 .....	18



## **INDEPENDENT AUDITORS' REPORT**

The Board of Trustees of  
Harlem RBI, Inc. d/b/a DREAM and Affiliates

### **Report on the Audit of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the consolidated financial statements of Harlem RBI, Inc. d/b/a DREAM (“DREAM”) and Affiliates (collectively, the “Organization”), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the changes in their net assets and their 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 *Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Organization 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.

#### ***Report on 2021 Consolidated Financial Statements***

The consolidated financial statements of the Organization as of and for the year ended June 30, 2021 were audited by Marks Paneth LLP whose report dated December 2, 2021 expressed an unmodified opinion on these consolidated statements.

#### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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



### ***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 consolidated 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included on pages 17-18, for the year ended June 30, 2022, is presented for purposes of additional analysis. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Mayer Hoffman McCann CPAs*

New York, NY  
December 22, 2022

**HARLEM RBI, INC. d/b/a DREAM AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2D and 10)	\$ 7,602,786	\$ 9,657,174
Investments (Notes 2F and 4)	1,187,171	1,187,052
Contributions receivable, net (Notes 2G, 2J and 5)	10,844,507	13,797,690
Government grants receivable (Note 2G)	168,991	436,653
Due from institutional partners (Note 8)	504,413	562,007
Prepaid expenses and other assets (Note 9A)	16,712,987	16,491,520
Restricted cash (Note 2E)	40,091	44,860
Works of art (Note 2O)	1,434,960	1,414,960
Property and equipment, net (Notes 2H and 6)	53,287,565	51,126,024
<b>TOTAL ASSETS</b>	<b>\$ 91,783,471</b>	<b>\$ 94,717,940</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,422,214	\$ 1,365,042
Deferred revenue	1,080,699	-
Loans payable (Note 7)	25,456,589	27,357,195
<b>TOTAL LIABILITIES</b>	<b>27,959,502</b>	<b>28,722,237</b>
<b>COMMITMENTS AND CONTINGENCIES</b> (Note 9)		
<b>NET ASSETS</b> (Note 2C)		
Without donor restrictions:		
Operating	25,762,739	30,306,032
Net investment in property and equipment	27,830,976	23,768,829
Total without donor restrictions	53,593,715	54,074,861
With donor restrictions (Note 11)	10,230,254	11,920,842
<b>TOTAL NET ASSETS</b>	<b>63,823,969</b>	<b>65,995,703</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 91,783,471</b>	<b>\$ 94,717,940</b>

The accompanying notes are an integral part of these consolidated financial statements.

**HARLEM RBI, INC. d/b/a DREAM AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	For the Year Ended June 30, 2022			For the Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total 2022	Without Donor Restrictions	With Donor Restrictions	Total 2021
<b>OPERATING REVENUE AND SUPPORT:</b>						
Contributions (Notes 2I and 10)	\$ 4,587,909	\$ 4,961,329	\$ 9,549,238	\$ 7,992,213	\$ 9,875,000	\$ 17,867,213
Government grants (Note 2J)	1,038,236	-	1,038,236	859,025	-	859,025
Special events revenue (net of direct expenses of \$107,162 and \$8,309, respectively) (Note 2I)	548,968	-	548,968	55,999	-	55,999
Contractual services (Notes 2K and 8)	8,225,286	-	8,225,286	5,151,313	-	5,151,313
In-kind contributions (Notes 2L and 2O)	442,519	-	442,519	978,292	-	978,292
Investment activity (Notes 2F and 4)	14,012	-	14,012	32,108	-	32,108
Rental income (Note 8)	4,150,000	-	4,150,000	2,719,631	-	2,719,631
Forgiveness of Paycheck Protection Program loan (Note 7A)	1,938,682	-	1,938,682	1,903,485	-	1,903,485
Other income	99,861	-	99,861	45,865	-	45,865
Net assets released from restrictions (Note 11)	6,651,917	(6,651,917)	-	4,952,084	(4,952,084)	-
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<u>27,697,390</u>	<u>(1,690,588)</u>	<u>26,006,802</u>	<u>24,690,015</u>	<u>4,922,916</u>	<u>29,612,931</u>
<b>OPERATING EXPENSES</b> (Note 2M):						
<b>Program Services</b>	<u>20,366,988</u>	<u>-</u>	<u>20,366,988</u>	<u>15,171,710</u>	<u>-</u>	<u>15,171,710</u>
<b>Supporting Services:</b>						
Management and general	6,024,692	-	6,024,692	4,109,034	-	4,109,034
Fundraising	1,786,856	-	1,786,856	1,408,417	-	1,408,417
<b>Total Supporting Services</b>	<u>7,811,548</u>	<u>-</u>	<u>7,811,548</u>	<u>5,517,451</u>	<u>-</u>	<u>5,517,451</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>28,178,536</u>	<u>-</u>	<u>28,178,536</u>	<u>20,689,161</u>	<u>-</u>	<u>20,689,161</u>
<b>CHANGE IN TOTAL NET ASSETS</b>	(481,146)	(1,690,588)	(2,171,734)	4,000,854	4,922,916	8,923,770
Net assets - beginning of year	<u>54,074,861</u>	<u>11,920,842</u>	<u>65,995,703</u>	<u>50,074,007</u>	<u>6,997,926</u>	<u>57,071,933</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 53,593,715</u>	<u>\$ 10,230,254</u>	<u>\$ 63,823,969</u>	<u>\$ 54,074,861</u>	<u>\$ 11,920,842</u>	<u>\$ 65,995,703</u>

