



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

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2012 AND 2011**

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

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of HOPE for Kids, Inc. (d/b/a Camp HOPE for Kids) (the "Organization"), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and changes in net assets deficiency, and cash flows for each of 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 accounting principles generally accepted in the United States of America; 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 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 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 Organization'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 Organization'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, 2012 and 2011, and the changes in its net assets deficiency and its cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.



Jenkintown, Pennsylvania  
May 20, 2013

New York | New Jersey | Pennsylvania | California | Cayman Islands

*EisnerAmper is an independent member of PKF International Limited*

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

**Statements of Financial Position**

	<b>December 31</b>	
	<u><b>2012</b></u>	<u><b>2011</b></u>
<b>ASSETS</b>		
Cash	\$ 17,006	\$ 29,632
Prepaid expenses and other current assets	5,351	30,259
Property and equipment, net of accumulated depreciation of \$12,176 in 2012 and \$2,749 in 2011	23,755	8,787
Security deposits	<u>1,545</u>	<u>1,545</u>
	<u><u>\$ 47,657</u></u>	<u><u>\$ 70,223</u></u>
<b>LIABILITIES</b>		
Note payable	\$ -	\$ 10,000
Accounts payable and accrued expenses	98,008	28,079
Deferred revenue	<u>18,495</u>	<u>43,068</u>
Total liabilities	116,503	81,147
Commitment		
<b>NET ASSETS DEFICIENCY</b>		
Unrestricted	<u>(68,846)</u>	<u>(10,924)</u>
	<u><u>\$ 47,657</u></u>	<u><u>\$ 70,223</u></u>

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

**Statements of Activities and Changes in Net Assets Deficiency**

	<u>Unrestricted</u>	
	<u>Year Ended December 31</u>	
	<u>2012</u>	<u>2011</u>
<b>Public support and revenue:</b>		
Contributions	\$ 266,738	\$ 250,967
Camp registration fees	248,723	263,356
Camp program fees	104,274	72,940
Camp facility rental fees	9,000	11,037
Other revenue	5,071	5,911
	<u>633,806</u>	<u>604,211</u>
<b>Expenses:</b>		
Program services:		
Facilities management	429,169	407,475
Camper related expenses	168,638	139,182
	<u>597,807</u>	<u>546,657</u>
Supporting services:		
Management and general	71,211	53,437
Fundraising and membership development	22,710	43,420
	<u>93,921</u>	<u>96,857</u>
<b>Total expenses</b>	<u>691,728</u>	<u>643,514</u>
<b>Change in net assets</b>	<b>(57,922)</b>	<b>(39,303)</b>
<b>Net assets (deficiency) at beginning of year</b>	<u><b>(10,924)</b></u>	<u>28,379</u>
<b>Net assets deficiency at end of year</b>	<u><u><b>\$ (68,846)</b></u></u>	<u><u><b>\$ (10,924)</b></u></u>

**HOPE FOR KIDS, INC.**  
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**Statements of Cash Flows**

	<b>Year Ended December 31</b>	
	<b>2012</b>	<b>2011</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (57,922)	\$ (39,303)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	9,427	2,187
Forgiveness of note payable	(10,000)	-
(Increase) decrease in prepaid expenses and other assets	24,908	(26,693)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	69,929	28,079
Deferred revenue	(24,573)	9,913
Net cash provided by (used in) operating activities	<u>11,769</u>	<u>(25,817)</u>
<b>Cash flows from investing activities:</b>		
Purchases of capital additions	<u>(24,395)</u>	<u>(7,601)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from note payable	<u>-</u>	<u>10,000</u>
<b>Net change in cash</b>	<b>(12,626)</b>	<b>(23,418)</b>
<b>Cash at beginning of year</b>	<u>29,632</u>	<u>53,050</u>
<b>Cash at end of year</b>	<u><u>\$ 17,006</u></u>	<u><u>\$ 29,632</u></u>

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

**Notes to Financial Statements**  
**December 31, 2012 and 2011**

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

**[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 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. Leasehold improvements are amortized on the straight-line method over the term of the lease.

Depreciation and amortization for the years ended December 31, 2012 and 2011 was \$9,427 and \$2,187, respectively.

**[5] Federal tax status:**

The Internal Revenue Service ("IRS") has classified the Organization as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("Code"); as an organization, contributions to which are deductible under Section 170(c) of the Code; and as an organization that is not a private foundation as defined in Section 509(a) of the Code.

*Accounting for Uncertainty in Income Taxes* clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2012 and 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization recognizes accrued interest and penalties associated with uncertain tax positions, if any. There was no income tax related interest or penalties recorded for the years ended December 31, 2012 and 2011. The income tax returns of the Organization for the years ended December 31, 2009, 2010, 2011 and 2012 (when filed) are or will be subject to examination by the IRS and other taxing authorities, generally for three years after they are filed.

**HOPE FOR KIDS, INC.**  
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**Notes to Financial Statements**  
**December 31, 2012 and 2011**

**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 changes in net assets 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 services costs incurred are recorded as management and general expenses or fundraising, as determined by management.

**NOTE B - PROPERTY AND EQUIPMENT**

Property and equipment as of December 31, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
Leasehold improvements	<b>\$ 31,351</b>	\$ 6,956
Office equipment and furniture	<b>4,580</b>	4,580
	<b>35,931</b>	11,536
Less accumulated depreciation	<b>12,176</b>	2,749
	<b><u>\$ 23,755</u></b>	<b><u>\$ 8,787</u></b>



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**Notes to Financial Statements**  
**December 31, 2012 and 2011**

**NOTE C - NOTE PAYABLE**

In September 2011, the Organization received an interest free loan in the amount of \$10,000 from a related party to be repaid in one lump sum by August 1, 2012. On August 1, 2012, the entire loan amount was forgiven and recorded as a contribution.

**NOTE D - 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 under this lease for each of the years ended December 31, 2012 and 2011 was \$300,000. Real estate tax expense under this lease was \$46,530 and \$45,273 for the years ended December 31, 2012 and 2011, respectively.

The approximate annual minimum future obligations under the lease arrangements for the year ending December 31, 2013 is \$300,000.

**NOTE E - CONCENTRATIONS 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.

**NOTE F - RELATED PARTY TRANSACTIONS**

As of December 31, 2012 and 2011, the Organization had reimbursable operating expenses due to related parties, including two board members, of \$16,931 and \$377, respectively. The Organization paid a stipend in the amount of \$5,000 to one board member for her services at the camp for the year ended December 31, 2011. There were no stipends paid for the year ended December 31, 2012.

**NOTE G - SUBSEQUENT EVENTS**

In April 2013, a board member pledged \$100,000 to the Organization to be used for general operations.

The Organization has evaluated subsequent events through May 20, 2013, which is the date the financial statements were available to be issued.