



**FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying statement of financial position of New Hope for Kids, Inc. (the "Organization") as of December 31, 2015 and 2014, and the related statements of activities, cash flows, functional expenses, and related notes for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

Auditor's Responsibility

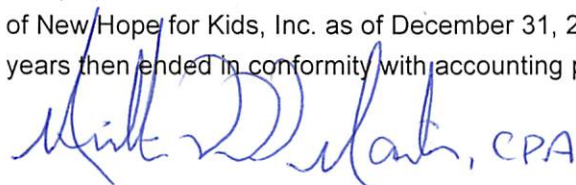
My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. Accordingly, I express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my 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, 2015 and 2014, 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 25, 2016

NEW HOPE FOR KIDS, INC.
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2015 and 2014

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,209,860	\$ 1,203,370
Grants receivable	27,625	-
Prepaid expenses	7,433	3,457
TOTAL CURRENT ASSETS	1,244,918	1,206,827
PROPERTY AND EQUIPMENT, net	2,085,852	1,487,017
ENDOWMENT FUND	1,431,401	1,526,627
	<u><u>\$ 4,762,171</u></u>	<u><u>\$ 4,220,471</u></u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 186,368	\$ 41,880
Current portion of mortgage note payable	37,056	133,000
Current portion of obligations under capital lease	-	-
TOTAL CURRENT LIABILITIES	223,424	174,880
MORTGAGE NOTE PAYABLE, less current portion	507,212	506,887
TOTAL LIABILITIES	730,636	681,767
 COMMITMENTS		
NET ASSETS		
Unrestricted	2,419,504	1,842,719
Permanently restricted	1,612,031	1,695,985
TOTAL NET ASSETS	4,031,535	3,538,704
	<u><u>\$ 4,762,171</u></u>	<u><u>\$ 4,220,471</u></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, 2015
(With Comparative Totals for 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Totals	2014 Totals
<u>REVENUE AND OTHER SUPPORT</u>					
Grants	\$ -	\$ 641,704	\$ -	\$ 641,704	\$ 342,420
Gifts, memorials and donations	297,822	-	-	297,822	289,097
Special events (less direct expenses of \$96,114 and \$100,171 for 2015 and 2014, respectively)	368,112	-	-	368,112	307,613
Donated services and in-kind contributions	537,467	-	12,300	549,767	441,482
Participant service revenue	73,560	-	-	73,560	80,200
Interest income	3,739	-	-	3,739	2,672
Rental income	-	-	-	-	42,925
Other income	-	-	-	-	3,037
Net assets released from restrictions	642,733	(641,704)	(1,029)	-	-
TOTAL REVENUE AND OTHER SUPPORT	1,923,433	-	11,271	1,934,704	1,509,446
<u>EXPENSES</u>					
Program services					
New Hope Center for Grieving Children	679,881	-	-	679,881	629,010
New Hope Children's Wish	547,211	-	-	547,211	630,088
Total Program Expenses	1,227,092	-	-	1,227,092	1,259,098
General and administrative	119,556	-	-	119,556	132,740
TOTAL EXPENSES	1,346,648	-	-	1,346,648	1,391,838
Change in Net Assets from Operations	576,785	-	11,271	588,056	117,608
Other Income (Expenses)					
Net gain (loss) in endowment fund	-	-	(95,225)	(95,225)	(40,429)
Net Other Income (Expense)	-	-	(95,225)	(95,225)	(40,429)
Change in Net Assets	576,785	-	(83,954)	492,831	77,179
NET ASSETS, beginning of year	1,842,719	-	1,695,985	3,538,704	3,461,525
NET ASSETS, end of year	\$ 2,419,504	\$ -	\$ 1,612,031	\$ 4,031,535	\$ 3,538,704