**HARLEM RBI, INC. d/b/a DREAM AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**(With Summarized Comparative Totals for the Year Ended June 30, 2021)**

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total 2022</u>	<u>Total 2021</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>			
Salaries	\$ 8,877,577	\$ 1,864,019	\$ 790,792	\$ 2,654,811	\$ 11,532,388	\$ 8,260,451
Payroll taxes and employee benefits (Note 12)	1,632,020	305,885	229,761	535,646	2,167,666	1,749,700
<b>Total salaries and related costs</b>	<b>10,509,597</b>	<b>2,169,904</b>	<b>1,020,553</b>	<b>3,190,457</b>	<b>13,700,054</b>	<b>10,010,151</b>
Instructors and tutors	19,213	-	-	-	19,213	3,763
Scholarships and stipends	401,125	-	-	-	401,125	4,150
Baseball, umpires, equipment and fees	113,315	-	-	-	113,315	10,214
Youth program food and events	625,930	-	107,162	107,162	733,092	579,076
Occupancy (Note 9A)	2,953,918	338,069	169,034	507,103	3,461,021	2,347,332
Telephone and utilities	568,710	66,914	33,391	100,305	669,015	578,789
Office cleaning and maintenance	788,461	89,098	44,549	133,647	922,108	989,085
Information technology	315,758	37,148	18,574	55,722	371,480	274,721
Professional fees (Note 2L)	1,352,096	784,023	217,448	1,001,471	2,353,567	2,591,916
Insurance	309,320	36,391	18,195	54,586	363,906	484,854
Communication and outreach	381,594	40,163	20,001	60,164	441,758	129,699
Dues and subscriptions	184,856	31,047	29,863	60,910	245,766	233,604
Interest, bank and credit card fees (Note 7)	227,401	4,071	23,006	27,077	254,478	433,710
Grants	2,000	25,931	-	25,931	27,931	20,354
Travel and entertainment	91,161	64,177	16,373	80,550	171,711	74,951
Bad debt expenses (Note 2G)	-	2,000,000	-	2,000,000	2,000,000	-
Depreciation and amortization (Note 6)	1,117,090	224,910	-	224,910	1,342,000	1,341,462
Other	405,443	112,846	175,869	288,715	694,158	589,639
	<u>20,366,988</u>	<u>6,024,692</u>	<u>1,894,018</u>	<u>7,918,710</u>	<u>28,285,698</u>	<u>20,697,470</u>
Less: direct costs of special events	<u>-</u>	<u>-</u>	<u>(107,162)</u>	<u>(107,162)</u>	<u>(107,162)</u>	<u>(8,309)</u>
<b>TOTAL EXPENSES</b>	<b><u>\$ 20,366,988</u></b>	<b><u>\$ 6,024,692</u></b>	<b><u>\$ 1,786,856</u></b>	<b><u>\$ 7,811,548</u></b>	<b><u>\$ 28,178,536</u></b>	<b><u>\$ 20,689,161</u></b>

The accompanying notes are an integral part of these consolidated financial statements.

**HARLEM RBI, INC. d/b/a DREAM AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total 2021</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries	\$ 5,900,437	\$ 1,558,382	\$ 801,632	\$ 2,360,014	\$ 8,260,451
Payroll taxes and employee benefits (Note 12)	<u>1,252,377</u>	<u>320,090</u>	<u>177,233</u>	<u>497,323</u>	<u>1,749,700</u>
<b>Total salaries and related costs</b>	7,152,814	1,878,472	978,865	2,857,337	10,010,151
Instructors and tutors	3,763	-	-	-	3,763
Scholarships and stipends	4,150	-	-	-	4,150
Baseball, umpires, equipment and fees	10,214	-	-	-	10,214
Youth program food and events	579,076	-	-	-	579,076
Occupancy (Note 9A)	2,002,644	229,792	114,896	344,688	2,347,332
Telephone and utilities	492,077	57,808	28,904	86,712	578,789
Office cleaning and maintenance	843,060	97,350	48,675	146,025	989,085
Information technology	233,513	27,472	13,736	41,208	274,721
Professional fees (Note 2L)	1,122,328	1,349,246	120,342	1,469,588	2,591,916
Insurance	412,126	48,485	24,243	72,728	484,854
Communication and outreach	107,552	11,261	10,886	22,147	129,699
Dues and subscriptions	179,879	31,808	21,917	53,725	233,604
Interest, bank and credit card fees (Note 7)	417,636	3,057	13,017	16,074	433,710
Grants	20,354	-	-	-	20,354
Travel and entertainment	41,662	25,352	7,937	33,289	74,951
Bad debt expenses (Note 2G)	-	-	-	-	-
Depreciation and amortization (Note 6)	1,116,499	224,963	-	224,963	1,341,462
Other	<u>432,363</u>	<u>123,968</u>	<u>33,308</u>	<u>157,276</u>	<u>589,639</u>
	15,171,710	4,109,034	1,416,726	5,525,760	20,697,470
Less: direct costs of special events	<u>-</u>	<u>-</u>	<u>(8,309)</u>	<u>(8,309)</u>	<u>(8,309)</u>
<b>TOTAL EXPENSES</b>	<u>\$ 15,171,710</u>	<u>\$ 4,109,034</u>	<u>\$ 1,408,417</u>	<u>\$ 5,517,451</u>	<u>\$ 20,689,161</u>

The accompanying notes are an integral part of these consolidated financial statements.



