



**FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

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, 2018 and 2017, 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

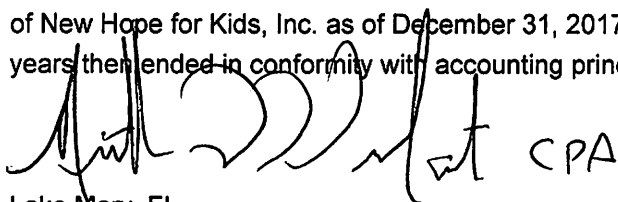
My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether 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, 2017 and 2016, 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 16, 2019

NEW HOPE FOR KIDS, INC.
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 873,001	\$ 763,521
Grants receivable	<u>25,000</u>	<u>37,500</u>
TOTAL CURRENT ASSETS	898,001	801,021
PROPERTY AND EQUIPMENT, net	2,380,147	2,484,029
ENDOWMENT FUND	<u>1,470,648</u>	<u>1,608,121</u>
	<u>\$ 4,748,796</u>	<u>\$ 4,893,171</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>\$ 39,146</u>	<u>\$ 31,779</u>
TOTAL CURRENT LIABILITIES	<u>39,146</u>	<u>31,779</u>
TOTAL LIABILITIES	<u>39,146</u>	<u>31,779</u>
COMMITMENTS		
NET ASSETS		
Net assets without donor restrictions	3,239,002	3,253,271
Net Assets with donor restrictions	<u>1,470,648</u>	<u>1,608,121</u>
TOTAL NET ASSETS	<u>4,709,650</u>	<u>4,861,392</u>
	<u>\$ 4,748,796</u>	<u>\$ 4,893,171</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, 2018
(With Comparative Totals for 2017)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2018 Totals	2017 Totals
<u>REVENUE AND OTHER SUPPORT</u>				
Grants	\$ -	\$ 303,129	\$ 303,129	\$ 265,069
Gifts, memorials and donations	204,644	-	204,644	254,138
Special events (less direct expenses of \$124,336 and \$96,280 for 2018 and 2017, respectively)	368,425	-	368,425	350,560
Donated services and in-kind contributions	506,716	-	506,716	443,433
Participant service revenue	101,040	-	101,040	88,240
Interest income	1,327	-	1,327	1,464
Net assets released from restrictions (NOTE 6)	303,129	(303,129)	-	-
TOTAL REVENUE AND OTHER SUPPORT	1,485,281	-	1,485,281	1,402,904
<u>EXPENSES</u>				
Program services				
New Hope Center for Grieving Children	787,689	-	787,689	812,670
New Hope Wishes for Kids	572,289	-	572,289	352,376
Total Program Expenses	1,359,978	-	1,359,978	1,165,046
General and administrative	139,572	-	139,572	125,360
TOTAL EXPENSES	1,499,550	-	1,499,550	1,290,406
Change in Net Assets from Operations	(14,269)	-	(14,269)	112,498
Other Income (Expenses)				
Net gain (loss) in endowment fund	-	(137,473)	(137,473)	158,373
Net Other Income (Expense)	-	(137,473)	(137,473)	158,373
Change in Net Assets	(14,269)	(137,473)	(151,742)	270,871
NET ASSETS, beginning of year	3,253,271	1,608,121	4,861,392	4,590,521
NET ASSETS, end of year	\$ 3,239,002	\$ 1,470,648	\$ 4,709,650	\$ 4,861,392

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from contributors and special events	\$ 875,562	\$ 1,123,880
Cash paid to employees and suppliers	(900,237)	(892,586)
Interest income	1,327	1,464
Interest paid	-	(16,179)
	<hr/>	<hr/>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(23,348)	216,579
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Net (increase) decrease in endowment fund	137,473	(158,373)
Acquisitions of fixed assets and leasehold improvements	(4,645)	(63,527)
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NET CASH (USED IN) INVESTING ACTIVITIES	132,828	(221,900)
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Repayment of mortgage note payable	-	(336,145)
	<hr/>	<hr/>
NET CASH USED IN FINANCING ACTIVITIES	-	(336,145)
NET INCREASE IN CASH AND CASH EQUIVALENTS	109,480	(341,466)
CASH AND CASH EQUIVALENTS, beginning of year	763,521	1,104,987
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CASH AND CASH EQUIVALENTS, end of year	<u>\$ 873,001</u>	<u>\$ 763,521</u>

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, 2018
 (With Comparative Totals for 2017)

PROGRAM SERVICES

	New Hope Center for Grieving Children	New Hope Wishes for Kids	TOTAL	General and Administrative	2018 TOTAL EXPENSES	2017 TOTAL EXPENSES
Wages and payroll taxes	\$ 209,155	\$ 209,155	\$ 418,310	\$ 68,097	\$ 486,407	\$ 416,597
Program expense - group programs	167,759	165,037	332,796	-	332,796	249,011
Contract services	122,000		122,000	-	122,000	130,452
Program expense - scholarship funding	101,040	-	101,040	-	101,040	88,240
Employee benefits	37,186	37,186	74,372	12,107	86,479	71,714
Program expense - direct wish costs	-	81,189	81,189	-	81,189	22,311
Travel and local transportation	22,203	22,203	44,406	11,102	55,508	51,665
Insurance	17,970	6,280	24,250	4,250	28,500	29,875
Professional fees	6,786	6,786	13,572	6,393	19,965	19,196
Advertising	5,896	5,896	11,792	2,948	14,740	15,555
Utilities	8,767	2,698	11,465	2,023	13,488	14,565
Office expenses and miscellaneous	3,453	3,452	6,905	5,909	12,814	13,057
Bank charges and credit card fees	6,872	2,643	9,515	1,057	10,572	9,165
Repairs and maintenance	2,468	2,468	4,936	4,936	9,872	20,000
Telephone	2,432	2,432	4,864	1,216	6,080	6,065
Dues, fees, and subscriptions	1,548	1,548	3,096	1,595	4,691	4,531
Meetings and conferences	1,192	1,192	2,384	1,228	3,612	4,400
Equipment rental	419	419	838	432	1,270	3,648
Interest	-	-	-	-	-	16,179
Total Expenses Before Depreciation	717,146	550,584	1,267,730	123,293	1,391,023	1,186,226
Depreciation	70,543	21,705	92,248	16,279	108,527	104,180
TOTAL EXPENSES	\$ 787,689	\$ 572,289	\$ 1,359,978	\$ 139,572	\$ 1,499,550	\$ 1,290,406

