

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

Financial Statements
Years Ended December 31, 2015 and 2014



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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 statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit 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, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Prior Period Financial Statements

The financial statements of HOPE for Kids, Inc. (d/b/a Camp Hope for Kids) as of December 31, 2014 were audited by other auditors whose report dated April 24, 2015 expressed an unmodified opinion on those statements.

BBD, LLP.

Philadelphia, Pennsylvania
April 18, 2016

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

STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash	158,996	\$ 164,276
Prepaid expenses and other assets	89,601	66,151
Property and equipment, net of accumulated depreciation of \$42,233 in 2015 and \$35,311 in 2014)	21,300	5,760
Security deposits	<u>1,545</u>	<u>1,545</u>
	<u>\$ 271,442</u>	<u>\$ 237,732</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 35,866	\$ 51,970
Deferred revenue	<u>138,351</u>	<u>104,168</u>
Total liabilities	<u>174,217</u>	<u>156,138</u>
NET ASSETS		
Unrestricted	22,204	13,849
Temporarily restricted	<u>75,021</u>	<u>67,745</u>
Total net assets	<u>97,225</u>	<u>81,594</u>
	<u>\$ 271,442</u>	<u>\$ 237,732</u>

See accompanying notes

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

STATEMENTS OF ACTIVITIES

Years ended December 31, 2015 and 2014

	2015			2014		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE						
Contributions	\$ 164,685	\$ 19,035	\$ 183,720	\$ 164,693	\$ 57,310	\$ 222,003
Camp registration fees	567,016	-	567,016	562,911	-	562,911
Camp program fees	51,100	-	51,100	56,587	-	56,587
Camp facility rental fees	3,850	-	3,850	5,171	-	5,171
Other revenue	1,239	-	1,239	4,075	-	4,075
Released from restriction	11,759	(11,759)	-	-	-	-
Total public support and revenue	<u>799,649</u>	<u>7,276</u>	<u>806,925</u>	<u>793,437</u>	<u>57,310</u>	<u>850,747</u>
EXPENSES						
Program services						
Facilities management	427,887	-	427,887	420,187	-	420,187
Camper related expenses	261,066	-	261,066	253,887	-	253,887
Total program services	<u>688,953</u>	<u>-</u>	<u>688,953</u>	<u>674,074</u>	<u>-</u>	<u>674,074</u>
Supporting services						
Management and general	110,276	-	110,276	90,207	-	90,207
Fundraising and membership development	3,320	-	3,320	33,223	-	33,223
Total supporting services	<u>113,596</u>	<u>-</u>	<u>113,596</u>	<u>123,430</u>	<u>-</u>	<u>123,430</u>
Total expenses	<u>802,549</u>	<u>-</u>	<u>802,549</u>	<u>797,504</u>	<u>-</u>	<u>797,504</u>
Change in net assets before other changes	(2,900)	7,276	4,376	(4,067)	57,310	53,243
OTHER CHANGES						
Storm damage	(11,255)	-	(11,255)	(2,903)	-	(2,903)
CHANGE IN NET ASSETS	8,355	7,276	15,631	(1,164)	57,310	56,146
NET ASSETS						
Beginning of year	13,849	67,745	81,594	15,013	10,435	25,448
End of year	<u>\$ 22,204</u>	<u>\$ 75,021</u>	<u>\$ 97,225</u>	<u>\$ 13,849</u>	<u>\$ 67,745</u>	<u>\$ 81,594</u>

See accompanying notes

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

STATEMENTS OF CASH FLOWS

Years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 15,631	\$ 56,146
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Depreciation and amortization	6,922	1,569
(Increase) decrease in		
Receivables	-	15,000
Prepaid expenses and other assets	(23,450)	(34,464)
Increase (decrease) in		
Accounts payable and accrued liabilities	(16,104)	11,144
Deferred revenue	<u>34,183</u>	<u>23,638</u>
Net cash provided by operating activities	17,182	73,033
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(22,462)</u>	<u>(4,139)</u>
Net increase (decrease) in cash	(5,280)	68,894
CASH		
Beginning of year	<u>164,276</u>	<u>95,382</u>
End of year	<u>\$ 158,996</u>	<u>\$ 164,276</u>

See accompanying notes

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

(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, 2015 and 2014.

Estimates

The presentation of financial statements in conformity with U.S. generally accepted accounting principles ("**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

Included in prepaid expenses and other assets are prepaid operating expenses and costs relating to the Organization's effort to obtain financing. If the Organization is able to secure financing, these costs will be amortized over the term of the associated note.

**HOPE for Kids, Inc.
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NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

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 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, 2015 and 2014 was \$6,922 and \$1,569, 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 \$1,710 and \$1,230 for the years ended December 31, 2015 and 2014, 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.
(d/b/a Camp Hope for Kids)

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

Concentration of Revenue

The Organization received approximately 33% of its camp registration fees from campers from one geographic location for each of the years ended December 31, 2015 and 2014, respectively.

(3) PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Leasehold improvements	\$53,813	\$31,351
Office equipment and furniture	<u>9,720</u>	<u>9,720</u>
	63,533	41,071
Less accumulated depreciation	<u>42,233</u>	<u>35,311</u>
	<u>\$21,300</u>	<u>\$ 5,760</u>

(4) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of December 31, 2015 and 2014:

<u>Purpose Restrictions</u>	<u>Balance 12/31/2014</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance 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>
	<u>Balance 12/31/2013</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance 12/31/2014</u>
Obtaining potential financing for purchase of the Camp	\$10,435	\$47,310	\$ -	\$57,745
Purchase of kitchen equipment	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
	<u>\$10,435</u>	<u>\$57,310</u>	<u>\$ -</u>	<u>\$67,745</u>

(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, 2015 and 2014 was \$300,000. Real estate tax expense under this lease was \$49,457 and \$48,695 for the years ended December 31, 2015 and 2014, respectively.

**HOPE for Kids, Inc.
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NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

The minimum future obligation under the lease arrangement for each of the years ending December 31, 2016 and 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. The Organization is currently in the process of attempting to secure financing to purchase the Camp.

(6) RELATED PARTY TRANSACTIONS

As of December 31, 2014, the Organization had reimbursable operating expenses due to related parties, including members of management and board members, of \$6,120.

(7) SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 18, 2016, the date on which the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2015 that would require recognition or disclosure in the financial statements.