**HARLEM RBI, INC. d/b/a DREAM AND AFFILIATES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (2,171,734)	\$ 8,923,770
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized (gain) loss on investments	(636)	14,883
Value of contributed work of art	(20,000)	-
Noncash interest expense	38,076	36,499
Bad debt expenses	2,000,000	-
Forgiveness of Paycheck Protection Program loan and related interest	(1,938,682)	(1,903,485)
Depreciation and amortization	<u>1,342,000</u>	<u>1,341,462</u>
Subtotal	(750,976)	8,413,129
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Contributions receivable	953,183	(6,143,401)
Government grants receivable	267,662	(180,515)
Due from institutional partners	57,594	(58,314)
Prepaid expenses and other assets	(221,467)	54,756
Increase in liabilities:		
Accounts payable and accrued expenses	57,172	154,664
Deferred revenue	<u>1,080,699</u>	<u>-</u>
<b>Net Cash Provided by Operating Activities</b>	<u>1,443,867</u>	<u>2,240,319</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Sales of investments	517	1,233,150
Purchases of property and equipment	<u>(3,503,541)</u>	<u>(3,811,600)</u>
<b>Net Cash Used in Investing Activities</b>	<u>(3,503,024)</u>	<u>(2,578,450)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from loans payable	<u>-</u>	<u>1,919,434</u>
<b>Net Cash Provided by Financing Activities</b>	<u>-</u>	<u>1,919,434</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH</b>	(2,059,157)	1,581,303
Cash, cash equivalents and restricted cash - beginning of year	<u>9,702,034</u>	<u>8,120,731</u>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR</b>	<u>\$ 7,642,877</u>	<u>\$ 9,702,034</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	<u>\$ 182,317</u>	<u>\$ 264,403</u>
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Forgiveness of Paycheck Protection Program loan and related interest	<u>\$ 1,938,682</u>	<u>\$ 1,903,485</u>
Sale of building (See Note 9A)	<u>\$ -</u>	<u>\$ 15,000,000</u>

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the consolidated statements of financial position:

Cash and cash equivalents	\$ 7,602,786	\$ 9,657,174
Restricted cash	<u>40,091</u>	<u>44,860</u>
	<u>\$ 7,642,877</u>	<u>\$ 9,702,034</u>

**HARLEM RBI, INC. d/b/a DREAM AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

Harlem RBI, Inc. d/b/a DREAM (“DREAM”) provides youth with opportunities to play, learn and grow. Harlem RBI, Inc. d/b/a DREAM and Affiliates’ (collectively, the “Organization”) mission is to level the field by empowering all children to recognize their potential and realize their dreams.

DREAM is a 501(c)(3), community-based organization headquartered in East Harlem, New York that provides comprehensive academic, enrichment, social-emotional, and health and wellness programming to more than 2,500 youth (pre-K through college) during after-school and summer hours in East Harlem and the South Bronx. DREAM’s activities consist of a series of age-appropriate, team-based programs that adapt over time as participants grow and enable youth to achieve positive outcomes such as academic achievement, healthy social-emotional development, high school graduation, college matriculation or alternative career pathways, and avoidance of risk behaviors.

DREAM’s history dates back to 1991 when an abandoned lot had potential for a community that sought improvement on East 100<sup>th</sup> Street. Called the “worst block in New York City,” the neighborhood struggled against the harsh realities of drug use and crime, which adversely impacted the lives of the community’s children. That year, a group of volunteers undertook an effort to turn the lot into a baseball diamond, a Field of Dreams, for the children of the neighborhood. It was then that Harlem RBI (now DREAM) was founded.

Today, DREAM’s programs integrate social-emotional learning, athletics, and academics to supplement school-day instruction. DREAM is dedicated to serving low-income youth, providing quality educational and enrichment supports, and exposing them to the college and career options that have allowed their higher-income peers to thrive.

DREAM completed development of a new site in 2016 for DREAM Charter School (the “School”) and DREAM’s administrative offices. In connection with this project, two entities have been established, Harlem RBI Home Base LLC (“HRHB”) and HRBI DREAM Partners LLC (“HRDP”). DREAM is the sole member of each. HRHB and HRDP are considered to be Qualified Active Low-Income Community Businesses, and acted as borrowers as part of a New Market Tax Credit transaction which was used to finance a portion of the project. See Note 7B for additional information.

In December 2017, DREAM created DREAM on 125 LLC (“DREAM on 125”) for the purpose of receiving donated property. See Note 9A, third paragraph. DREAM is the sole member of DREAM on 125.

