



**FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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, 2020 and 2019, 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

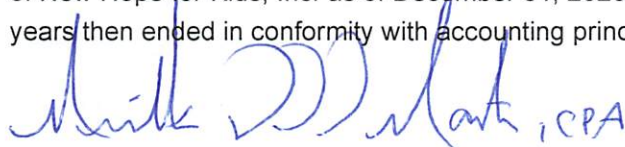
My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether 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, 2020 and 2019, 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
February 22, 2021

NEW HOPE FOR KIDS, INC.
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2020 and 2019

	2020	2019
<u>ASSETS</u>		
CASH AND CASH EQUIVALENTS	\$ 810,912	\$ 874,528
GRANTS RECEIVABLE	50,000	75,000
INVESTMENTS: Marketable Securities	371,973	288,342
PROPERTY AND EQUIPMENT, net	3,035,627	2,883,336
ENDOWMENT FUND	1,801,305	1,665,682
	\$ 6,069,817	\$ 5,786,888
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 12,820	\$ 38,935
Paycheck protection program loan advance	113,600	-
TOTAL LIABILITIES	126,420	38,935
COMMITMENTS		
NET ASSETS		
Net assets without donor restrictions	4,082,739	4,066,503
Net Assets with donor restrictions	1,860,658	1,681,450
TOTAL NET ASSETS	5,943,397	5,747,953
	\$ 6,069,817	\$ 5,786,888

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, 2020
(With Comparative Totals for 2019)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2020 Totals	2019 Totals
<u>REVENUE AND OTHER SUPPORT</u>				
Grants	\$ -	\$ 431,517	\$ 431,517	\$ 317,011
Gifts, memorials and donations	238,786	1,456	240,242	543,223
Special events (less direct expenses of \$21,589 and \$117,175 for 2020 and 2019, respectively)	201,683	-	201,683	312,949
Donated services and in-kind contributions	280,319	-	280,319	1,373,764
Participant service revenue	37,056	-	37,056	102,520
Interest and dividend income	11,836	-	11,836	14,001
Other income: government grants	10,000	-	10,000	-
Net assets released from restrictions (NOTE 7)	389,388	(389,388)	-	-
TOTAL REVENUE AND OTHER SUPPORT	1,169,068	43,585	1,212,653	2,663,468
<u>EXPENSES</u>				
Program services				
New Hope Center for Grieving Children	771,774	-	771,774	965,919
New Hope Wishes for Kids	243,700	-	243,700	710,308
Total Program Expenses	1,015,474	-	1,015,474	1,676,227
General and administrative	135,748	-	135,748	156,291
TOTAL EXPENSES	1,151,222	-	1,151,222	1,832,518
Change in Net Assets from Operations	17,846	43,585	61,431	830,950
Other Income (Expenses)				
Net realized gain (loss) in endowment fund	-	135,623	135,623	195,034
Net realized gain investment securities	6,310	-	6,310	-
Net unrealized gain (loss) investment securities	(7,920)	-	(7,920)	12,319
Net Other Income (Expense)	(1,610)	135,623	134,013	207,353
Change in Net Assets	16,236	179,208	195,444	1,038,303
NET ASSETS, beginning of year	4,066,503	1,681,450	5,747,953	4,709,650
NET ASSETS, end of year	\$ 4,082,739	\$ 1,860,658	\$ 5,943,397	\$ 5,747,953

