

Dream Corps

Financial Statements

December 31, 2022
(With Comparative Totals for 2021)

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INDEPENDENT AUDITOR'S REPORT

To the Audit Committee
Dream Corps
Oakland, California

Opinion

We have audited the accompanying financial statements of Dream Corps (a California nonprofit corporation) (the "Organization"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dream Corps as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Dream Corps 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 Summarized Comparative Information

We have previously audited Dream Corps's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 30, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Dream Corps's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Dream Corps'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.



Armanino^{LLP}
San Francisco, California

September 13, 2023

Dream Corps
Statement of Financial Position
December 31, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 3,525,088	\$ 3,435,231
Restricted cash	26,901	290,643
Investments in marketable securities	85,796,772	47,917,980
Investment in nonmarketable equity securities	1,000,000	-
Contributions and grants receivable, net	394,581	7,022,172
Other accounts receivable	23,884	216,518
Notes receivable	5,500,000	3,000,000
Prepaid expenses and other assets	325,930	219,919
Property and equipment, net	114,642	19,364
Operating lease right-of-use asset, net	<u>374,312</u>	<u>-</u>
Total assets	<u><u>\$ 97,082,110</u></u>	<u><u>\$ 62,121,827</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 332,901	\$ 264,984
Accrued expenses	376,812	26,061
Accrued salaries and wages	449,364	293,520
Line of credit	3,000,000	-
Funds held as agent	24,576	221,986
Deferred rent	-	83,800
Operating lease liability	<u>433,923</u>	<u>-</u>
Total liabilities	<u><u>4,617,576</u></u>	<u><u>890,351</u></u>
Net assets		
Without donor restrictions	84,038,475	48,533,886
With donor restrictions	<u>8,426,059</u>	<u>12,697,590</u>
Total net assets	<u><u>92,464,534</u></u>	<u><u>61,231,476</u></u>
Total liabilities and net assets	<u><u>\$ 97,082,110</u></u>	<u><u>\$ 62,121,827</u></u>

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

Dream Corps
Statement of Activities
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Revenues, gains, and other support				
Contributions and grants from foundations, corporations, and individuals	\$ 51,471,000	\$ 2,653,573	\$ 54,124,573	\$ 56,872,825
In-kind contributions	17,150	-	17,150	14,670
Consulting income	313,618	-	313,618	919,683
Realized and unrealized losses on investments	(5,024,901)	-	(5,024,901)	(2,376,613)
Interest and dividend income	1,903,916	-	1,903,916	2,429
Other income	6,816	-	6,816	4,940
Net assets released from restriction	6,925,104	(6,925,104)	-	-
Total revenues, gains, and other support	<u>55,612,703</u>	<u>(4,271,531)</u>	<u>51,341,172</u>	<u>55,437,934</u>
Functional expenses				
Program services				
#cut50	3,973,685	-	3,973,685	1,775,490
Green For All	4,449,224	-	4,449,224	2,423,756
#YesWeCode	3,994,739	-	3,994,739	2,541,898
Total program services	<u>12,417,648</u>	<u>-</u>	<u>12,417,648</u>	<u>6,741,144</u>
Support services				
Management and general	6,234,991	-	6,234,991	3,081,520
Fundraising	1,455,475	-	1,455,475	1,055,734
Total support services	<u>7,690,466</u>	<u>-</u>	<u>7,690,466</u>	<u>4,137,254</u>
Total functional expenses	<u>20,108,114</u>	<u>-</u>	<u>20,108,114</u>	<u>10,878,398</u>
Change in net assets	35,504,589	(4,271,531)	31,233,058	44,559,536
Net assets, beginning of year	<u>48,533,886</u>	<u>12,697,590</u>	<u>61,231,476</u>	<u>16,671,940</u>
Net assets, end of year	<u>\$ 84,038,475</u>	<u>\$ 8,426,059</u>	<u>\$ 92,464,534</u>	<u>\$ 61,231,476</u>

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

Dream Corps
Statement of Functional Expenses
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