In May 2019, DREAM created DREAM 2020 LLC (“DREAM 2020”) for the purpose of entering real estate transactions to lease a building. DREAM is the sole member of DREAM 2020 LLC. See Note 6C for additional information.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. **Basis of Consolidation** - The consolidated financial statements include the activities of DREAM, HRHB, HRDP, DREAM on 125 and DREAM 2020 (collectively referred to as the “Organization”). Upon consolidation, all significant intercompany balances and transactions are eliminated.
- B. **Basis of Presentation** - The Organization’s consolidated financial statements have been prepared on the accrual basis of accounting. The Organization adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- C. **Net Assets** - The Organization reports information regarding its consolidated financial position and activities in two classes of net assets:
  - Without donor restrictions – Net assets that can be spent at the discretion of the Organization and have no associated donor-imposed stipulations.
  - With donor restrictions – Net assets that are restricted by the donor for a specific time period or purpose. The Organization did not have any net assets with donor restrictions to be held in perpetuity as of June 30, 2022 and 2021.

**HARLEM RBI, INC. d/b/a DREAM AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- D. **Cash and Cash Equivalents** - The Organization considers all highly liquid instruments with maturities of three months or less when acquired to be cash equivalents.
- E. **Restricted Cash** - Restricted cash consists of reserves required for loans and cash reserves as part of capital projects.
- F. **Investments and Fair Value Measurements** - Investments are stated at fair value. Realized and unrealized gains and losses are recognized as changes in net assets in the period in which they occur, and interest and dividends are recognized as revenue in the period earned. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 4.
- G. **Contributions Receivable and Government Grants Receivable** - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. If material to the consolidated financial statements, the discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

The Organization has not established a reserve for uncollectible receivables because they deem all receivables to be fully collectable based on analysis and historical experience. Bad debt expense was \$2,000,000 and \$0 for the years ended June 30, 2022 and 2021, respectively.

- H. **Property and Equipment** - Property and equipment are stated at cost less accumulated depreciation and amortization. These amounts are not intended to represent replacement or realizable values. Furniture and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized on a straight-line basis over the lesser of their useful life of the term of the lease. The Organization capitalizes property and equipment having a cost of \$3,000 or more and a useful life of at least one year.
- I. **Contributions** - The Organization reports contributions of cash and other assets as without donor restrictions unless they are received with donor stipulations that limit the use of the donated assets in which case they are reported as with donor restrictions. Contributions, including cash and in-kind contributions, are recorded as revenue in the period in which the unconditional promise is received. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.
- J. **Grants and Contracts** - Government grants and contracts are nonexchange transactions and are accounted for under Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2018-08. Grants and contracts are recognized as revenue when barriers within the contract are overcome, and there is no right of return. There are instances when the Organization receives advances from the governmental funding sources. Such advances are recorded as refundable advances from governmental agencies in the accompanying consolidated statements of financial position.

As of June 30, 2022 and 2021, the Organization received conditional grants and contracts from government agencies in the aggregate amounts of \$203,578 and \$852,741, respectively. Such grants have not been recognized in the accompanying consolidated financial statements as they are for future periods and will be recognized when contract barriers are overcome. Such barriers include expending these funds in accordance with their agreements. If such services are not provided, the governmental entities are not obligated to expend the funds allotted under the grants and contracts and the Organization may be required to return the funds already remitted.

- K. **Contractual Services** - Revenue earned in connection with an institutional partnership agreement with the School (see Note 8) is classified as contractual services on the accompanying consolidated statements of activities and is recognized as services are performed.

**HARLEM RBI, INC. d/b/a DREAM AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- L. ***In-Kind Contributions*** - Donated services are recognized in the accompanying consolidated financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation.

In-kind contributions for the year ended June 30, 2022 consisted of the following:

<u>Nonfinancial Asset</u>	<u>Amount</u>	<u>Usage in Programs/Activities</u>	<u>Donor-imposed Restrictions</u>	<u>Fair Value Techniques</u>
Legal Services	\$ 422,519	Management and General	No associated donor restriction	Based on calculation of hours and rate for legal services provided
Works of art	<u>20,000</u>	Management and General	No associated donor restriction	Based on outside valuation from art specialist
Total	<u>\$ 442,519</u>			

Donated services for the year ended June 30, 2021 consisted of the following:

<u>Nonfinancial Asset</u>	<u>Amount</u>	<u>Usage in Programs/Activities</u>	<u>Donor-imposed Restrictions</u>	<u>Fair Value Techniques</u>
Legal Services	\$ 978,292	Management and General	No associated donor restriction	Based on calculation of hours and rate for legal services provided

- M. ***Functional Allocation of Expenses*** - The cost of providing the various program and supporting services has been summarized on a functional basis in the accompanying consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. Salaries and fringe benefits, payroll taxes and other select expenses are directly applied when possible and allocated based on estimates of time and effort. Facilities costs are allocated based on square footage estimates.
- N. ***Use of Estimates*** - The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- O. ***Works of Art*** - Works of art are recorded at fair value based on appraisals at the date of the donation less impairment.
- P. ***Recent Accounting Pronouncements*** - FASB ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958) was adopted for the year ended June 30, 2022. The core guidance is to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure, as further described in Note 2L.

