



**FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
New Hope for Kids, Inc.
Orlando, Florida

We have audited the accompanying statement of financial position of New Hope for Kids, Inc. (the "Organization") as of December 31, 2011 and 2010, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Hope for Kids, Inc. as of December 31, 2011 and 2010, and changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Lake Mary, FL
July 23, 2012

NEW HOPE FOR KIDS, INC.
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,196,986	\$ 1,094,302
Grants receivable	-	39,142
Deposit on land purchase	-	-
Prepaid expenses	-	1,447
Investment property	<u>133,000</u>	<u>161,500</u>
TOTAL CURRENT ASSETS	1,329,986	1,296,391
PROPERTY AND EQUIPMENT, net	183,573	191,807
ENDOWMENT FUND	<u>1,318,563</u>	<u>1,420,478</u>
	<u>\$ 2,832,122</u>	<u>\$ 2,908,676</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 26,488	\$ 30,413
Accrued payroll and related taxes	4,805	7,425
Current portion of obligations under capital lease	<u>3,852</u>	<u>3,416</u>
TOTAL CURRENT LIABILITIES	35,145	41,254
OBLIGATIONS UNDER CAPITAL LEASE, less current portion	<u>4,730</u>	<u>8,582</u>
TOTAL LIABILITIES	<u>39,875</u>	<u>49,836</u>
COMMITMENTS		
NET ASSETS		
Unrestricted	1,302,037	1,264,027
Permanently restricted	<u>1,490,210</u>	<u>1,594,813</u>
TOTAL NET ASSETS	<u>2,792,247</u>	<u>2,858,840</u>
	<u>\$ 2,832,122</u>	<u>\$ 2,908,676</u>

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

NEW HOPE FOR KIDS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011
(With Comparative Totals for 2010)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011 Totals	2010 Totals
<u>REVENUE AND OTHER SUPPORT</u>					
Grants	\$ -	\$ 344,005	\$ -	\$ 344,005	\$ 300,286
Gifts, memorials and donations	203,201	-	-	203,201	192,589
Special events (less direct expenses of \$22,765 and \$23,310 for 2011 and 2010, respectively)	242,753	-	-	242,753	218,802
Donated services and in-kind contributions	352,099	-	-	352,099	344,771
Participant service revenue	74,040	-	-	74,040	88,840
Interest income	11,015	-	-	11,015	16,345
Other income	850	-	-	850	1,150
Net assets released from restrictions	346,693	(344,005)	(2,688)	-	-
TOTAL REVENUE AND OTHER SUPPORT	1,230,651	-	(2,688)	1,227,963	1,162,783
<u>EXPENSES</u>					
Program services					
New Hope Center for Grieving Children	521,714	-	-	521,714	511,555
New Hope Children's Wish	535,938	-	-	535,938	558,588
Total Program Expenses	1,057,652	-	-	1,057,652	1,070,143
General and administrative	103,489	-	-	103,489	102,045
TOTAL EXPENSES	1,161,141	-	-	1,161,141	1,172,188
Change in Net Assets from Operations	69,510	-	(2,688)	66,822	(9,405)
Other Changes					
Net (gain) loss in endowment fund	-	-	101,915	101,915	(134,815)
Unrealized loss on investment property	28,500	-	-	28,500	-
Expenses-potential land purchase (See Notes)	3,000	-	-	3,000	3,646
Net Other Changes	31,500	-	101,915	133,415	(131,169)
Change in Net Assets	38,010	-	(2,688)	(66,593)	121,764
NET ASSETS, beginning of year	1,264,027	-	1,594,813	2,858,840	2,737,076
NET ASSETS, end of year	\$ 1,302,037	\$ -	\$ 1,592,125	\$ 2,792,247	\$ 2,858,840

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

NEW HOPE FOR KIDS, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from contributors and special events	\$ 903,991	\$ 955,137
Cash paid to employees and suppliers	(938,057)	(784,999)
Interest income	11,015	16,345
Interest paid	(1,264)	(1,651)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(24,315)</u>	<u>184,832</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Net decrease (increase) in endowment fund	101,915	(113,413)
Unrealized loss in property held for investment	28,500	-
Decrease in land deposit	-	8,634
Acquisitions of property and equipment	-	(4,827)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>130,415</u>	<u>(109,606)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Repayments of obligations under capital leases	(3,416)	(3,029)
NET CASH USED IN FINANCING ACTIVITIES	<u>(3,416)</u>	<u>(3,029)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	102,684	72,197
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,094,302</u>	<u>1,022,105</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,196,986</u>	<u>\$ 1,094,302</u>