	Program Services			Support Services		2022	2021
	#cut50	Green For All	#YesWeCode	Management and General	Fundraising	Total	Total
Personnel expenses							
Salaries and wages	\$ 1,145,060	\$ 1,876,544	\$ 912,772	\$ 2,363,852	\$ 819,514	\$ 7,117,742	\$ 4,279,292
Employee benefits	270,057	324,378	157,198	411,170	154,377	1,317,180	854,702
Payroll taxes	90,712	147,586	69,634	168,810	63,171	539,913	332,217
Total personnel expenses	<u>1,505,829</u>	<u>2,348,508</u>	<u>1,139,604</u>	<u>2,943,832</u>	<u>1,037,062</u>	<u>8,974,835</u>	<u>5,466,211</u>
Expenses							
Grants and other assistance	1,185,163	549,524	1,419,519	1,116,020	45,038	4,315,264	1,286,510
Professional services	793,116	797,015	828,022	1,653,783	242,314	4,314,250	2,865,121
Travel	175,806	370,776	126,684	99,238	33,517	806,021	182,685
Program expenses and supplies	177,949	95,510	265,770	5,056	813	545,098	169,368
Occupancy	49,488	95,972	41,974	42,273	30,570	260,277	241,829
Food	26,991	53,518	84,218	2,147	-	166,874	2,805
Software	28,146	51,050	21,942	31,038	47,931	180,107	119,093
Office expenses	11,039	40,409	9,294	98,937	15,070	174,749	127,252
Insurance	-	-	-	28,099	-	28,099	24,514
Advertising and media	14,602	38,271	41,631	5,066	140	99,710	372,437
Bank fees	889	1,445	650	205,321	593	208,898	5,496
Depreciation	4,667	7,226	15,431	4,181	2,427	33,932	15,077
Total expenses	<u>2,467,856</u>	<u>2,100,716</u>	<u>2,855,135</u>	<u>3,291,159</u>	<u>418,413</u>	<u>11,133,279</u>	<u>5,412,187</u>
	<u>\$ 3,973,685</u>	<u>\$ 4,449,224</u>	<u>\$ 3,994,739</u>	<u>\$ 6,234,991</u>	<u>\$ 1,455,475</u>	<u>\$ 20,108,114</u>	<u>\$ 10,878,398</u>

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

Dream Corps
Statement of Cash Flows
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 31,233,058	\$ 44,559,536
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	33,932	15,077
Amortization of operating right-of-use asset	200,381	-
Loss on disposal of property and equipment	-	1,500
Donated stock contributions	(54,988,446)	(50,206,185)
Realized and unrealized losses on investments	5,024,901	2,376,613
Changes in operating assets and liabilities		
Accounts receivable	192,634	(45,044)
Contributions and grants receivable, net	6,627,591	(354,836)
Prepaid expenses and other assets	(106,011)	(78,488)
Accounts payable	67,917	95,993
Accrued expenses	350,751	16,508
Accrued salaries and wages	155,844	65,898
Funds held as agent	(197,410)	(481,071)
Deferred rent	(83,800)	(16,970)
Right-of use lease liability	(140,770)	-
Net cash used in operating activities	<u>(11,629,428)</u>	<u>(4,051,469)</u>
Cash flows from investing activities		
Purchase of property and equipment	(129,210)	-
Purchases and reinvestments of investments	(128,566,827)	(142,020)
Proceeds from sales and redemptions of investments	139,651,580	3,006,565
Cash loaned under note receivable	(2,500,000)	(3,000,000)
Net cash provided by (used in) investing activities	<u>8,455,543</u>	<u>(135,455)</u>
Cash flows from financing activities		
Draws on line of credit, net	<u>3,000,000</u>	<u>-</u>
Net cash provided by financing activities	<u>3,000,000</u>	<u>-</u>
Net decrease in cash, cash equivalents and restricted cash	(173,885)	(4,186,924)
Cash, cash equivalents and restricted cash, beginning of year	<u>3,725,874</u>	<u>7,912,798</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 3,551,989</u>	<u>\$ 3,725,874</u>

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

Dream Corps
Statement of Cash Flows
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	\$ 3,525,088	\$ 3,435,231
Restricted cash	<u>26,901</u>	<u>290,643</u>
	<u>\$ 3,551,989</u>	<u>\$ 3,725,874</u>