**HARLEM RBI, INC. d/b/a DREAM AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES TO MEET GENERAL EXPENDITURES**

Financial assets available for general expenditure, within one year of the consolidated statement of financial position date, without donor or other restrictions limiting their use, were as follows as of June 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 7,602,786	\$ 9,657,174
Investments	1,187,171	1,187,052
Contributions receivable, net	10,844,507	13,797,690
Government grants receivable	168,991	436,653
Due from institutional partner	<u>504,413</u>	<u>562,007</u>
	20,307,868	25,640,576
Less: net assets with donor restrictions	<u>(10,230,254)</u>	<u>(11,920,842)</u>
	<u>\$ 10,077,614</u>	<u>\$ 13,719,734</u>

The Organization’s management monitors levels of available financial assets to anticipate cash requirements for general expenditures as obligations become due. As part of the Organization’s liquidity management plan, the Organization invests cash in excess of daily requirements in short-term money market accounts. As further described in Note 9, the Organization has a line of credit in the amounts of \$1,000,000.

**NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Investments consist of U.S. treasury bills, which amounted to \$1,187,171 and \$1,187,052 as of June 30, 2022 and 2021, respectively.

Investment activity consisted of the following for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Interest and other income	\$ 13,376	\$ 46,991
Realized/unrealized gain (loss)	<u>636</u>	<u>(14,883)</u>
	<u>\$ 14,012</u>	<u>\$ 32,108</u>

Investments are subject to market volatility that could substantially change their carrying value in the near term.

The fair value hierarchy defines three levels as follows:

Level 1 – Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 – Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3 – Valuations based on unobservable inputs are used when little to no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. Investments in treasury bills are valued using quoted prices in active markets and are valued at Level 1.

**HARLEM RBI, INC. d/b/a DREAM AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. For the years ended June 30, 2022 and 2021, there were no transfers.

Investments carried at fair value as of June 30, 2022 are classified in the table as follows:

	<u>Level 1</u>	<u>Total</u>
U.S. Treasury bills	<u>\$ 1,187,171</u>	<u>\$ 1,187,171</u>

Investments carried at fair value as of June 30, 2021 are classified in the table as follows:

	<u>Level 1</u>	<u>Total</u>
U.S. Treasury bills	<u>\$ 1,187,052</u>	<u>\$ 1,187,052</u>

**NOTE 5 – CONTRIBUTIONS RECEIVABLE**

Contributions receivable consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Amounts due in less than one year	\$ 5,582,413	\$ 3,723,167
Amounts due in one to five years	<u>5,446,047</u>	<u>10,451,848</u>
	11,028,460	14,175,015
Less: discount to present value at 2%	<u>(183,953)</u>	<u>(377,325)</u>
	<u>\$ 10,844,507</u>	<u>\$ 13,797,690</u>

**NOTE 6 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>	<u>Useful Life</u>
Land	\$ 2,000,000	\$ 2,000,000	
Leasehold improvements	2,301,039	2,300,959	5-7 years
Equipment	917,469	871,455	3–5 years
Furniture	178,477	178,477	7 years
Field costs (A)	805,413	805,413	7 years
Blake Hobbs Park	2,487,000	2,487,000	20 years
Patterson Park	1,016,157	1,016,157	20 years
Leasehold improvements - School (B)	46,292,262	46,277,576	50 years
Construction in progress (C)	<u>9,022,119</u>	<u>5,579,358</u>	
	65,019,936	61,516,395	
Less: accumulated depreciation and amortization	<u>(11,732,371)</u>	<u>(10,390,371)</u>	
	<u>\$ 53,287,565</u>	<u>\$ 51,126,024</u>	

**HARLEM RBI, INC. d/b/a DREAM AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 6 – PROPERTY AND EQUIPMENT (Continued)**

Depreciation and amortization expense amounted to \$1,342,000 and \$1,341,462 for the years ended June 30, 2022 and 2021, respectively.

(A) The Organization rebuilt its Field of Dreams in 2005. The Organization licensed the property from the City of New York Department of Parks and Recreation for an initial term of five years. The lease was renewed for a subsequent term ending in January 2024. Field costs include all design and construction costs incurred for the project. The Organization is obligated to maintain the field during the duration of the agreement. The Organization intends to initiate conversations with the City of New York Parks Department in 2023 to renew the Field of Dreams lease.

(B) As indicated in Note 1, the Organization developed a new site for the School and DREAM's administrative offices at 1991 Second Avenue in Manhattan. Under a funding agreement that the Organization entered into with the New York City School Construction Authority ("SCA"), a portion of the cost was reimbursed by SCA. Pursuant to the terms of the funding agreement with SCA, during the year ended June 30, 2018, title of the School Unit transferred to SCA who transferred the assets to the New York City Department of Education (the "DOE"), and the DOE leased the building back to the School through a series of subleases. The lease term is 99 years at \$1 per year.

(C) During the year ended June 30, 2019, the Organization entered into a lease for a building at 20 Bruckner Boulevard in the Bronx, with the intention of expanding the School. "Construction in progress" above relates to the build-out of this building, completion of which is expected by the year-end of 2022 at an estimated cost to complete of approximately \$56 million.

