



**FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

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, 2017 and 2016, 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

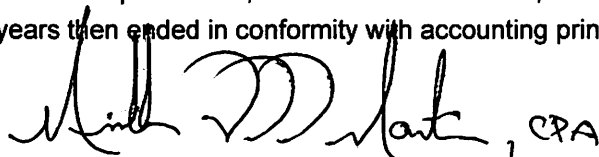
My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether 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 11, 2018

NEW HOPE FOR KIDS, INC.
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 763,521	\$ 1,104,987
Grants receivable	37,500	45,000
Prepaid expenses	-	6,214
TOTAL CURRENT ASSETS	801,021	1,156,201
PROPERTY AND EQUIPMENT, net	2,484,029	2,524,682
ENDOWMENT FUND	1,608,121	1,449,748
	<u>\$ 4,893,171</u>	<u>\$ 5,130,631</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 31,779	\$ 203,964
Current portion of mortgage note payable	-	36,000
TOTAL CURRENT LIABILITIES	31,779	239,964
MORTGAGE NOTE PAYABLE, less current portion	-	300,146
TOTAL LIABILITIES	<u>31,779</u>	<u>540,110</u>
COMMITMENTS		
NET ASSETS		
Unrestricted	3,253,271	3,140,773
Permanently restricted	1,608,121	1,449,748
TOTAL NET ASSETS	<u>4,861,392</u>	<u>4,590,521</u>
	<u>\$ 4,893,171</u>	<u>\$ 5,130,631</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, 2017
 (With Comparative Totals for 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Totals	2016 Totals
<u>REVENUE AND OTHER SUPPORT</u>					
Grants	\$ -	\$ 265,069	\$ -	\$ 265,069	\$ 495,827
Gifts, memorials and donations	254,138	-	-	254,138	244,399
Special events (less direct expenses of \$96,280 and \$97,536 for 2017 and 2016, respectively)	350,560	-	-	350,560	335,137
Donated services and in-kind contributions	443,433	-	-	443,433	600,300
Participant service revenue	88,240	-	-	88,240	80,400
Interest income	1,464	-	-	1,464	1,521
Net assets released from restrictions	265,069	(265,069)	-	-	-
TOTAL REVENUE AND OTHER SUPPORT	1,402,904	-	-	1,402,904	1,757,584
<u>EXPENSES</u>					
Program services					
New Hope Center for Grieving Children	812,670	-	-	812,670	892,148
New Hope Children's Wish	352,376	-	-	352,376	470,668
Total Program Expenses	1,165,046	-	-	1,165,046	1,362,816
General and administrative	125,360	-	-	125,360	143,535
TOTAL EXPENSES	1,290,406	-	-	1,290,406	1,506,351
Change in Net Assets from Operations	112,498	-	-	112,498	251,233
Other Income (Expenses)					
Gain on sale of land and building	-	-	-	-	289,406
Net gain (loss) in endowment fund	-	-	158,373	158,373	18,347
Net Other Income (Expense)	-	-	158,373	158,373	307,753
Change in Net Assets	112,498	-	158,373	270,871	558,986
NET ASSETS, beginning of year	3,140,773	-	1,449,748	4,590,521	4,031,535
NET ASSETS, end of year	\$ 3,253,271	\$ -	\$ 1,608,121	\$ 4,861,392	\$ 4,590,521

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, 2017 and 2016

	2017	2016
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from contributors and special events	\$ 1,123,880	\$ 1,254,271
Cash paid to employees and suppliers	(892,586)	(883,231)
Interest income	1,464	1,521
Interest paid	(16,179)	(20,376)
	216,579	352,185
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Net (increase) decrease in endowment fund	(158,373)	(18,347)
Acquisitions of fixed assets and leasehold improvements	(63,527)	(699,266)
Sale of land and building	-	468,678
	(221,900)	(248,935)
<u>NET CASH (USED IN) INVESTING ACTIVITIES</u>		
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Repayment of mortgage note payable	(336,145)	(208,123)
	(336,145)	(208,123)
<u>NET CASH USED IN FINANCING ACTIVITIES</u>		
NET INCREASE IN CASH AND CASH EQUIVALENTS	(341,466)	(104,873)
CASH AND CASH EQUIVALENTS, beginning of year	1,104,987	1,209,860
CASH AND CASH EQUIVALENTS, end of year	\$ 763,521	\$ 1,104,987

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, 2017 and 2016

	2017	2016
<u>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Increase in net assets	\$ 270,871	\$ 558,985
Adjustments to reconcile increase in net assets to Net cash (used in) provided by operating activities:		
Depreciation	104,180	81,164
Decrease (increase) in grants receivable	7,500	(17,375)
Decrease (increase) in prepaid expenses	6,213	1,220
Increase (decrease) in accounts payable and accrued expenses	(172,185)	17,597
Gain on sale of land and building	-	(289,406)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 216,579	\$ 352,185

