

HOPE for Kids, Inc. **(d/b/a Camp HOPE for Kids)**

Financial Statements
Years Ended December 31, 2016 and 2015



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HOPE FOR KIDS, INC.
(d/b/a Camp HOPE for Kids)

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
HOPE for Kids, Inc.
(d/b/a Camp HOPE for Kids)**

We have audited the accompanying financial statements of HOPE for Kids, Inc. (d/b/a Camp HOPE for Kids), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit 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 entity'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 entity's internal control. Accordingly, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HOPE for Kids, Inc. (d/b/a Camp HOPE for Kids), as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

BBD LLP

**Philadelphia, Pennsylvania
March 29, 2017**

HOPE FOR KIDS, INC.
(d/b/a Camp HOPE for Kids)

STATEMENTS OF FINANCIAL POSITION

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 209,625	\$ 158,996
Prepaid expenses and other assets	34,601	91,146
Property and equipment	<u>53,417</u>	<u>21,300</u>
	<u>\$ 297,643</u>	<u>\$ 271,442</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	4,616	35,866
Deferred revenue	<u>134,697</u>	<u>138,351</u>
Total liabilities	<u>139,313</u>	<u>174,217</u>
NET ASSETS		
Unrestricted	63,909	22,204
Temporarily restricted	<u>94,421</u>	<u>75,021</u>
Total net assets	<u>158,330</u>	<u>97,225</u>
	<u>\$ 297,643</u>	<u>\$ 271,442</u>

See accompanying notes

HOPE FOR KIDS, INC.
(d/b/a Camp HOPE for Kids)

STATEMENTS OF ACTIVITIES

Years ended December 31, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE						
Contributions	\$258,264	\$24,469	\$282,733	\$164,685	\$19,035	\$183,720
Camp registration fees	539,981	-	539,981	567,016	-	567,016
Camp program fees	49,000	-	49,000	51,100	-	51,100
Camp facility rental fees	4,200	-	4,200	3,850	-	3,850
Other revenue	3,100	-	3,100	1,239	-	1,239
Releases from restriction	5,069	(5,069)	-	11,759	(11,759)	-
Total public support and revenue	859,614	19,400	879,014	799,649	7,276	806,925
EXPENSES						
Program services						
Facilities management	453,411	-	453,411	427,887	-	427,887
Camper related expenses	239,362	-	239,362	261,066	-	261,066
Total program services	692,773	-	692,773	688,953	-	688,953
Supporting services						
Management and general	83,061	-	83,061	110,276	-	110,276
Fundraising and membership development	10,275	-	10,275	3,320	-	3,320
Total supporting services	93,336	-	93,336	113,596	-	113,596
Total expenses	786,109	-	786,109	802,549	-	802,549
Change in net assets before other changes	73,505	19,400	92,905	(2,900)	7,276	4,376
OTHER CHANGES						
Storm damage	-	-	-	11,255	-	11,255
Write-off of capitalized financing expenses	(31,800)	-	(31,800)	-	-	-
Total other changes	(31,800)	-	(31,800)	11,255	-	11,255
CHANGE IN NET ASSETS	41,705	19,400	61,105	8,355	7,276	15,631
NET ASSETS						
Beginning of year	22,204	75,021	97,225	13,849	67,745	81,594
End of year	\$ 63,909	\$94,421	\$158,330	\$ 22,204	\$75,021	\$ 97,225

See accompanying notes

HOPE FOR KIDS, INC.
(d/b/a Camp HOPE for Kids)

STATEMENTS OF CASH FLOWS

Years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 61,105	\$ 15,631
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Depreciation and amortization	14,103	6,922
Write-off of capitalized financing expenses	31,800	-
(Increase) decrease in		
Prepaid expenses and other assets	24,745	(23,450)
Increase (decrease) in		
Accounts payable and accrued liabilities	(31,250)	(16,104)
Deferred revenue	<u>(3,654)</u>	<u>34,183</u>
Net cash provided by operating activities	96,849	17,182
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(46,220)</u>	<u>(22,462)</u>
Net increase (decrease) in cash	50,629	(5,280)
CASH		
Beginning of year	<u>158,996</u>	<u>164,276</u>
End of year	<u><u>\$ 209,625</u></u>	<u><u>\$ 158,996</u></u>

See accompanying notes

HOPE FOR KIDS, INC.
(d/b/a Camp HOPE for Kids)

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(1) NATURE OF NONPROFIT ORGANIZATION

HOPE for Kids, Inc. (d/b/a Camp HOPE for Kids) (the "**Organization**") was founded in 2006 as a 501(c)(3) nonprofit organization, and has been Commonwealth of Pennsylvania Educational Improvement Tax Credit (EITC) Approved as an Innovative Environment Educator since 2009. Its mission is to be a faith-fueled camp empowering lives through mentoring. Camp Hope for Kids is a faith-based, but not faith-biased program that strives to bring privileged, at-risk and challenged youth together. Its compassionate and dedicated volunteers aim to strengthen campers spiritually, emotionally and physically. Its vision is to nurture and sustain spiritual growth, healthy relationships and environmental stewardship by bringing together an international community of diverse youth and adults in a safe camp setting.