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

NEW HOPE FOR KIDS, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010

	2011	2010
RECONCILIATION OF CHANGE IN NET ASSETS TO <u>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</u>		
Increase (decrease) in net assets	\$ (66,593)	\$ 121,764
Adjustments to reconcile increase in net assets to Net cash (used in) provided by operating activities:		
Depreciation and amortization	8,234	20,819
Decrease in grants receivable	39,142	18,655
Decrease in prepaid expenses	1,447	623
Decrease (increase) in accounts payable and accrued expenses	(6,545)	22,971
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	\$ (24,315)	\$ 184,832

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

NEW HOPE FOR KIDS, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2011
 (With Comparative Totals for 2010)

PROGRAM SERVICES

	New Hope Center for Grieving Children	New Hope Children's Wish	TOTAL	General and Administrative	2011 TOTAL EXPENSES	2010 TOTAL EXPENSES
Wages and payroll taxes	\$ 186,568	\$ 170,345	\$ 356,913	\$ 48,670	\$ 405,583	\$ 386,339
Program expense - group programs	87,752	89,937	177,689	-	177,689	186,648
Program expense - direct wish costs	-	141,198	141,198	-	141,198	168,496
Contract services	66,086	35,285	101,371	4,847	106,218	101,090
Program expense - scholarship funding	74,040	-	74,040	-	74,040	85,267
Travel and local transportation	28,968	28,968	57,936	14,484	72,420	69,485
Employee benefits	22,107	20,184	42,291	5,767	48,058	41,591
Insurance	13,978	2,974	16,952	2,515	19,467	20,669
Rent	-	13,962	13,962	3,490	17,452	17,576
Advertising	5,920	5,920	11,840	2,960	14,800	11,208
Meetings and conferences	5,137	4,162	9,299	4,172	13,471	4,065
Professional fees	5,028	5,028	10,056	2,514	12,570	5,957
Telephone	4,458	4,458	8,916	2,229	11,145	10,383
Postage and shipping	3,168	3,168	6,336	3,264	9,600	8,231
Utilities	5,140	1,977	7,117	791	7,908	7,776
Office expenses	2,094	2,094	4,188	2,158	6,346	9,563
Bank charges and credit card fees	3,431	1,320	4,751	528	5,279	4,916
Dues, fees, and subscriptions	1,577	1,577	3,154	1,625	4,779	3,855
Repairs and maintenance	905	905	1,810	1,810	3,620	6,603
Interest	417	417	834	430	1,264	1,651
Total Expenses Before Depreciation and Amortization	516,774	533,879	1,050,653	102,254	1,152,907	1,151,369
Depreciation and amortization	4,940	2,059	6,999	1,235	8,234	20,819
TOTAL EXPENSES	\$ 521,714	\$ 535,938	\$ 1,057,652	\$ 103,489	\$ 1,161,141	\$ 1,172,188

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

NEW HOPE FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010

NOTE 1 ORGANIZATION AND NATURE OF ACTIVITIES

New Hope for Kids, Inc. ("New Hope") is a nonprofit organization serving primarily the Central Florida area. The organization was incorporated in 1977 under the name Hospice of Central Florida, Inc. In 1996, subsequent to a sale of its licensed hospice activities, the organization changed its name to New Hope Center, Inc. In 2005, the organization changed its legal name to New Hope for Kids, Inc. so its name better reflects New Hope's mission.

New Hope's mission is to provide a specialized support to the children and families grieving the loss of a loved one and to grant wishes to children with life-challenging illnesses in Central Florida. Its vision is to bring hope, healing and happiness to children and their families suffering grief or loss. The New Hope is comprised of two programs that work together to meet such mission.

NEW HOPE CENTER FOR GRIEVING CHILDREN

The program encourages the expression of the grief experience verbally and through creative positive play within a peer group setting. The groups are open to grieving children ages 3 to 18 and their families.

NEW HOPE CHILDREN'S WISH

The program grants wishes to children under age 18 who have been diagnosed with life-challenging illnesses. The program is not affiliated with a national organization. It is independent and locally based. Funding received by New Hope Children's Wish is primarily reinvested in the local community.