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, 2017
 (With Comparative Totals for 2016)

PROGRAM SERVICES

	New Hope Center for Grieving Children	New Hope Children's Wish	TOTAL	General and Administrative	2017 TOTAL EXPENSES	2016 TOTAL EXPENSES
Wages and payroll taxes	\$ 241,626	\$ 124,979	\$ 366,605	\$ 49,992	\$ 416,597	\$ 485,459
Program expense - group programs	150,677	98,334	249,011	-	249,011	340,397
Contract services	130,452	-	130,452	-	130,452	120,575
Program expense - scholarship funding	88,240	-	88,240	-	88,240	80,400
Employee benefits	41,594	21,514	63,108	8,606	71,714	74,874
Travel and local transportation	20,666	20,666	41,332	10,333	51,665	71,495
Insurance	21,874	4,132	26,006	3,869	29,875	42,982
Program expense - direct wish costs	-	22,311	22,311	-	22,311	60,102
Repairs and maintenance	5,000	5,000	10,000	10,000	20,000	43,803
Professional fees	7,665	7,665	15,330	3,866	19,196	19,240
Interest	5,339	5,339	10,678	5,501	16,179	20,376
Advertising	6,222	6,222	12,444	3,111	15,555	6,420
Utilities	9,467	2,913	12,380	2,185	14,565	21,077
Office expenses and miscellaneous	3,597	3,597	7,194	5,863	13,057	4,087
Bank charges and credit card fees	5,957	2,291	8,248	917	9,165	8,298
Telephone	2,426	2,426	4,852	1,213	6,065	9,425
Dues, fees, and subscriptions	1,495	1,495	2,990	1,541	4,531	5,331
Meetings and conferences	1,452	1,452	2,904	1,496	4,400	6,161
Equipment rental	1,204	1,204	2,408	1,240	3,648	3,835
Total Expenses Before Depreciation	744,953	331,540	1,076,493	109,733	1,186,226	1,424,337
Depreciation	67,717	20,836	88,553	15,627	104,180	82,014
TOTAL EXPENSES	\$ 812,670	\$ 352,376	\$ 1,165,046	\$ 125,360	\$ 1,290,406	\$ 1,506,351

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

NEW HOPE FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

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.

THE 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:

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, 2017 and 2016

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 11,500 and 19,000 hours respectively for the years ended December 31, 2017 and 2016 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 \$88,240 and \$80,400 (100%) of total support services provided during the years ended December 31, 2017 and 2016, 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, 2017 and 2016

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 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 2016

The statement of activities for 2016 includes summarized comparative information in total but not by net asset class. In addition, the statement of functional expenses for 2016 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, 2016, 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, 2017 and 2016

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.

New Hope relies on a nonprofit to support its operations (NOTE 3). Total contributions from the nonprofit during the years ended December 31, 2017 and 2016 were \$215,702 and \$249,314, respectively, representing 15% and 14%, respectively, of total revenue and other support.

RECLASSIFICATIONS

Certain reclassifications were made to the 2016 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, 2017 and 2016 was \$1,608,121 and \$1,449,748, 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, 2017 and 2016, grants and donations from the Foundation to New Hope were \$215,702 and \$249,314, respectively.

NEW HOPE FOR KIDS INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

NOTE 4 PROPERTY AND EQUIPMENT

	2016	2015
Buildings and leasehold improvements	\$ 1,708,409	\$ 1,705,519
Land	742,000	742,000
Furniture and equipment	299,808	277,171
	2,750,217	2,724,690
Less accumulated depreciation and amortization	266,188	200,008
	\$ 2,484,029	\$ 2,524,682

Depreciation expense was \$104,180 and \$81,164 for the years ended December 31, 2017 and 2016.

In 2016, New Hope sold the land and building in which the Center for Grieving Children had primarily operated out of. The land and building were sold at a gain of \$289,406.

Build out and remodeling of its new facilities were mostly done in 2016 and the work completed in 2017.

NOTE 5 COMMITMENTS - OPERATING LEASES

New Hope began leasing a copier in 2013 under a 63 month operating lease which terminates in 2018. Equipment rental expense was \$3,648 and \$3,835 for the years ended December 31, 2017 and 2016. Minimum future lease payments under the operating lease for the year ended December 31, 2018 is \$2,432.

NOTE 6 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 which are secured by New Hope's land and building.

One mortgage (originally \$400,000) with interest at 3.25% was paid off in 2016.

The other mortgage (originally \$400,000) with interest at 4.5% was paid off in 2017.

NOTE 7 NET ASSETS

Permanently restricted net assets consist the Endowment fund (NOTE 3).

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:

	2017	2016
Passage of time	\$ 265,069	\$ 495,827
Grants - specific purpose	-	470,036
	\$ 265,069	\$ 965,863