**NOTE 7 – LOANS PAYABLE**

Loans payable consisted of the following as of June 30:

	2022	2021	Interest Rate
Paycheck Protection Program(A)	\$ -	\$ 1,919,434	1%
Due to Home Run Project (B)	<u>26,210,000</u>	<u>26,210,000</u>	0.6956%
	26,210,000	28,129,434	
Less: deferred financing costs	<u>(753,411)</u>	<u>(772,239)</u>	
	<u>\$25,456,589</u>	<u>\$ 27,357,195</u>	

(A) On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program ("PPP"). Participating in the PPP enables the business to obtain a loan from the Small Business Administration ("SBA") sector of the government. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven. The term of the loan is two years which may be further extended to five years, and bears interest at a fixed rate of 1% per annum. The Organization applied for this loan through an SBA authorized lender and received \$1,884,535 on April 6, 2020.

The Organization recognized the loan in accordance with FASB Accounting Standards Codification ("ASC") Topic 470, "Debt." Accordingly, the proceeds of the PPP loan were recognized as loans payable on the accompanying consolidated statements of financial position and the Organization will derecognize the liability when and to the extent that the loan is forgiven or paid off. The Organization intends to comply with all requirements of loan forgiveness. In February 2021, the Organization received forgiveness and recognized revenue amounting to \$1,903,485. The forgiveness amount includes accrued interest of \$18,950.

In May 2021, the Organization was approved for a second-draw PPP loan amounting to \$1,919,434. The terms and conditions of the second-draw loan are the same as in the first loan. In May 2022, the Organization received forgiveness and recognized revenue amounting to \$1,938,682. The forgiveness amount includes accrued interest of \$19,248.

**HARLEM RBI, INC. d/b/a DREAM AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 7 – LOANS PAYABLE (Continued)**

(B) In September 2013, DREAM entered into various agreements for the purpose of participating in the federal New Markets Tax Credit program (“NMTC”). In connection with this transaction, DREAM made three grants without restrictions totaling \$18,342,282 to Home Run Projects, Inc. (“Home Run”). As the leveraged lender, Home Run used the restricted grants to provide a loan to an NMTC investor. The NMTC investor used the loan to leverage its equity investment and made a loan to four of its subsidiaries, each of which is considered a Community Development Entity (“CDE”). Each CDE then made loans to HRDP.

The NMTC loans were due September 16, 2053. The terms of the loans called for interest-only payments to be made for the first seven years, beginning December 10, 2013. After the seven-year period, the loans were to amortize over 33 years.

In November 2020, the CDE consolidated and assigned the outstanding notes to Home Run. The terms and conditions of the consolidated loan are the same as in the first loan with an adjustment to the annual interest rate of 0.6956% per annum.

Interest expense amounted to \$223,792 and \$392,168 for the years ended June 30, 2022 and 2021, respectively. Amortization of deferred financing costs amounted to \$18,828 and \$17,549 for the years ended June 30, 2022 and 2021, respectively, and is included in interest, bank, and credit card fees on the accompanying consolidated statements of functional expenses.

Future annual principal payments are as follows for the fiscal years ending after June 30, 2022 and thereafter:

2023	\$	-
2024		-
2025		-
2026		-
2027		-
Thereafter		<u>26,210,000</u>
		<u>\$ 26,210,000</u>

**NOTE 8 – RELATED-PARTY TRANSACTIONS**

The Organization has an Institutional Partnership Agreement (the “Agreement”) with the School, which has common management. The Agreement serves as the foundation of the governance relationship between the Organization and the School and describes the nature and costs of the Organization’s executive management and back office services to the School. Both the Organization’s Board of Directors and the School’s Board of Trustees have the option of severing the relationship between the two entities with agreed upon notice, though the spirit of the partnership is unending. The Agreement is renewed annually by the Board of each entity. During the years ended June 30, 2022 and 2021 services provided and recognized as revenue by the Organization under the Agreement amounted to \$8,225,286 and \$5,151,313, respectively.

As of June 30, 2022 and 2021, amounts due to the Organization from the School amounted to \$487,901 and \$536,905, respectively.

The School received the use of facilities without charge from the Organization, which was valued at approximately \$1,750,000 for each of the years ended June 30, 2022 and 2021.

During April 2017, the Organization entered into a lease agreement with a landlord for a building located at 443 East 115<sup>th</sup> St in Manhattan and subsequently entered into a sublease agreement to lease the same space to the School for use as a new high school. The sublease with the School was extended effective July 1, 2018 and both expire on August 31, 2023. During the years ended June 30, 2022 and 2021, the School paid rental revenue of \$4,150,000 and \$2,719,631, respectively, to the Organization. The future minimum annual rentals to be received under the subleases for the fiscal years ending after June 30, 2022 are as follows:

2023	\$	<u>4,475,000</u>
------	----	------------------



**HARLEM RBI, INC. d/b/a DREAM AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

- A. DREAM has a number of operating lease agreements. Approximate annual minimum rentals payable for real and personal property are as follows for each fiscal year ended after June 30, 2022:

2023	\$	249,000
2024		58,000
2025		19,000
2026		<u>11,000</u>
	\$	<u>337,000</u>

Rent expense amounted to \$3,461,021 and \$2,347,332 for the years ended June 30, 2022 and 2021, respectively.