Supplemental disclosure of cash flow information

Cash paid during the year for interest	\$ 71,735	\$ 275
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Supplemental schedule of noncash investing and financing activities

Donated stock contributions	\$ 54,988,446	\$ 50,206,185
Operating lease right-of-use asset obtained in exchange for lease liability	\$ 574,693	\$ -

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

Dream Corps
Notes to Financial Statements
December 31, 2022

1. NATURE OF OPERATIONS

Dream Corps (the "Organization") is a national non-profit organization working to uplift and empower the most vulnerable in our society. The Organization works in collaboration with business, government, labor, and grassroots communities to create programs that are focused on the following important fields:

- Reform Criminal Justice - #cut50 is a bipartisan effort to cut crime and incarceration across all 50 states. The Organization brings together leaders impacted by the criminal justice system with unlikely allies spanning the political divide to push for criminal justice solutions.
- Build a Green Economy - Green For All supports efforts to build an inclusive green economy for all. The Organization works at the intersection of the environmental, economic, and racial justice movements to advance solutions to poverty and pollution.
- Create Equity in Tech - #YesWeCode is a national program cultivating future leaders and entrepreneurs from underrepresented backgrounds, creating a pipeline of diverse talent that will shift the culture of the tech sector.

In November 2021, the Organization's Board of Directors established a new fund, the Dream Fund, for the purpose of expanding and leveraging support for the Organization's mission, and making grants to other charities. Total donor contributions of approximately \$100,000,000 were received into the Dream Fund during 2021 and 2022. In May 2023, the Organization's Board of Directors approved a grant of \$50,000,000 from the Dream Fund to support a new non-profit Organization, License to Dream Fund. See Note 2, Subsequent Events.

In December 2022, the Organization's Board of Directors approved to officially change the name of the Organization from Dream Corps to Dream.Org.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Organization reports information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions.

- *Net assets without donor restrictions* - represents net assets available for use in general operations and not subject to donor-imposed restrictions. Net assets without donor restrictions includes a Board-designated fund, the Dream Fund, with a balance of \$91,173,472 at December 31, 2022.
- *Net assets with donor restrictions* - represents net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events as specified by the donor (i.e. the Organization's programs).

Dream Corps
Notes to Financial Statements
December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Change in accounting principle

On February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") 842, *Leases* to increase transparency and comparability among organizations by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective January 1, 2022 and recognized and measured leases existing at, or entered into after, January 1, 2022 through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

The Organization elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on January 1, 2022, an initial lease liability of \$658,493 which represents the present value of the remaining operating lease payments of \$698,427 discounted using the Daily Treasury Par Yield Curves Rate of 4.15%, and a right-of-use asset of \$574,693, which represents the operating lease liability of \$658,493 adjusted for accrued rent of \$83,800.

The standard had a material impact on the Organization's statement of financial position as of December 31, 2022, but did not have a material impact on the Company's statement of activities, nor statement of cash flows for the year then ended. The most significant impact was the recognition of the ROU asset and lease liability for the operating lease on the statement of financial position as of December 31, 2022.

Dream Corps
Notes to Financial Statements
December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in accounting principle (continued)

In September 2020, the FASB issued Accounting Standards Update ("ASU") 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. Under this ASU, a not-for-profit entity is required to present contributed nonfinancial assets as a separate line-item in the statement of activities, apart from contributions of cash and other financial assets as well as include enhanced disclosures surrounding the nature and valuation techniques of the contributed nonfinancial assets. The Organization adopted ASU 2020-07 with a date of the initial application of January 1, 2022. The adoption of ASU 2020-07 did not have a significant impact on the Organization's financial position, results of operations, or cash flows.

Cash and cash equivalents

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Periodically, cash on deposit may be in excess of federally insured limits. The Organization believes that it mitigates this risk by maintaining deposits with high credit quality institutions.

