



**FINANCIAL STATEMENTS**

**DECEMBER 31, 2010 AND 2009**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors  
New Hope for Kids, Inc.  
Orlando, Florida

We have audited the accompanying statement of financial position of New Hope for Kids, Inc. (the "Organization") as of December 31, 2010 and 2009, and the related statements of activities, cash flows, and functional expenses for the years then ended. These 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 New Hope for Kids, Inc. as of December 31, 2010 and 2009, 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.



Handwritten signature of Mirtha Valdes Martin, CPA, with the letters "CPA" written below the signature.

Lake Mary, FL  
May 13, 2011

NEW HOPE FOR KIDS, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2010 and 2009

	2010	2009
<b><u>ASSETS</u></b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,094,302	\$ 1,022,105
Grants receivable	39,142	57,797
Deposit on land purchase	-	8,634
Prepaid expenses	1,447	2,070
Investment property	161,500	161,500
TOTAL CURRENT ASSETS	1,296,391	1,252,106
PROPERTY AND EQUIPMENT, net	191,807	207,799
ENDOWMENT FUND	1,420,478	1,307,065
	\$ 2,908,676	\$ 2,766,970
<b><u>LIABILITIES AND NET ASSETS</u></b>		
CURRENT LIABILITIES		
Accounts payable	\$ 30,413	\$ 14,867
Accrued payroll and related taxes	7,425	-
Current portion of obligations under capital lease	3,416	3,029
TOTAL CURRENT LIABILITIES	41,254	17,896
OBLIGATIONS UNDER CAPITAL LEASE, less current portion	8,582	11,998
TOTAL LIABILITIES	49,836	29,894
COMMITMENTS		
NET ASSETS		
Unrestricted	1,264,027	1,262,531
Permanently restricted	1,594,813	1,474,545
TOTAL NET ASSETS	2,858,840	2,737,076
	\$ 2,908,676	\$ 2,766,970

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, 2010  
 (With Comparative Totals for 2009)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Totals	2009 Totals
<b><u>REVENUE AND OTHER SUPPORT</u></b>					
Grants	\$ -	\$ 300,286	\$ -	\$ 300,286	\$ 300,252
Gifts, memorials and donations	192,589	-	-	192,589	223,973
Special events (less direct expenses of \$23,310 and \$22,192 for 2010 and 2009, respectively)	218,802	-	-	218,802	192,073
Donated services and in-kind contributions	344,771	-	-	344,771	326,569
Net gain (loss) in endowment fund	-	-	134,815	134,815	293,889
Participant service revenue	88,840	-	-	88,840	59,640
Interest income	16,345	-	-	16,345	21,587
Other income	1,150	-	-	1,150	37,871
Net assets released from restrictions	314,833	(300,286)	(14,547)	-	-
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<b>1,177,330</b>	<b>-</b>	<b>120,268</b>	<b>1,297,598</b>	<b>1,455,854</b>
<b><u>EXPENSES</u></b>					
Program services					
New Hope Center for Grieving Children	511,555	-	-	511,555	427,501
New Hope Children's Wish	558,588	-	-	558,588	554,837
<b>Total Program Expenses</b>	<b>1,070,143</b>	<b>-</b>	<b>-</b>	<b>1,070,143</b>	<b>982,338</b>
General and administrative	102,045	-	-	102,045	97,444
<b>TOTAL EXPENSES</b>	<b>1,172,188</b>	<b>-</b>	<b>-</b>	<b>1,172,188</b>	<b>1,079,782</b>
Change in Net Assets from Operations	5,142	-	120,268	125,410	376,072
Other Changes					
Expenses - potential land purchase (See Notes)	3,646	-	-	3,646	-
Change in Net Assets	1,496	-	120,268	121,764	376,072
NET ASSETS, beginning of year	1,262,531	-	1,474,545	2,737,076	2,361,004
NET ASSETS, end of year	\$ 1,264,027	\$ -	\$ 1,594,813	\$ 2,858,840	\$ 2,737,076

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, 2010 and 2009

	2010	2009
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Cash received from contributors and special events	\$ 955,137	\$ 1,119,405
Cash paid to employees and suppliers	(784,999)	(757,314)
Interest income	16,345	21,587
Interest paid	(1,651)	(1,818)
	184,832	381,860
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Net increase in endowment fund	(113,413)	(293,889)
Decrease in land deposit	8,634	-
Acquisitions of property and equipment	(4,827)	-
	(109,606)	(293,889)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Repayments of obligations under capital leases	(3,029)	(3,611)
	(3,029)	(3,611)
NET INCREASE IN CASH AND CASH EQUIVALENTS	72,197	84,360
CASH AND CASH EQUIVALENTS, beginning of year	1,022,105	937,745
CASH AND CASH EQUIVALENTS, end of year	\$ 1,094,302	\$ 1,022,105
<b><u>NONCASH ACTIVITIES</u></b>		
Addition to office equipment through capitalized lease obligation	\$ 17,500	\$ 17,500