New Hope's primary funding sources are individuals, corporate donors and other nonprofit organizations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets are classified based on the existence or absence of donor imposed designation. Accordingly, net assets of the New Hope are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor imposed stipulations. Included in unrestricted net assets are amounts that may be designated by the Board of Directors for specific purposes.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the New Hope and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the New Hope.

NEW HOPE FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF PRESENTATION (continued)

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation 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 net assets released from restrictions.

DONATED MATERIALS AND SERVICES

Donations of materials are recorded as in-kind contributions at their estimated fair market value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. In such a case, the recording is handled in the same manner as donor restricted funds.

New Hope recognizes donated services that create or enhance non financial assets or that require specialized skills, are provided by individuals possessing those skills, would typically need to be purchased if not provided by donation, and are subject to objective valuation. These services are recorded at their estimated fair market value at the date of donation.

In addition, New Hope receives a significant amount of donated services from unpaid volunteers who assist in program activities and supporting services. No amounts have been recognized in the statements of activities because the criteria for recognition under the Statement of Financial Accounting Standards ("SFAS") No. 116 have not been satisfied. However, these volunteers did contribute almost 20,000 hours each year for the years ended December 31, 2011 and 2010 in support of program activities and supporting services.

GRANTS RECEIVABLE

Grants receivable is comprised of an unrestricted grants from a nonprofit (NOTE 3). The grant was collected subsequent to the end of the year. As such, an allowance for doubtful accounts has not been recorded.

SCHOLARSHIP FUNDING

New Hope has a policy of providing scholarship funding to participants who are unable to pay. Such participants are identified based on financial information obtained from the participant and subsequent analysis. Scholarship funding represents \$74,040 and \$85,267 (100% and 96%, respectively) of total support services provided during the years ended December 31, 2011 and 2010, respectively.

GIFTS, MEMORIALS, AND DONATIONS

Under SFAS No. 116, "Accounting for Contributions Received and Contributions Made," contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

PARTICIPANT SERVICES REVENUE

Participant services revenue represent the estimated net realizable amounts from participants, third-party payors, and others for services rendered through the New Hope Center for Grieving Children.

NEW HOPE FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FUNCTIONAL ALLOCATION OF EXPENSE

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

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost. It is New Hope's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Property and equipment is being depreciated and/or amortized on the straight-line method over estimated useful lives as follows:

Building	25 years
Furniture and Equipment	5 years

Leasehold improvements are amortized over the lesser of the estimated useful life or the life of the lease, whichever is less.

INCOME TAXES

New Hope is exempt from Federal income taxes under the Internal Revenue Code Section 501c(3) and therefore has made no provision for Federal income taxes.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Significant estimates used in preparing these financial statements include those assumed in computing net participant service revenues, donated services, and contingent liabilities.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, New Hope considers all short-term high liquid investments purchased with a maturity of ninety (90) days or less to be cash and/or cash equivalents.

SUMMARIZED FINANCIAL INFORMATION FOR 2010

The statement of activities for 2010 includes summarized comparative information in total but not by net asset class. In addition, the statement of functional expenses for 2010 includes summarized comparative information in total but not by functional activity. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended December 31, 2010, from which the summarized information was derived.

**NEW HOPE FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FAIR VALUES OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by New Hope in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, and current liabilities - fair value approximates carrying amounts due to the short maturities of the instruments.

Capital lease obligations - fair value approximates carrying value since stated rates are similar to rates currently available to New Hope for debt with similar terms and remaining maturities.

CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the New Hope to concentrations of credit risk consist principally of cash in banks which is insured by the Federal Deposit Insurance Corporation up to balances of \$250,000 per bank. As of December 31, 2011, New Hope exceeded this amount by approximately \$348,000.

New Hope relies on a nonprofit to support its operations (NOTE 3). Total contributions from the nonprofit during the years ended December 31, 2011 and 2010 were \$261,455 and \$296,778, respectively, representing 21% and 26%, respectively, of total revenue and other support.

RECLASSIFICATIONS

Certain reclassifications were made to the 2010 financial statements to conform to the current year presentation.

NOTE 3 NONPROFIT SUPPORT - COMMUNITY FOUNDATION OF CENTRAL FLORIDA, INC.

ENDOWMENT FUND

In 2004 New Hope established a New Hope for Kids Endowment Fund as a component fund of the The Community Foundation of Central Florida, Inc., ("the Foundation").