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, 2015 and 2014

	2015	2014
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from contributors and special events	\$ 1,449,687	\$ 1,276,530
Cash paid to employees and suppliers	(796,362)	(1,123,904)
Interest income	3,739	2,672
Interest paid	(24,381)	(27,860)
NET CASH PROVIDED BY OPERATING ACTIVITIES	632,683	127,438
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Net decrease in endowment fund	95,226	40,429
Acquisitions of fixed assets and leasehold improvements	(625,800)	(12,963)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(530,574)	27,466
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Repayment of mortgage note payable	(95,619)	(160,113)
Repayments of obligations under capital leases	-	(386)
NET CASH USED IN FINANCING ACTIVITIES	(95,619)	(160,499)
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,490	(5,595)
CASH AND CASH EQUIVALENTS, beginning of year	1,203,370	1,208,965
CASH AND CASH EQUIVALENTS, end of year	\$ 1,209,860	\$ 1,203,370

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, 2015 and 2014

	2015	2014
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
Increase in net assets	\$ 492,832	\$ 77,179
Adjustments to reconcile increase in net assets to Net cash (used in) provided by operating activities:		
Depreciation and amortization	26,965	27,263
Increase (decrease) in grants receivable	(27,625)	27,500
Increase in prepaid expenses	(3,976)	(1,363)
Increase (decrease) in accounts payable and accrued expenses	144,487	(3,141)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 632,683	\$ 127,438

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, 2015
(With Comparative Totals for 2014)

	PROGRAM SERVICES			General and Administrative	2015 TOTAL EXPENSES	2014 TOTAL EXPENSES
	New Hope Center for Grieving Children	New Hope Children's Wish	TOTAL			
Wages and payroll taxes	\$ 218,350	\$ 199,363	\$ 417,713	\$ 56,961	\$ 474,674	\$ 474,969
Program expense - group programs	135,104	130,041	265,145	-	265,145	200,737
Program expense - direct wish costs	-	116,716	116,716	-	116,716	168,172
Contract services	116,875	2,250	119,125	3,000	122,125	128,865
Travel and local transportation	17,849	17,849	35,698	8,924	44,622	86,702
Program expense - scholarship funding	73,560	-	73,560	-	73,560	80,200
Employee benefits	31,418	28,686	60,104	8,196	68,300	68,750
Insurance	18,644	4,231	22,875	3,386	26,261	31,075
Interest	8,046	8,046	16,092	8,290	24,382	27,830
Repairs and maintenance	4,684	4,684	9,368	9,368	18,736	25,863
Rent	-	-	-	-	-	12,471
Telephone	5,191	5,191	10,382	2,596	12,978	12,140
Utilities	11,666	4,487	16,153	1,795	17,948	10,481
Office expenses and miscellaneous	7,275	7,274	14,549	5,878	20,427	10,134
Bank charges and credit card fees	5,506	2,118	7,624	847	8,471	6,941
Advertising	4,623	4,623	9,246	2,312	11,558	6,690
Professional fees	2,078	2,078	4,156	1,039	5,195	4,900
Meetings and conferences	1,726	1,726	3,452	1,778	5,230	4,537
Dues, fees, and subscriptions	1,107	1,107	2,214	1,141	3,355	3,118
Total Expenses Before Depreciation and Amortization	663,702	540,470	1,204,172	115,511	1,319,683	1,364,575
Depreciation and amortization	16,179	6,741	22,920	4,045	26,965	27,263
TOTAL EXPENSES	\$ 679,881	\$ 547,211	\$ 1,227,092	\$ 119,556	\$ 1,346,648	\$ 1,391,838

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

NEW HOPE FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

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.

THE CENTER FOR GRIEVING CHILDREN

Provides assistance to children and their families during some of life's most difficult challenges. The groups are open to grieving children ages 3 to 19 who live in the Central Florida area.

WISH FOR KIDS

The program grants wishes to children under age 19 who have been diagnosed with life-threatening illnesses. The program is not affiliated with a national organization. It is independent and locally based.

In addition, both programs provide support services such as family events, resource information, and referral to other agencies for assistance when necessary.

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, 2015 and 2014

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, 2014 and 2013 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.

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 \$73,560 and \$80,200 (100%) of total support services provided during the years ended December 31, 2015 and 2014, 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, 2015 and 2014

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:

Buildings	25 years
Furniture and Equipment	5 to 7 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 2014

The statement of activities for 2014 includes summarized comparative information in total but not by net asset class. In addition, the statement of functional expenses for 2014 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, 2014, from which the summarized information was derived.