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, 2010 and 2009

	2010	2009
<b><u>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u></b>		
Increase (decrease) in net assets	\$ 121,764	\$ 376,072
Adjustments to reconcile increase in net assets to Net cash provided by operating activities:		
Depreciation and amortization	20,819	21,816
Decrease in grants receivable	18,655	11,707
Decrease (increase) in prepaid expenses	623	(1,532)
Decrease (increase) in accounts payable and accrued expenses	22,971	(26,203)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 184,832</b>	<b>\$ 381,860</b>

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, 2010  
(With Comparative Totals for 2009)

PROGRAM SERVICES

	New Hope Center for Grieving Children	New Hope Children's Wish	TOTAL	General and Administrative	2010 TOTAL EXPENSES	2009 TOTAL EXPENSES
Wages and payroll taxes	\$ 166,126	\$ 169,989	\$ 336,115	\$ 50,224	\$ 386,339	\$ 366,361
Program expense - group programs	91,954	94,694	186,648	-	186,648	179,513
Program expense - direct wish costs	-	168,496	168,496	-	168,496	137,239
Contract services	65,383	31,900	97,283	3,807	101,090	99,037
Travel and local transportation	27,794	27,794	55,588	13,897	69,485	77,125
Program expense - scholarship funding	85,267	-	85,267	-	85,267	59,640
Employee benefits	17,884	18,300	36,184	5,407	41,591	43,439
Insurance	14,707	3,275	17,982	2,687	20,669	17,624
Rent	-	14,061	14,061	3,515	17,576	17,244
Telephone	4,153	4,153	8,306	2,077	10,383	10,543
Office expenses	4,497	4,497	8,994	4,634	13,628	9,530
Dues, fees, and subscriptions	1,272	1,272	2,544	1,311	3,855	8,212
Utilities	5,054	1,944	6,998	778	7,776	7,216
Advertising	4,483	4,483	8,966	2,242	11,208	6,608
Professional fees	2,383	2,383	4,766	1,191	5,957	5,550
Postage and shipping	2,716	2,716	5,432	2,799	8,231	4,358
Bank charges and credit card fees	3,195	1,229	4,424	492	4,916	4,351
Repairs and maintenance	1,651	1,652	3,303	3,300	6,603	2,558
Interest	545	545	1,090	561	1,651	1,818
Total Expenses Before Depreciation and Amortization	499,064	553,383	1,052,447	98,922	1,151,369	1,057,966
Depreciation and amortization	12,491	5,205	17,696	3,123	20,819	21,816
TOTAL EXPENSES	\$ 511,555	\$ 558,588	\$ 1,070,143	\$ 102,045	\$ 1,172,188	\$ 1,079,782

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

NEW HOPE FOR KIDS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010 and 2009

**NOTE 1 ORGANIZATION AND NATURE OF ACTIVITIES**

New Hope for Kids, Inc. ("New Hope") is a nonprofit organization serving primarily the Central Florida area. The organization was incorporated in 1977 under the name Hospice of Central Florida, Inc. In 1996, subsequent to a sale of its licensed hospice activities, the organization changed its name to New Hope Center, Inc. In 2005, the organization changed its legal name to New Hope for Kids, Inc. so its name better reflects New Hope's mission.

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. Its vision is to bring hope, healing and happiness to children and their families suffering grief or loss. The New Hope is comprised of two programs that work together to meet such mission.

**NEW HOPE CENTER FOR GRIEVING CHILDREN**

The program encourages the expression of the grief experience verbally and through creative positive play within a peer group setting. The groups are open to grieving children ages 3 to 18 and their families.

**NEW HOPE CHILDREN'S WISH**

The program grants wishes to children under age 18 who have been diagnosed with life-challenging illnesses. The program is not affiliated with a national organization. It is independent and locally based. Funding received by New Hope Children's Wish is primarily reinvested in the local community.

New Hope's primary funding sources are individuals, corporate donors and other nonprofit organizations.

**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, 2010 and 2009

**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 20,000 hours each year for the years ended December 31, 2010 and 2009 in support of program activities and supporting services.

**GRANTS RECEIVABLE**

Grants receivable is comprised of an unrestricted grants from a nonprofit (NOTE 3). The grant was collected subsequent to the end of the year. As such, an allowance for doubtful accounts has not been recorded.

**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 \$85,267 and \$59,640 (96% and 100%, respectively) of total support services provided during the years ended December 31, 2010 and 2009, 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, 2010 and 2009

**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 and/or amortized on the straight-line method over estimated useful lives as follows:

Building	25 years
Furniture and Equipment	5 years

Leasehold improvements are amortized over the lesser of the estimated useful life or the life of the lease, whichever is less.

**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.

**DEPOSIT ON LAND PURCHASE**

Deposit on land purchase consists of a deposit made by New Hope as a fully refundable earnest money deposit on the purchase of land in Maitland, Florida for future plans in which New Hope plans on building new facilities.

**SUMMARIZED FINANCIAL INFORMATION FOR 2009**

The statement of activities for 2009 includes summarized comparative information in total but not by net asset class. In addition, the statement of functional expenses for 2009 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, 2009, from which the summarized information was derived.