The Foundation's Board of Directors shall have the power to modify or eliminate any restriction, limitation, or condition on the distribution of funds, including their use for any specified purposes or their distribution to specific organizations, if the Foundation's Board of Directors determines that such restriction, limitation or condition becomes by material and significant change of circumstances in effect unnecessary, incapable of fulfillment, or inconsistent with various uses and purposes of the Central Florida area.

Due to the Foundation being the legal owner of all assets contributed to any of its component funds as well as their ability to redirect any of the Endowment Fund balance as noted in the paragraph above, New Hope has deferred the recognition of the contribution. The New Hope will recognize the revenue as it receives a return of this investment.

The New Hope for Kids Endowment Fund balance as of December 31, 2011 and 2010 was \$1,318,563 and \$1,420,478, respectively.

NEW HOPE FOR KIDS INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010

**NOTE 3 NONPROFIT SUPPORT - COMMUNITY FOUNDATION OF CENTRAL FLORIDA, INC.
(continued)**

GRANTS AND DONATIONS

The Community Foundation of Central Florida, Inc., ("the Foundation") approves grants annually with the amount and terms to be determined by the Foundation Board of Directors. During the years ended December 31, 2011 and 2010, grants and donations from the Foundation to New Hope were \$261,455 and \$296,778, respectively.

NOTE 4 INVESTMENT PROPERTY

Investment property consists of commercial property located in Eustis, Florida which was donated to New Hope from an unrelated third party in 2008. New Hope formed a separate entity, 413 East Orange Avenue, LLC, to hold the title to the property at the time of the donation. The property is currently listed for sale and New Hope anticipates selling the property in the coming year.

At the time of the donation, the net realizable value was estimated at \$161,500. However, as of December 31, 2011, the property value has been adjusted to \$133,000 to reflect its estimated net realizable value at this time.

NOTE 5 PROPERTY AND EQUIPMENT

	2011	2010
Building	\$ 222,647	\$ 222,647
Land	157,780	157,780
Furniture and equipment	63,996	81,237
Equipment under capital lease	17,500	17,500
	461,923	479,164
Less accumulated depreciation and amortization	278,350	287,357
	\$ 183,573	\$ 191,807

Depreciation and amortization expense was \$8,234 and \$20,819 for the years ended December 31, 2011 and 2010, respectively, including amortization of capital leases of \$3,500 and \$3,500, respectively.

Accumulated amortization for equipment under capital leases as of December 31, 2011 and 2010 was \$8,750 and \$5,250, respectively.

NOTE 6 CAPITAL LEASE

New Hope leased a new copier under a five year capitalized lease agreement expiring January, 2014. The equipment and obligation under capital lease is recorded at the present value of the minimum lease payments.

NEW HOPE FOR KIDS, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2011 and 2010

NOTE 6 CAPITAL LEASE (continued)

Future minimum lease payments required under the capital lease are as follows:

Minimum lease payments for the years ended December 31,	
2012	\$ 4,680
2013	4,680
2014	<u>390</u>
Total minimum lease payments	9,750
Less amount representing interest	<u>1,168</u>
	8,582
Less current maturities	<u>3,852</u>
	<u>\$ 4,730</u>

NOTE 7 COMMITMENTS - OPERATING LEASE

New Hope leases office space under a month-to-month operating lease. Total rent expense for the years ended December 31, 2011 and 2010 was \$17,452 and \$17,576, respectively.

NOTE 8 POTENTIAL LAND PURCHASE

New Hope has been scouting locations for new facilities. Expenses incurred in 2011 and 2010 represent expenses associated with due diligence of potential properties. However, due to varying reasons, New Hope has decided not to acquire the respective properties. As such, amounts incurred in connection with due diligence of these properties has been expensed in each respective year.

NOTE 9 NET ASSETS

Permanently restricted net assets consist of the following:

	2011	2010
Endowment fund	\$ 1,318,563	\$ 1,420,478
Land and building - Center for Grieving Children	<u>171,647</u>	<u>174,335</u>
	<u>\$ 1,490,210</u>	<u>\$ 1,594,813</u>

The following net assets were released from donor restrictions when expenses satisfying the restricted purposes were incurred, by passage of time, or by occurrence of other events specified by donors:

	2011	2010
Passage of time	\$ 258,463	\$ 210,549
Grants - specific purpose	<u>85,542</u>	<u>89,737</u>
	<u>\$ 344,005</u>	<u>\$ 300,286</u>