NEW HOPE FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013

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, 2015, New Hope exceeded this amount by approximately \$159,000.

New Hope relies on a nonprofit to support its operations (NOTE 3). Total contributions from the nonprofit during the years ended December 31, 2015 and 2014 were \$257,907 and \$249,706, respectively, representing 13% and 17%, respectively, of total revenue and other support.

RECLASSIFICATIONS

Certain reclassifications were made to the 2014 financial statements to conform to the current year presentation.

NOTE 3 NONPROFIT SUPPORT – CENTRAL FLORIDA FOUNDATION, INC.

ENDOWMENT FUND

In 2004 New Hope established a New Hope for Kids Endowment Fund as a component fund of the Central Florida Foundation, Inc. (previously known as 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, 2015 and 2014 was \$1,431,401 and \$1,526,627, respectively.

NEW HOPE FOR KIDS INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

**NOTE 3 NONPROFIT SUPPORT – CENTRAL FLORIDA FOUNDATION, INC.
(continued)**

GRANTS AND DONATIONS

The Foundation approves grants annually with the amount and terms to be determined by the Foundation's Board of Directors. During the years ended December 31, 2015 and 2014, grants and donations from the Foundation to New Hope were \$257,907 and \$249,706, respectively.

NOTE 4 PROPERTY AND EQUIPMENT

	2015	2014
Buildings and leasehold improvements	\$ 1,437,343	\$ 814,743
Land	899,780	899,780
Furniture and equipment	62,678	59,478
	2,399,801	1,774,001
Less accumulated depreciation and amortization	313,949	286,984
	\$ 2,085,852	\$ 1,487,017

Depreciation and amortization expense was \$26,965 and \$27,263 for the years ended December 31, 2015 and 2014, respectively, including amortization of capital leases of \$0- and \$1,751, respectively.

Accumulated amortization for equipment under capital leases as of December 31, 2014 was \$17,500. The equipment was fully amortized in 2014 and returned to the vendor.

NOTE 5 CAPITAL LEASE

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

NOTE 6 COMMITMENTS - OPERATING LEASES

New Hope leased office space under a month-to-month operating lease through September 2014, when it then moved into its new building. Total rent expense for the year ended December 31, 2014 was \$12,471.

In addition, New Hope began leasing a copier in 2013 under a 63 month operating lease.

Minimum future lease payments under the operating lease are as follows:

Years ended December 31,	
2016	\$ 3,648
2017	3,648
2018	2,432
	\$ 9,728

NEW HOPE FOR KIDS, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2014 and 2013

NOTE 7 MORTGAGE NOTE PAYABLE

In October 2013, New Hope acquired a land and a new building for a cost of \$1,334,095. In conjunction with this, it entered into a mortgage and security agreement with a bank for two mortgages totalling \$800,000. One mortgage is a four year balloon payment with interest only payments. The second mortgage is a ten year mortgage calling for monthly principal and interest payments of \$5,550 monthly beginning in March 2014 with a balloon payment due at the end of the mortgage. Interest is fixed at 4.5% and 3.25% on each loan respectively. The note is secured by the New Hope's land and building.

Aggregate maturities of the mortgage note payable for each of the next five years as of December 31, 2016 are as follows:

Years ended December 31,		
2016	\$	37,056
2017		392,684
2018		40,476
2019		42,336
2020		<u>31,716</u>
		<u>\$ 544,268</u>

NOTE 8 NET ASSETS

Permanently restricted net assets consist of the following:

	2015	2014
Endowment fund	\$ 1,431,401	\$ 1,526,627
Land and building - Center for Grieving Children	<u>179,876</u>	<u>169,358</u>
	<u>\$ 1,611,277</u>	<u>\$ 1,695,985</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:

	2015	2014
Passage of time	\$ 147,407	\$ 149,706
Grants - specific purpose	<u>494,297</u>	<u>192,714</u>
	<u>\$ 641,704</u>	<u>\$ 342,420</u>

NOTE 9 RENTAL INCOME

Concurrent with the purchase of the building in October 2013, New Hope granted the seller a one year lease agreement to continue to remain in the building prior to New Hope occupying the space. The seller moved out September 2014.