NEW HOPE FOR KIDS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010 and 2009

**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.

Capital lease obligations - fair value approximates carrying value since stated rates are similar to rates currently available to New Hope for debt with similar terms and remaining maturities.

**CONCENTRATIONS OF CREDIT RISK**

Financial instruments which potentially subject the New Hope to concentrations of credit risk consist principally of cash in banks which is insured by the Federal Deposit Insurance Corporation up to balances of \$250,000 per bank. As of December 31, 2010, New Hope exceeded this amount by approximately \$241,000.

New Hope relies on a nonprofit to support its operations (NOTE 3). Total contributions from the nonprofit during the years ended December 31, 2010 and 2009 were \$296,778 and \$274,637, respectively, representing 23% and 18%, respectively, of total revenue and other support.

**RECLASSIFICATIONS**

Certain reclassifications were made to the 2009 financial statements to conform to the current year presentation.

**NOTE 3      NONPROFIT SUPPORT - COMMUNITY FOUNDATION OF CENTRAL FLORIDA, INC.**

**ENDOWMENT FUND**

In 2004 New Hope established a New Hope for Kids Endowment Fund as a component fund of the The Community Foundation of Central Florida, Inc., ("the Foundation").

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, 2010 and 2009 was \$1,420,478 and \$1,307,065, respectively.

NEW HOPE FOR KIDS INC.  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2010 and 2009

**NOTE 3      NONPROFIT SUPPORT - COMMUNITY FOUNDATION OF CENTRAL FLORIDA, INC.  
 (continued)**

**GRANTS AND DONATIONS**

The Community Foundation of Central Florida, Inc., ("the Foundation") approves grants annually with the amount and terms to be determined by the Foundation Board of Directors. During the years ended December 31, 2009 and 2008, grants and donations from the Foundation to New Hope were \$296,778 and \$274,637, respectively.

**NOTE 4      INVESTMENT PROPERTY**

Investment property consists of commercial property located in Eustis, Florida which was donated to New Hope from an unrelated third party. The property has been valued at its estimated net realizable value of \$161,500. New Hope formed a separate entity, 413 East Orange Avenue, LLC, to hold the title to the property. The property is currently listed for sale and New Hope anticipates selling the property in the coming year.

**NOTE 5      PROPERTY AND EQUIPMENT**

	<b>2010</b>	<b>2009</b>
Building	\$ 222,647	\$ 222,647
Land	157,780	157,780
Furniture and equipment	81,237	76,410
Equipment under capital lease	17,500	17,500
	479,164	474,337
Less accumulated depreciation and amortization	287,357	266,538
	<b>\$ 191,807</b>	<b>\$ 207,799</b>

Depreciation and amortization expense was \$20,819 and \$21,816 for the years ended December 31, 2010 and 2009, respectively, including amortization of capital leases of \$3,500 and \$1,750, respectively.

Accumulated amortization for equipment under capital leases as of December 31, 2010 and 2009 was \$5,250 and \$1,750, respectively.

**NOTE 6      CAPITAL LEASE**

New Hope leased a new copier under a capitalized lease agreement in January, 2009 expiring January, 2014. The equipment and obligation under capital lease is recorded at the present value of the minimum lease payments.

NEW HOPE FOR KIDS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010 and 2009

**NOTE 6 CAPITAL LEASE (continued)**

Future minimum lease payments required under the capital lease are as follows:

Minimum lease payments for the years ended December 31,		
2011	\$	4,680
2012		4,680
2013		4,680
2014		<u>390</u>
Total minimum lease payments		14,430
Less amount representing interest		<u>2,432</u>
		11,998
Less current maturities		<u>3,416</u>
		<u>\$ 8,582</u>

**NOTE 7 COMMITMENTS - OPERATING LEASE**

New Hope leases office space under a month-to-month operating lease. Total rent expense for the years ended December 31, 2010 and 2009 was \$17,576 and \$17,244, respectively.

**NOTE 8 DEPOSIT ON LAND PURCHASE**

In November, 2006, New Hope entered into a Contract for Sale and Purchase of Land with a cost of \$516,355.

In July, 2010, management opted to not pursue the acquisition of this specific property. Its initial land deposit of \$5,000 was refunded. The remaining costs, \$3,646, associated with due diligence of the acquisition were expensed.

**NOTE 9 NET ASSETS**

Permanently restricted net assets consist of the following:

	<b>2010</b>	<b>2009</b>
Endowment fund	\$ 1,420,478	\$ 1,307,065
Land and building - Center for Grieving Children	<u>174,335</u>	<u>167,480</u>
	<u>\$ 1,594,813</u>	<u>\$ 1,474,545</u>

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:

	<b>2010</b>	<b>2009</b>
Passage of time	\$ 210,549	\$ 233,937
Grants - specific purpose	<u>89,737</u>	<u>80,862</u>
	<u>\$ 300,286</u>	<u>\$ 314,799</u>