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, 2020 and 2019

	2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from contributors and special events	\$ 1,043,911	\$ 1,330,536
Cash paid to employees and suppliers	(726,549)	(857,214)
Interest income	11,836	14,001
Interest paid	-	-
	<u>329,198</u>	<u>487,323</u>
<u>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>		
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Net (increase) decrease in endowment fund	(135,623)	(195,034)
Investment in Marketable Securities	(83,631)	(288,342)
Acquisitions of fixed assets and leasehold improvements	(287,160)	(2,420)
	<u>(506,414)</u>	<u>(485,796)</u>
<u>NET CASH (USED IN) INVESTING ACTIVITIES</u>		
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Funding: Paycheck Protection Program advance	113,600	-
	<u>113,600</u>	<u>-</u>
<u>NET CASH USED IN FINANCING ACTIVITIES</u>		
NET INCREASE IN CASH AND CASH EQUIVALENTS	(63,616)	1,527
CASH AND CASH EQUIVALENTS, beginning of year	<u>874,528</u>	<u>873,001</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 810,912</u>	<u>\$ 874,528</u>
 <u>Non Cash Investing activities</u>		
Donated landscape structures	<u>\$ 10,800</u>	<u>\$ -</u>
Donated architectural services: Building	<u>\$ -</u>	<u>\$ 635,000</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, 2020
(With Comparative Totals for 2019)

PROGRAM SERVICES

	New Hope Center for Grieving Children	New Hope Wishes for Kids	TOTAL	General and Administrative	2020 TOTAL EXPENSES	2019 TOTAL EXPENSES
Wages and payroll taxes	\$ 330,587	\$ 70,840	\$ 401,427	\$ 70,840	\$ 472,267	\$ 517,300
Program expense - group programs	101,340	91,140	192,480	-	192,480	376,716
Advertising	20,154	2,879	23,033	5,758	28,791	219,243
Contract services	59,220	3,600	62,820	2,400	65,220	137,977
Program expense - scholarship funding	35,600	-	35,600	-	35,600	102,520
Employee benefits	67,541	9,005	76,546	13,508	90,054	95,806
Program expense - direct wish costs	-	47,310	47,310	-	47,310	81,512
Travel and local transportation	3,476	348	3,824	3,128	6,952	67,066
Insurance	6,497	866	7,363	1,299	8,662	31,043
Utilities	8,358	522	8,880	1,567	10,447	15,780
Repairs and maintenance	7,596	475	8,071	1,424	9,495	8,805
Bank charges and credit card fees	2,354	336	2,690	4,035	6,725	11,472
Office expenses and miscellaneous	8,318	706	9,024	2,384	11,408	8,613
Telephone	3,261	326	3,587	2,934	6,521	6,228
Professional fees	4,025	575	4,600	1,150	5,750	5,600
Meetings and conferences	870	87	957	783	1,740	4,820
Dues, fees, and subscriptions	2,265	-	2,265	1,510	3,775	4,370
Equipment rental	1,060	118	1,178	1,178	2,356	3,416
Total Expenses Before Depreciation	662,522	229,133	891,655	113,898	1,005,553	1,698,287
Depreciation	109,252	14,567	123,819	21,850	145,669	134,231
TOTAL EXPENSES	\$ 771,774	\$ 243,700	\$ 1,015,474	\$ 135,748	\$ 1,151,222	\$ 1,832,518

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

NEW HOPE FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

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 18 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. With the exception of government grants received in 2020 during the Covid-19 pandemic, New Hope does not receive any other funding 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, 2020 and 2019

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 5,700 and 13,600 hours respectively for the years ended December 31, 2020 and 2019 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 provides scholarship funding to all participants. Scholarship funding represents \$35,600 and \$102,520 (96% and 100% respectively) of total support services provided during the years ended December 31, 2020 and 2019, 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.

NEW HOPE FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 accordance with accounting principles and generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from 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 2019

The statement of activities for 2019 includes summarized comparative information in total but not by net asset class. In addition, the statement of functional expenses for 2019 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, 2019, from which the summarized information was derived.

NEW HOPE FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

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.

Investment securities – fair value calculated based on the value designated by the brokerage.

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, 2019, New Hope exceeded the federally insured amount by approximately \$199,000.

New Hope relies on a nonprofit to support its operations (NOTE 3). Total contributions from the nonprofit during the years ended December 31, 2020 and 2019 were \$207,433 and \$207,322, respectively, representing 18% and 7.8%, respectively, of total revenue and other support.