Property and equipment

The Organization capitalizes all property and equipment with a cost greater than \$2,500 with an estimated useful life greater than one year. Property and equipment is carried at cost or, if donated, at the estimated fair value on the date of the gift. Donated property and equipment are included in net assets without donor restrictions when placed into service by the Organization, unless restricted as to the use by explicit donor stipulation. The Organization reviews long-lived property and equipment for impairment when circumstances indicate that the carrying amount of an asset may not be recoverable. When an impairment loss is recognized, the asset's carrying value is reduced to its estimated fair value. Maintenance and repair costs are expensed as incurred.

Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

Furniture and equipment	2 - 8 years
Computer equipment and software	3 years

Investments

Investments in marketable securities include money market funds and equities. Investments in nonmarketable securities include an investment in a private company preferred stock. Investments are recorded at fair value. Investments in equities that are received by donation are recorded at fair value at the date of donation and adjusted subsequently based upon changes in fair value.

Dream Corps
Notes to Financial Statements
December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)

Investment securities are exposed to various risks such as changes in interest rates or credit and market fluctuations. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Fair value measurements

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for an asset or liability in an orderly transaction between market participants at the measurement date. The Organization has characterized the fair value of its assets, based on the priority of the inputs used to value the assets, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the asset.

Assets recorded in the statement of financial position are categorized based on the inputs to valuation techniques as follows:

- *Level 1* - Values are based on unadjusted quoted prices for identical assets in an active market that the Organization has the ability to assess.
- *Level 2* - Values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investment.
- *Level 3* - Values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect the assumptions of management about assumptions market participants would use in pricing the investments.

Dream Corps
Notes to Financial Statements
December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and contributions receivable

Contributions received are reported as with or without donor restrictions, depending upon the existence or nature of any donor conditions or restrictions. Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the barrier for which they depend is achieved and the right of release has been overcome. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for doubtful contributions receivable may be established based upon management's judgment including such factors as prior collection history, type of contribution, and current aging of contributions receivable. Receivables are charged against the allowance for doubtful contributions receivable when management believes that collectability is unlikely. Bad debt recoveries are included in income as realized. Contributions receivable are stated net of an allowance for doubtful accounts. Management has deemed all outstanding contributions receivable to be fully collectible, and therefore, no allowance for doubtful contributions receivable has been recorded as of December 31, 2022.

The Organization receives grant revenue to support scholarships for the #YesWeCode program. These grants meet the criteria to be classified as conditional contributions under U.S. GAAP revenue recognition for nonprofit organizations as they contain barriers related to the incurrence of qualifying expenditures and a right of return or release. As of December 31, 2021, the Organization had conditional contributions related to open grant contracts totaling \$275,000 which have been fully paid and recognized as of December 31, 2022. The Organization has not conditional contributions related to open grant contracts at December 31, 2022.

In-kind contributions

Donated materials and equipment are recorded as contributions based on their estimated fair value at the date the contribution is made. Donated services are recorded as contributions at their estimated fair value only in those instances in which they enhance nonfinancial assets or the Organization would have acquired such services if they had not been donated, require special skills, and are provided by individuals with those skills. In-kind contributions totaled \$17,150 for the year ended December 31, 2022 and were comprised of donated ride share credits and various donated beverages. Contributed services for ride share credits are valued at the estimated fair value based on current rates for similar or identical services and the estimated fair value for donated beverages were based on estimates of wholesale values that would be received for selling similar products in the United States. In-kind contributions received during the year ended December 31, 2022 included no donor restrictions and were fully utilized for program activities.

Dream Corps
Notes to Financial Statements
December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The Organization leases office space under an operating lease. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position. Finance leases are included in property and equipment and other long-term liabilities on the statement of financial position. The Organization does not have any finance leases.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the Organization's lease does not provide an implicit rate, the Organization elected to use a risk-free rate of 4.15% based on the lease term as of January 1, 2022 in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Fiscal agency

The Organization acts as a sponsor in accordance with fiscal sponsorship agreements with three third-party organizations for the purposes of ensuring that grants are focused on those most in need, ensuring advocacy efforts are designed for those harmed and impacted by mass incarceration, and to promote lobbying in support of criminal justice reform in the state of New York. As stipulated by the agreements, the Organization retains funds held for each project within a separate account. These funds are designated as restricted cash and funds held as agent within the accompanying statement of financial position. In addition, as stipulated by the agreements, the Organization receives an administrative fee associated with administering the grants for the projects. Such administrative fees are recognized as consulting income when services are provided.