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

NEW HOPE FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 and 2017

NOTE 1 ORGANIZATION AND NATURE OF ACTIVITIES

Since 1996, New Hope for Kids, Inc. ("New Hope") has been helping Central Florida children in need. Their purpose is to bring hope, healing and happiness to these children and their families.

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. The New Hope is comprised of two programs that work together to meet such mission.

CENTER FOR GRIEVING CHILDREN

The Center helps children and families cope with the feelings of grief and loss after the death of a loved one. It provides support and 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 reside in the Central Florida area.

WISHES 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.

Funding comes primarily through charitable donations by individuals, corporations, foundations and community service organizations in Central Florida. No funding is received from government agencies.

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:

Net assets without donor restrictions - 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.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations in perpetuity, restricted for specified purposes, satisfaction of program restrictions, or restricted by the passage of time.

NEW HOPE FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 and 2017

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 13,600 and 11,500 hours respectively for the years ended December 31, 2018 and 2017 in support of program activities and supporting services.

GRANTS RECEIVABLE

Grants receivable is comprised of an unrestricted grants from a nonprofit (NOTE 3) and from an unrelated third party. The grants were 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 \$101,040 and \$88,240 (100%) of total support services provided during the years ended December 31, 2018 and 2017, 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, 2018 and 2017

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. Building and overhead related expenses have been allocated on a reasonable basis consistently applied based on square footage and usage of the space. Program expenses have been allocated on a reasonable basis consistently applied based on the expense benefit to each corresponding program. Personnel, professional fees and services have been allocated on a reasonable basis consistently applied based on estimates of time and effort 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 on the straight-line method over estimated useful lives as follows:

Building and leasehold improvements	25 years
Furniture and Equipment	5 to 7 years

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 2017

The statement of activities for 2017 includes summarized comparative information in total but not by net asset class. In addition, the statement of functional expenses for 2017 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, 2017, from which the summarized information was derived.

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.

NEW HOPE FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 and 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CONCENTRATIONS OF CREDIT RISK

New Hope's financial instruments that are exposed to concentrations of credit risk include cash and cash equivalents, which are held with various financial institutions. Such accounts do at times exceed federally insured limits. Management believes these institutions have strong credit ratings and that the credit risk related to these deposits is minimal. New Hope has not experienced any losses on such accounts.

As of December 31, 2018, New Hope exceeded the federally insured amount by approximately \$219,700.

New Hope relies on a nonprofit to support its operations (NOTE 3). Total contributions from the nonprofit during the years ended December 31, 2018 and 2017 were \$206,970 and \$215,702, respectively, representing 14% and 15%, respectively, of total revenue and other support.

RECLASSIFICATIONS

Certain reclassifications were made to the 2017 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 in the Central Florida Foundation, Inc. (the "Foundation"), a nonprofit.

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, 2018 and 2017 was \$1,470,648 and \$1,608,121, respectively.

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, 2018 and 2017, grants and donations from the Foundation to New Hope were \$206,970 and \$215,702, respectively.

NEW HOPE FOR KIDS INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 and 2017

NOTE 4 PROPERTY AND EQUIPMENT

	2018	2017
Buildings and leasehold improvements	\$ 1,709,209	\$ 1,708,409
Land	742,000	742,000
Furniture and equipment	303,653	299,808
	2,754,862	2,750,217
Less accumulated depreciation and amortization	374,715	266,188
	\$ 2,380,147	\$ 2,484,029

Depreciation expense was \$108,527 and \$104,180 for the years ended December 31, 2018 and 2017.

NOTE 5 COMMITMENTS - OPERATING LEASES

New Hope began leasing a copier in 2018 under a 60 month operating lease. Minimum future lease payments under the operating lease are as follows:

Years ended December 31,		
2019	\$	3,449
2020		3,449
2021		3,449
2022		3,449
2023		2,299
		\$ 16,095

NOTE 6 NET ASSETS

New Hope received donations which were subject to donor restrictions. 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:

	2018	2017
Program restrictions met	\$ 150,000	\$ 160,000
Grants - specific purpose	153,129	105,069
	\$ 303,129	\$ 265,069

NEW HOPE FOR KIDS INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2018 and 2017

NOTE 6 NET ASSETS (continued)

A summary of Net Assets without Donor Restrictions as of December 31, 2018 and 2017:

	2018	2017
Undesignated	\$3,239,002	\$ 3,253,271

A summary of Net Assets with Donor Restrictions as of December 31, 2018 and 2017:

	2018	2017
Perpetual in nature: Endowment fund (NOTE 3)	\$1,470,648	\$ 1,608,121

NOTE 7 LIQUIDITY AND AVAILABILITY

New Hope has approximately \$898,000 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$873,000 and grants receivable of \$25,000. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The grants receivable were subject to matching restrictions and was subsequently collected.

New Hope has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet at minimum 6 months days of normal operating expenses, which are, on average, approximately \$85,000 monthly. New Hope has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, New Hope management routinely meets to review its investments and strategy.