During the year ended June 30, 2019, the Organization signed a lease for a building located at 20 Bruckner Boulevard in the Bronx with the intention of expanding the School. The lease is expected to commence in January 2023 with a term of 43 years from the commencement date. As part of the agreement, the Organization prepaid rent of \$1,000,000. The Organization also agreed to contribute land and buildings on 125<sup>th</sup> Street in Manhattan with a net book value of \$15,000,000 to the landlord for an equal amount in rent concessions. During the year ended June 30, 2021, the Organization transferred the land and buildings to the landlord. Because the lease for the 20 Bruckner Boulevard building did not commence during the same year as the transfer of the land and buildings on 125<sup>th</sup> Street, the Organization recognized the value of the land and building on 125<sup>th</sup> Street as prepaid rent as of June 30, 2022 and 2021. The total remaining payments that will be paid to the landlord for the 20 Bruckner Boulevard building over the life of the lease for rent and tenant improvements, net of prepaid rent and net book value of the building, is \$447,178,968.

- B. The Organization believes it had no uncertain tax positions as of June 30, 2022 and 2021, in accordance with FASB ASC Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- C. The Organization has a \$1,000,000 line of credit with a bank, which has a variable interest rate equal to the Wall Street Journal Prime Rate, which is adjusted monthly. The line of credit expired on September 23, 2022. There were no amounts outstanding as of June 30, 2022. As of December 22, 2022, the Organization is in the process of renewing the line of credit. Subsequent to year end through December 22, 2022, there were no draws on the line of credit.
- D. Government contracts are subject to audit by the grantor. Management does not believe that any audits, if they were to occur, would result in material disallowed costs, and has not established any reserves. Any disallowed costs would be recorded in the period in which the Organization was notified.

**NOTE 10 – CONCENTRATIONS**

Cash and cash equivalents that potentially subject the Organization to a concentration of credit risk include cash accounts with banks that may exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Accounts are insured up to \$250,000 per depositor, per insured financial institution. As of June 30, 2022 and 2021, cash and cash equivalents held in two banks exceeded FDIC limits by approximately \$7.5 million and \$9.3 million, respectively. In August 2022, the Organization opened a brokerage account to invest \$1.4 million in short-duration United States Treasury Notes and withdrew this amount from its bank accounts.

For the year ended June 30, 2021, 21% of total contributions were from one donor.

**HARLEM RBI, INC. d/b/a DREAM AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were restricted for the following purposes as of June 30:

	2022	2021
Capital Campaign	\$ 1,125,570	\$ 850,316
Real Kids Summer	-	25,000
Legends	866,000	500,000
Time Restricted	8,238,734	10,545,526
	\$ 10,230,254	\$ 11,920,842

Net assets were released from donor restrictions from the passage of time or by incurring expenses in the amounts of \$6,651,917 and \$4,952,084 for the years ended June 30, 2022 and 2021, respectively.

**NOTE 12 – PENSION PLAN**

The Organization maintains a tax deferred 403(b) retirement plan covering its employees. The Organization matches employee contributions up to 4% of the employee's salary. The Organization contributed approximately \$204,000 and \$182,000 to the plan for the years ended June 30, 2022 and 2021, respectively.

**NOTE 13 – SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the consolidated statement of financial position through December 22, 2022, the date the consolidated financial statements were available to be issued.

**HARLEM RBI, INC. d/b/a DREAM AND AFFILIATES**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2022**

	<u>DREAM</u>	<u>HRBI DREAM Partners LLC</u>	<u>HRBI Home Base LLC</u>	<u>Dream on 125 LLC</u>	<u>Dream 2020 LLC</u>	<u>Eliminations</u>	<u>Total 2022</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 7,599,221	\$ 2,300	\$ 1,265	\$ -	\$ -	\$ -	\$ 7,602,786
Investments	1,187,171	-	-	-	-	-	1,187,171
Contributions receivable, net	10,744,507	-	-	-	100,000	-	10,844,507
Government grants receivable	168,991	-	-	-	-	-	168,991
Due from institutional partner	504,325	-	-	88	-	-	504,413
Prepaid expenses and other assets	709,707	45	-	3,235	16,000,000	-	16,712,987
Investment in subsidiary	42,122,956	-	-	-	-	(42,122,956)	-
Restricted cash	38,625	1,466	-	-	-	-	40,091
Works of art	1,434,960	-	-	-	-	-	1,434,960
Property and equipment, net	1,724,851	40,126,850	2,405,745	-	9,030,119	-	53,287,565
<b>TOTAL ASSETS</b>	<u>\$ 66,235,314</u>	<u>\$ 40,130,661</u>	<u>\$ 2,407,010</u>	<u>\$ 3,323</u>	<u>\$ 25,130,119</u>	<u>\$ (42,122,956)</u>	<u>\$ 91,783,471</u>
<b>LIABILITIES</b>							
Accounts payable and accrued expenses	\$ 1,330,646	\$ 91,568	\$ -	\$ -	\$ -	\$ -	\$ 1,422,214
Deferred revenue	1,080,699	-	-	-	-	-	1,080,699
Loans payable	-	25,456,589	-	-	-	-	25,456,589
<b>TOTAL LIABILITIES</b>	<u>2,411,345</u>	<u>25,548,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,959,502</u>
<b>NET ASSETS</b>							
Without donor restrictions	53,573,702	14,582,504	2,407,010	3,323	25,130,119	(42,122,956)	53,573,702
With donor restrictions	10,230,254	-	-	-	-	-	10,230,254
<b>TOTAL NET ASSETS</b>	<u>63,803,956</u>	<u>14,582,504</u>	<u>2,407,010</u>	<u>3,323</u>	<u>25,130,119</u>	<u>(42,122,956)</u>	<u>63,803,956</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 66,215,301</u>	<u>\$ 40,130,661</u>	<u>\$ 2,407,010</u>	<u>\$ 3,323</u>	<u>\$ 25,130,119</u>	<u>\$ (42,122,956)</u>	<u>\$ 91,763,458</u>

See independent auditors' report.