(2) SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to the following three classes of net assets:

Unrestricted net assets

Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Organization and/or the passage of time. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "**net assets released from restrictions.**"

Permanently restricted net assets

Net assets that are subject to donor-imposed restrictions that such assets be maintained indefinitely.

There were no permanently restricted net assets as of December 31, 2016 and 2015.

Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America ("**GAAP**") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prepaid Expenses and Other Assets

As of December 31, 2015, expenses relating to the Organization's effort to obtain financing to purchase property are included in prepaid expenses and other assets. During 2016, the Organization abandoned this plan. Currently, a third party is pursuing the purchase of the property and will sign a long-term lease with the Organization to continue to use the land for the same period as the term of the financing obtained. The expenses previously capitalized were written off during 2016.

HOPE FOR KIDS, INC.
(d/b/a Camp HOPE for Kids)

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Property and Equipment and Depreciation

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 to seven years. Leasehold improvements are amortized on the straight-line method over the term of the lease.

Depreciation and amortization for the years ended December 31, 2016 and 2015 was \$14,103 and \$6,922, respectively.

Public Support and Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions whose restrictions are satisfied in the same period are reported as unrestricted.

Unconditional contributions are recognized as revenue when the related promise to give is received. Conditional contributions are recognized as revenue when the conditions are satisfied.

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.

In-Kind Contributions and Donated Services

The Organization records the value of contributed goods when there is an objective basis available to measure their value. Contributed goods of \$514 and \$1,710 for the years ended December 31, 2016 and 2015, respectively, are included as contributions in the accompanying statements of activities at their estimated values at the time received.

The Organization also receives significant amounts of time from individuals who perform various functions for the Organization without compensation. The financial statements do not reflect the value of these contributed services since the services do not meet the criteria for recognition.

Functional Expenses

The costs of providing various programs and other activities have been presented on a functional basis in the statements of activities. Accordingly, certain costs have been allocated based upon the program and supporting services benefitted.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(c) and has been classified as an organization other than a private foundation under Section 509(a).

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the financial statements. The Organization believes that it had no uncertain tax positions as defined in GAAP.

Concentration of Credit Risk

The Organization maintains its cash balances in financial institutions with insurance provided by the Federal Deposit Insurance Corporation. At times, these accounts may exceed the insurable limit. Management believes the credit risk at these financial institutions is minimal.

HOPE FOR KIDS, INC.
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NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Concentration of Revenue

The Organization received approximately 34% and 33% of its camp registration fees from campers from one geographic location for the years ended December 31, 2016 and 2015, respectively.

Reclassification

Certain amounts in the 2015 financial statements were reclassified to conform to the 2016 presentation.

(3) PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Leasehold improvements	\$ 98,570	\$ 53,813
Office equipment and furniture	<u>11,183</u>	<u>9,720</u>
	109,753	63,533
Less accumulated depreciation and amortization	<u>56,336</u>	<u>42,233</u>
	<u>\$ 53,417</u>	<u>\$ 21,300</u>

(4) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of December 31, 2016 and 2015:

	<u>Balance</u> <u>12/31/2015</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>12/31/2016</u>
Obtaining potential financing for purchase of the Camp	\$72,021	\$ 420	\$ (2,069)	\$70,372
Property improvements	-	24,049	-	24,049
Camp scholarships for NY campers	<u>3,000</u>	<u>-</u>	<u>(3,000)</u>	<u>-</u>
	<u>\$ 75,021</u>	<u>\$ 24,469</u>	<u>\$ (5,069)</u>	<u>\$ 94,421</u>
	<u>Balance</u> <u>12/31/2014</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>12/31/2015</u>
Obtaining potential financing for purchase of the Camp	\$57,745	\$16,035	\$ (1,759)	\$72,021
Purchase of kitchen equipment	10,000	-	(10,000)	-
Camp scholarships for NY campers	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
	<u>\$ 67,745</u>	<u>\$ 19,035</u>	<u>\$ (11,759)</u>	<u>\$ 75,021</u>

HOPE FOR KIDS, INC.
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NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(5) OPERATING LEASE

The Organization leases the camp premises known as Camp HOPE for Kids (the "**Camp**") under a non-cancelable operating lease which expires in December 2017.

Rent expense for each of the years ended December 31, 2016 and 2015 was \$300,000. Real estate tax expense under this lease was \$50,885 and \$49,457 for the years ended December 31, 2016 and 2015, respectively.

The minimum future obligation under the lease arrangement for the year ending December 31, 2017 is \$300,000. The lease provides the Organization with an option to purchase the Camp which, if exercised, would terminate the lease as of the date of settlement. Currently, a third party is pursuing the purchase of the property and will sign a long-term lease with the Organization to continue to use the land for the same period as the term of financing obtained.

(6) RELATED PARTY TRANSACTIONS

As of December 31, 2016, the Organization had reimbursable operating expenses due to related parties, including members of management and board members of \$200.

(7) SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 29, 2017, the date on which the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2016 that would require recognition or disclosure in the financial statements.