Functional expenses

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the various functions based on management's estimates of the staff effort or cost incurred associated with each activity.

Dream Corps
Notes to Financial Statements
December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status

The Organization is a qualified organization exempt from Federal income and California franchise taxes under the provisions of Sections 501(c)(3) of the Internal Revenue Code and 23701(d) of the California Revenue and Taxation Code, respectively. The Organization has evaluated its current tax positions and has concluded that, as of December 31, 2022, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively.

Use of estimates

The preparation of 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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Uses of estimates include, but are not limited to, accounting for allowances for doubtful contributions receivable, assignment of useful lives of property and equipment, and the allocation of certain indirect costs.

Comparative totals

The financial statements include certain 2021 summarized information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements as of and for the year ended December 31, 2021 from which it was derived.

Subsequent events

The Organization has evaluated subsequent events through September 13, 2023, the date the financial statements were available to be issued. On May 24, 2023, the Organization's Board of Directors approved a grant of \$50,000,000 to support a new non-profit organization, License to Dream Fund. This grant will be funded from the Organization's board-designated Dream Fund.

No other subsequent events have occurred that would have a material impact on the presentation of the Organization's financial statements.

3. CONTRIBUTIONS AND GRANTS RECEIVABLE

Unconditional promises to give, which are not expected to be collected until after the year promised, are reflected in the accompanying financial statements as contributions receivable and revenue in the appropriate net asset category. Contributions and grants receivable are recorded using a discount rate of 0.065%.

Dream Corps
Notes to Financial Statements
December 31, 2022

3. CONTRIBUTIONS AND GRANTS RECEIVABLE (continued)

Contributions and grants receivable consisted of the following:

Receivables due in less than one year	\$ 410,463
Receivables due in two to five years	<u>374,312</u>
	784,775
Less discounts to present value	<u>(15,882)</u>
	<u><u>\$ 768,893</u></u>

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Furniture and equipment	\$ 86,487
Capitalized website costs	<u>159,915</u>
	246,402
Accumulated depreciation and amortization	<u>(131,760)</u>
	<u><u>\$ 114,642</u></u>

Depreciation expense totaled \$33,932 for the year ended December 31, 2022.

5. INVESTMENTS IN MARKETABLE SECURITIES

The following table sets forth by level, within the fair value hierarchy, the Organization's investments in marketable securities at fair value as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Government obligation mutual fund	\$ 38,994,566	\$ -	\$ -	\$ 38,994,566
Mutual funds	31,300,203	-	-	31,300,203
Equity securities	15,402,003	-	-	15,402,003
Other	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>
	<u><u>\$ 85,696,772</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 100,000</u></u>	<u><u>\$ 85,796,772</u></u>

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6. INVESTMENT IN NONMARKETABLE SECURITIES

On August 23, 2022, the Organization entered into a Simple Agreement for Future Equity (SAFE) for \$1,000,000 with BlocPower Public Benefit Corporation ("BlocPower"). The SAFE gave the Organization the right to certain shares of BlocPower's capital stock. The SAFE states that if there is an equity financing before the termination of the SAFE, on the closing of such financing the SAFE will automatically convert into the number of shares of preferred stock equal to the purchase amount divided by the conversion price. On December 21, 2022, BlocPower and its investors entered into a Series B Preferred Stock Purchase Agreement such that BlocPower sold and issued to each purchaser certain Series B preferred stock. The Organization's \$1,000,000 SAFE converted to 72,306.58 shares of Series B-2 Preferred Stock in BlocPower. with a per share value of \$13.83. As of December 31, 2022 the fair value of the Organization's investment in BlocPower is \$1,000,000.

The Organization accounts for non-marketable equity securities at cost less impairment, with realized gains and losses on non-marketable securities sold or impaired recognized in the statement of activities. The Organization adjusts the carrying value of non-marketable equity securities up or down for observable price changes in orderly transactions for identical or similar investments of the same issuer and for impairment, if any (referred to as the measurement alternative). All gains and losses on non-marketable equity securities, realized and unrealized, are recognized in the statement of activities as changes in net assets.