RECLASSIFICATIONS

Certain reclassifications were made to the 2019 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.

NEW HOPE FOR KIDS INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

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

ENDOWMENT FUND (continued)

The New Hope for Kids Endowment Fund balance as of December 31, 2020 and 2019 was \$1,801,305 and \$1,665,682, 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, 2020 and 2019, grants and donations from the Foundation to New Hope were \$207,433 and \$207,322 respectively.

NOTE 4 INVESTMENTS: MARKETABLE SECURITIES

In 2019 New Hope invested funds in a professionally managed portfolio that may include various types of variable and fixed income investments. In 2020 a second professionally managed portfolio account was added as well. Even though investments are held are deemed to be low risk, these investments are exposed to various risks, such as fluctuations in market value, interest rate, or credit risk. Therefore, New Hope's investments may be subject to significant fluctuations in fair value. As a result, the investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

Investments are recorded at net realizable value. Investments include stock and mutual funds. Investments in Marketable Securities was \$371,973 and \$288,342 for the years ended December 31, 2020 and 2019.

Net unrealized gain (loss) for the years ended December 31, 2020 and 2019 was (\$7,920) and \$12,319, respectively.

NOTE 5 PROPERTY AND EQUIPMENT

	2020	2019
Buildings and leasehold improvements	\$ 2,346,629	\$ 2,346,629
Land	742,000	742,000
Land improvements	251,508	-
Furniture and equipment	350,105	303,653
	3,690,242	3,392,282
Less accumulated depreciation and amortization	654,615	508,946
	\$ 3,035,627	\$ 2,883,336

Depreciation expense was \$145,669 and \$134,231 for the years ended December 31, 2020 and 2019.

In 2019, New Hope received confirmation from the architect firm which assisted in the architectural and engineering services related to New Hope's building. The confirmation included a detail of covered professional services provided since the acquisition of the building. The architect firm donated these services to New Hope. As such, in kind services of \$635,000 have been added to the cost of building for the year ended December 31, 2019.

NEW HOPE FOR KIDS INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020 and 2019

NOTE 6 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,		
2021	\$	3,449
2022		3,449
2023		<u>2,299</u>
	<u>\$</u>	<u>9,197</u>

NOTE 7 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:

	2020	2019
Program restrictions met	\$ 150,000	\$ 150,000
Grants - specific purpose	<u>239,388</u>	<u>167,011</u>
	<u>\$ 389,388</u>	<u>\$ 317,011</u>

A summary of Net Assets without Donor Restrictions as of December 31, 2020 and 2019:

	2020	2019
Undesignated	<u>\$ 4,082,739</u>	<u>\$ 4,066,503</u>

A summary of Net Assets with Donor Restrictions as of December 31, 2020 and 2019:

	2020	2019
Perpetual in nature:		
Endowment fund (NOTE 3)	\$ 1,801,305	\$ 1,665,682
Wish costs	50,741	-
Scholarships: participant services	<u>8,612</u>	<u>15,768</u>
	<u>\$ 1,860,658</u>	<u>\$ 1,681,450</u>

NEW HOPE FOR KIDS INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

NOTE 8 PAYCHECK PROTECTION PROGRAM LOAN ADVANCE

In April 2020, New Hope obtained was granted a loan pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title 1 of the CARES Act. Funds from the Loan may only be used for payroll costs, group health care benefits, utilities as well as other specified expenses. New Hope was able to use the entire Loan amount for qualifying expenses. The Loan was subsequently forgiven in 2021.

NOTE 9 LIQUIDITY AND AVAILABILITY

New Hope has approximately \$1,233,000 of financial assets which are available within 1 year of the balance sheet date to meet cash needs for general expenditure. This total is comprised of cash and cash equivalents of \$811,000, grants receivable of \$50,000, and marketable securities of \$372,000. 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. Grants receivable is subject to matching restrictions and were 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 in 2020 averaged, approximately \$74,000 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.