



# HOPE FOR KIDS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

# HOPE FOR KIDS, INC.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
HOPE for Kids, Inc.

We have audited the accompanying statements of financial position of HOPE for Kids, Inc. (the "Organization") as of December 31, 2011 and 2010, and the related statements of activities and change in net asset (deficiency) and cash flows for each of the years then ended. The financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, and assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

*EisnerAmper LLP*

Jenkintown, Pennsylvania  
May 2, 2012

# HOPE FOR KIDS, INC.

## Statements of Financial Position

	December 31	
	2011	2010
<b>ASSETS</b>		
Cash and cash equivalents	\$ 29,632	\$ 53,050
Prepaid expenses and other current assets	30,259	3,566
Property and equipment, net of accumulated depreciation of \$2,749 in 2011 and \$562 in 2010	8,787	3,373
Security deposits	1,545	1,545
	<u>\$ 70,223</u>	<u>\$ 61,534</u>
<b>LIABILITIES</b>		
Note payable	\$ 10,000	\$ -
Accounts payable and accrued expenses	28,079	-
Deferred revenue	43,068	33,155
<b>Total liabilities</b>	<b>81,147</b>	<b>33,155</b>
<b>Commitment</b>		
<b>NET ASSET (DEFICIENCY)</b>		
Unrestricted	(10,924)	28,379
	<u>\$ 70,223</u>	<u>\$ 61,534</u>

**HOPE FOR KIDS, INC.****Statements of Activities and Change in Net Asset (Deficiency)**

	<b>Unrestricted</b>	
	<b>Year Ended December 31</b>	
	<b>2011</b>	<b>2010</b>
<b>Public support and revenue:</b>		
Contributions	\$ 250,967	\$ 144,822
Camp registration fees	263,356	231,466
Camp program fees	72,940	76,395
Camp facility rental fees	11,037	8,313
Other revenue	5,911	4,096
<b>Total public support and revenue</b>	<b>604,211</b>	<b>465,092</b>
<b>Expenses:</b>		
Program services:		
Facilities management	407,475	354,564
Camper related expenses	139,182	119,231
<b>Total program services</b>	<b>546,657</b>	<b>473,795</b>
Supporting services:		
Management and general	53,437	43,956
Fund-raising and membership development	43,420	24,573
<b>Total supporting services</b>	<b>96,857</b>	<b>68,529</b>
<b>Total expenses</b>	<b>643,514</b>	<b>542,324</b>
<b>Change in net assets</b>	<b>(39,303)</b>	<b>(77,232)</b>
<b>Net assets at beginning of year</b>	<b>28,379</b>	<b>105,611</b>
<b>Net asset (deficiency) at end of year</b>	<b>\$ (10,924)</b>	<b>\$ 28,379</b>

# HOPE FOR KIDS, INC.

## Statements of Cash Flows

	<u>Year Ended December 31</u>	
	<u>2011</u>	<u>2010</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (39,303)	\$ (77,232)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	2,187	562
Increase in assets:		
Prepaid expenses and other assets	(26,693)	(3,566)
Security deposits	-	(1,545)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	28,079	(364)
Deferred revenue	9,913	20,919
	<u>(25,817)</u>	<u>(61,226)</u>
Net cash used in operating activities	(25,817)	(61,226)
<b>Cash flows from investing activities:</b>		
Purchases of capital additions	(7,601)	(3,935)
<b>Cash flows from financing activities:</b>		
Proceeds from notes payable	10,000	-
<b>Net change in cash and cash equivalents</b>	<b>(23,418)</b>	<b>(65,161)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>53,050</b>	<b>118,211</b>
<b>Cash and cash equivalents at end of year</b>	<b><u>\$ 29,632</u></b>	<b><u>\$ 53,050</u></b>

## **HOPE FOR KIDS, INC.**

### **Notes to Financial Statements December 31, 2011 and 2010**

#### **NOTE A - NATURE OF NONPROFIT ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**[1] Nature of nonprofit organization:**