Impairment indicators that are considered include, but are not limited to, (a) a significant deterioration in the earnings performance, credit rating, asset quality or business prospects of the investee, (b) a significant adverse change in the regulatory, economic or technological environment of the investee, (c) a significant adverse change in the general market condition of either the geographical area or the industry in which the investee operates (d) a bona fide offer to purchase, an offer by the investee to sell or a completed auction process for the same or similar investment for an amount less than the carrying amount of that investment, and (d) factors that raise significant concerns about the investee's ability to continue as a going concern, such as negative cash flows from operations, working capital deficiencies or noncompliance with statutory capital requirements or debt covenants. When the qualitative assessment indicates that impairment exists, the investment is written down, with impairment recognized in earnings.

There was no impairment recognized for the year ending December 31, 2022.

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7. NOTE RECEIVABLE

On October 7, 2021, the Organization entered into a program-related loan agreement with Obsidian Impact Manager, LLC ("Borrower") for a principal amount of \$3,000,000 bearing interest of 3% per annum. The full principal balance plus all accrued and unpaid interest is due on or before October 7, 2024. The purpose of the loan is to enable the Borrower to further the environmental protection and social justice goals of the Biden Administration's Justice 40 Initiative; to assemble a fleet of electronically powered vehicles and construct associated infrastructure in low and moderate income communities ("LMI communities") which otherwise would not have access to such technologies (the "Project"). On December 15, 2022, the Organization provided an additional loan to the Borrower with a principal amount of \$2,500,000 for the purpose of the Project. This loan bears interest of 3% per annum and is due on or before October 7, 2024.

The October 7, 2021 loan agreement requires the borrower to use the loan proceeds exclusively for the following purposes:

- a) Borrower shall use no more than \$500,000 of the Loan Proceeds to pay for expenses directly or indirectly related to the project or the agreement;
- b) Borrower shall use no more than \$1,000,000 of the Loan Proceeds to make to Getaround, Inc., a Delaware corporation ("Getaround"), a loan convertible into the equity of Getaround, for the purpose of helping to fund Getaround's software and data applications to find the best locations to place electrically powered vehicles and charging stations in LMI communities with the goal of generating data to help advance Borrower's Department of Energy loan application as well as to increase access to environmentally friendly modes of transportation in LMI Communities;
- c) Borrower shall use no more than \$500,000 of the Loan Proceeds to purchase a simple-agreement-for-future-equity (SAFE) note from Hevo, Inc., a Delaware corporation, which manufactures the only wireless electric charging technology that in Borrower's determination can be used to support Borrower's Department of Energy loan application, for the purpose of funding the manufacture and purchase of prototype specialized equipment needed for the Project;
- d) Borrower shall use no more than \$1,000,000 of the Loan Proceeds to invest in an electric-charging infrastructure company selected by Borrower that executes with Borrower a letter of intent committing the company to locate significant charging infrastructure in LMI Communities as agreed with Borrower.

The December 15, 2022 loan agreement requires the borrower to use the loan proceeds exclusively for the following purposes:

- (a) Borrower shall use not more than \$750,000 of the loan proceeds to pay for expenses directly or indirectly related to the Project or the loan agreement;

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7. NOTE RECEIVABLE (continued)

(b) Borrower shall use no more than \$1,000,000 of the loan proceeds to make an equity investment in Revel Transit, Inc. for the purpose of helping to fund Revel's provision of logistics, data, and creditworthy payment for the charging and car infrastructure needed to execute the Project;

(c) Borrower shall use no more than \$500,000 of the loan proceeds to make an equity investment into Span.IO which will provide the Virtual Power Plant (VPP) and innovation technology and software needed to execute the Project;

(d) Borrower shall use no more than \$250,000 of the loan proceeds to invest in an electric-charging infrastructure company selected by Borrower that executes with Borrower a letter of intent committing the company to locate significant charging infrastructure in LMI Communities as agreed with Borrower.