**HARLEM RBI, INC. d/b/a DREAM AND AFFILIATES**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	DREAM		HRBI DREAM Partners LLC Without Donor Restrictions	HRBI Home Base LLC Without Donor Restrictions	Dream on 125 LLC Without Donor Restrictions	Dream 2020 LLC Without Donor Restrictions	Eliminations	Consolidated Total			
	Without Donor Restrictions	With Donor Restrictions						Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING REVENUE AND SUPPORT:</b>											
Contributions	\$ 4,587,909	\$ 4,961,329	\$ 9,549,238	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,587,909	\$ 4,961,329	\$ 9,549,238
Government grants	1,038,236	-	1,038,236	-	-	-	-	-	1,038,236	-	1,038,236
Special event revenue net of direct expenses	548,968	-	548,968	-	-	-	-	-	548,968	-	548,968
Contractual services	8,225,286	-	8,225,286	-	-	-	-	-	8,225,286	-	8,225,286
In-kind contributions	442,519	-	442,519	-	-	-	-	-	442,519	-	442,519
Investment activity	14,012	-	14,012	-	-	-	-	-	14,012	-	14,012
Gain (loss) from subsidiaries	999,874	-	999,874	-	-	-	(999,874)	-	-	-	-
Rental income	4,150,000	-	4,150,000	-	-	-	-	-	4,150,000	-	4,150,000
Forgiveness of Paycheck Protection Program loan	1,938,682	-	1,938,682	-	-	-	-	-	1,938,682	-	1,938,682
Other income	99,861	-	99,861	-	-	-	-	-	99,861	-	99,861
Net assets released from restrictions	6,651,917	(6,651,917)	-	-	-	-	-	-	6,651,917	(6,651,917)	-
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<b>28,697,264</b>	<b>(1,690,588)</b>	<b>27,006,676</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(999,874)</b>	<b>27,697,390</b>	<b>(1,690,588)</b>	<b>26,006,802</b>	
<b>OPERATING EXPENSES</b>											
<b>Program Services</b>	<b>19,383,701</b>	<b>-</b>	<b>19,383,701</b>	<b>888,160</b>	<b>70,556</b>	<b>1,095</b>	<b>23,476</b>	<b>-</b>	<b>20,366,988</b>	<b>-</b>	<b>20,366,988</b>
<b>Supporting Services:</b>											
Management and general	6,024,692	-	6,024,692	-	-	-	-	-	6,024,692	-	6,024,692
Fundraising	1,786,856	-	1,786,856	-	-	-	-	-	1,786,856	-	1,786,856
<b>Total Supporting Services</b>	<b>7,811,548</b>	<b>-</b>	<b>7,811,548</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,811,548</b>	<b>-</b>	<b>7,811,548</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>27,215,262</b>	<b>-</b>	<b>27,215,262</b>	<b>888,160</b>	<b>70,556</b>	<b>1,095</b>	<b>23,476</b>	<b>-</b>	<b>28,178,536</b>	<b>-</b>	<b>28,178,536</b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>1,482,002</b>	<b>(1,690,588)</b>	<b>(208,586)</b>	<b>(888,160)</b>	<b>(70,556)</b>	<b>(1,095)</b>	<b>(23,476)</b>	<b>(999,874)</b>	<b>(481,146)</b>	<b>(1,690,588)</b>	<b>(2,171,734)</b>
<b>NON-OPERATING ACTIVITIES</b>											
Transfers to (from) affiliates	(1,983,161)	-	(1,983,161)	(2,363)	(39,492)	1,095	2,023,921	-	-	-	-
<b>TOTAL NON-OPERATING ACTIVITIES</b>	<b>(1,983,161)</b>	<b>-</b>	<b>(1,983,161)</b>	<b>(2,363)</b>	<b>(39,492)</b>	<b>1,095</b>	<b>2,023,921</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN TOTAL NET ASSETS</b>	<b>(501,159)</b>	<b>(1,690,588)</b>	<b>(2,191,747)</b>	<b>(890,523)</b>	<b>(110,048)</b>	<b>-</b>	<b>2,000,445</b>	<b>(999,874)</b>	<b>(481,146)</b>	<b>(1,690,588)</b>	<b>(2,171,734)</b>
Net assets - beginning of year	54,074,861	11,920,842	65,995,703	15,473,027	2,517,058	3,323	23,129,674	(41,123,082)	54,074,861	11,920,842	65,995,703
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 53,573,702</b>	<b>\$ 10,230,254</b>	<b>\$ 63,803,956</b>	<b>\$ 14,582,504</b>	<b>\$ 2,407,010</b>	<b>\$ 3,323</b>	<b>\$ 25,130,119</b>	<b>\$ (42,122,956)</b>	<b>\$ 53,593,715</b>	<b>\$ 10,230,254</b>	<b>\$ 63,823,969</b>