HOPE for Kids, Inc. (the "Organization") was founded in 2006 as a 501(c)(3) nonprofit organization, as well as Commonwealth of Pennsylvania Educational Improvement Tax Credit ("EITC") approved as an Innovative Environment Educator since 2009. Its mission is to change the lives of privileged (typical) and underprivileged (atypical) youth by harnessing the compassion and commitment of a dedicated staff and volunteers to deliver environmental, character, health awareness, mentoring and leadership training through year round programs including summer camping. Camp HOPE for Kids is a place where lives are changed as participants connect with one another and with nature's miracles.

**[2] Basis of presentation:**

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

**[3] Use of estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**[4] Property and equipment:**

Property and equipment are stated at cost. Significant purchases of all property and equipment are capitalized and recognized in the statements of financial position. Depreciation is provided on the straight-line method based upon the estimated useful lives of the assets. Office equipment and furniture are depreciated over five years. Computer equipment is depreciated over three years. Leasehold improvements are amortized on the straight-line method over the term of the lease.

**[5] Income taxes:**

U.S. GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their income tax returns. Management has evaluated the impact of this standard on its financial statements and believes that there are no uncertain tax positions and the effects of adopting this standard are not material to the Organization's financial position or results of operations.

The Organization recognizes accrued interest and penalties associated with uncertain tax positions, if any, as part of management and general expenses. There was no income tax related interest or penalties recorded for the years ended December 31, 2011 and 2010.

The income tax returns of the Organization for the years ended December 31, 2008, 2009 and 2010 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.



# **HOPE FOR KIDS, INC.**

## **Notes to Financial Statements December 31, 2011 and 2010**

### **NOTE A - NATURE OF NONPROFIT ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **[6] Revenue recognition:**

The Organization receives its support from corporations, foundations and individuals. Contributions are recognized as revenue when the contributions are given or committed. Camp registrations are recognized as revenue over the period the camp is operating. Deferred revenue includes amounts received for camp registrations that have not yet been earned.

#### **[7] Restricted and unrestricted revenue:**

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and change in net asset (deficiency) as net assets released from restrictions. Gifts for which the donor restriction expires in the same year as the receipt of the gift are included in unrestricted support.

All contributions are considered available for unrestricted use unless specifically restricted by donor request.

#### **[8] Donated goods and services:**

Donated goods and services are recorded as contributions at their estimated fair values at the date of donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills and are performed by people with those skills, and would otherwise be purchased by the Organization.

#### **[9] Functional expenses:**

Costs are allocated between program and supporting services based on an evaluation of the related benefits. Expenses allocated to program services are based on direct charges for those items specifically identified. Supporting service costs incurred are recorded as management and general expenses or fund-raising, as determined by management.

### **NOTE B - NOTE PAYABLE**

During the year ended December 31, 2011, the Organization received an interest free loan in the amount of \$10,000 that is scheduled to be repaid in one lump sum in August 2012.



## HOPE FOR KIDS, INC.

### Notes to Financial Statements December 31, 2011 and 2010

#### NOTE C - OPERATING LEASE

The Organization is obligated under long-term lease arrangements for the camp premises known as Camp HOPE for Kids with an expiration date of December 31, 2013. Rent expense for each of the years ended December 31, 2011 and 2010 totaled \$300,000.

Approximate annual minimum future obligations under the long-term lease arrangements are as follows:

<u>Year Ending December 31</u>	
2012	\$ 300,000
2013	<u>300,000</u>
	<u>\$ 600,000</u>

#### NOTE D - CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash in accounts with federally insured banks. At times, the balances in these accounts may be in excess of federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

#### NOTE E - RELATED PARTY TRANSACTION

During the year ended December 31, 2011, the Organization paid a stipend in the amount of \$5,000 to one board member for her services at the camp.

#### NOTE F - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 2, 2012, which is the date the financial statements were available to be issued.