8. LINE OF CREDIT

The Organization has a revolving line of credit with a financial institution for borrowings up to \$3,000,000 which bears a variable interest at the greater of 3.75% or the Prime Rate plus fifty basis points, and matured on December 9, 2022. The interest rate was 8.00% at December 31, 2022. The outstanding balance on the line credit as of December 31, 2022 was \$3,000,000 and was repaid in full on January 25, 2023. The line of credit has certain financial covenant requirements which the Organization was in compliance with as of December 31, 2022.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

Green For All	\$ 7,775,059
#YesWeCode/Tech	<u>651,000</u>
	<u>\$ 8,426,059</u>

Net assets with donor restrictions released from restriction during the year were as follows:

#cut50	\$ 1,230,460
Green For All	4,449,224
#YesWeCode/Tech	<u>1,245,420</u>
	<u>\$ 6,925,104</u>

10. LEASE COMMITMENTS

The Organization maintains a lease for its office space in Oakland that is set to expire in September 2024. The lease calls for monthly payments ranging from \$20,487 to \$21,735.

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10. LEASE COMMITMENTS (continued)

Supplemental cash flow information related to the operating lease is as follows:

Operating cash flows from operating leases	\$ 247,689
Right-of-use lease asset obtained in exchange for lease liability	574,693
Weighted-average remaining lease term in months	21
Weighted-average discount rate	4.0%

Future maturities of operating lease obligations are as follows:

<u>Year ending December 31,</u>	
2023	\$ 255,123
2024	195,615
	450,738
Less: present value discount	(16,815)
	<u>\$ 433,923</u>

Rent expense totaled \$260,277 for the year ended December 31, 2022.

11. CONCENTRATIONS

The Organization receives a significant portion of its revenues from external donors. Accordingly, the Organization's financial condition is dependent to some extent on the economic environment and the philanthropic community in general.

One donor comprised approximately 92% of total contribution revenue for the year ended December 31, 2022. Two donors comprised approximately 57% of contributions receivable as of December 31, 2022.

12. RETIREMENT PLAN

The Organization sponsors a defined contribution plan (the "Plan") which covers all employees who meet the Plan's minimum requirements. Under the provisions of the Plan, the Organization may make discretionary matching contributions to the Plan. The Organization made discretionary matching contributions of \$152,111 to the Plan during the year ended December 31, 2022.

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13. RELATED PARTY TRANSACTIONS

Rebuild the Dream ("RTD") is a 501(c)(4) organization that was formed to fight for an economy that works for everyone and an America that delivers on its promise of opportunity for all. RTD has board members in common with the Organization and the Founder of RTD is a member of the Organization's Board of Directors. RTD reimburses the Organization for services provided to RTD. Amounts outstanding from RTD, included in the accounts receivable - related party balance, totaled \$36,384 as of December 31, 2022.

During 2022 and 2021, the Organization's founder and member of the Board of Directors awarded two significant contributions to the Organization totaling approximately \$100,000,000. The contributions were used to establish the Dream Fund for the purpose of expanding and leveraging support for the Organization's mission, and making grants to other charities.

14. LIQUIDITY AND FUNDS AVAILABLE

The Organization's approach to liquidity management is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Annual budgets are structured to utilize a combination of contributions without donor-imposed restrictions and contributions with donor-imposed restrictions to cover the expenditures of the Organization on an ongoing basis. To meet liquidity needs, the Organization has cash and cash equivalents available. The Finance Committee reviews the Organization's financial position monthly and discusses a reasonable cash position to maintain. The Finance Committee has set 45 days in cash as the minimum for 2022.

The Organization's financial assets available within one year of December 31, 2022 for general expenditures are as follows:

Financial assets

Cash and cash equivalents	\$ 3,525,088
Investments in marketable securities	85,796,772
Contributions and grants receivable, net	359,581
Other accounts receivable	<u>23,884</u>
	<u>89,705,325</u>

Less: amounts unavailable for general expenditure within one year:

Donor restricted for specified purposes	<u>(8,426,059)</u>
	<u>(8,426,059)</u>
	<u><u>\$ 81,279,266</u></u>