

**HOPECAM, INC.**

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2018

**HOPECAM, INC.**

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**BECK & COMPANY**  
Certified Public Accountants, P.C.

**INDEPENDENT AUDITOR'S REPORT**

To: Board of Directors  
Hopecam, Inc.  
Reston, Virginia

We have audited the accompanying financial statements of Hopecam, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018, 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 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***

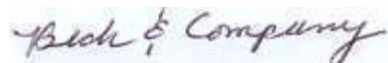
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Hopecam, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Herndon, Virginia  
November 20, 2018

**HOPECAM, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2018**

	<u>2018</u>
<b>ASSETS</b>	
Cash	\$ 588,669
Unconditional promises to give	181,281
Prepaid expenses	3,325
Inventory	11,452
Property and equipment, net	<u>2,837</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>787,564</u></b>
 <b>LIABILITIES AND NET ASSETS</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 8,408
Payroll liabilities	<u>577</u>
<b>TOTAL LIABILITIES</b>	<b><u>8,985</u></b>
 <b>NET ASSETS</b>	
Unrestricted net assets	<u>778,579</u>
<b>TOTAL NET ASSETS</b>	<b><u>778,579</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>787,564</u></b>

See accompanying notes and independent auditor's report

**HOPECAM, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE</b>			
Event income	\$ 147,365	\$ -	\$ 147,365
Contributions and foundation grants	96,277	25,000	121,277
Speech and book fees	34,170	-	34,170
Donated goods	3,400	-	3,400
Interest income	1,720	-	1,720
Net assets released from restriction	25,000	(25,000)	-
<b>TOTAL REVENUE</b>	<u>307,932</u>	<u>-</u>	<u>307,932</u>
<b>EXPENSES</b>			
Program services			
Program services	307,637	-	307,637
Total program services	<u>307,637</u>	<u>-</u>	<u>307,637</u>
Supporting services			
Management and general	82,985	-	82,985
Fundraising	80,624	-	80,624
Total supporting services	<u>163,609</u>	<u>-</u>	<u>163,609</u>
<b>TOTAL EXPENSES</b>	<u>471,246</u>	<u>-</u>	<u>471,246</u>
<b>CHANGE IN NET ASSETS</b>	<u>(163,314)</u>	<u>-</u>	<u>(163,314)</u>
<b>NET ASSETS, beginning of year</b>	<u>941,893</u>	<u>-</u>	<u>941,893</u>
<b>NET ASSETS, end of year</b>	<u><u>778,579</u></u>	<u><u>-</u></u>	<u><u>778,579</u></u>

See accompanying notes and independent auditor's report

**HOPECAM, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Program Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total Expenses</u>
Salary	\$ 143,228	\$ 143,228	\$ 34,465	\$ 33,763	\$ 68,228	\$ 211,456
Fundraising events	33,795	33,795	-	33,794	33,794	67,589
Communications	56,782	56,782	490	735	1,225	58,007
Forfeited promises	-	-	27,236	-	27,236	27,236
Equipment	25,024	25,024	-	-	-	25,024
Occupancy	13,512	13,512	1,802	2,702	4,504	18,016
Professional fees	12,786	12,786	1,596	2,636	4,232	17,018
Taxes	4,786	4,786	4,645	4,646	9,291	14,077
Obsolete inventory	-	-	10,075	-	10,075	10,075
Supplies	5,786	5,786	772	1,157	1,929	7,715
Postage	5,674	5,674	-	-	-	5,674
Depreciation and amortization	2,529	2,529	337	506	843	3,372
Miscellaneous expense	1,984	1,984	545	335	880	2,864
Insurance	1,751	1,751	233	350	583	2,334
Licenses and permits	-	-	789	-	789	789
Total expenses	<u>\$ 307,637</u>	<u>\$ 307,637</u>	<u>\$ 82,985</u>	<u>\$ 80,624</u>	<u>\$ 163,609</u>	<u>\$ 471,246</u>

See accompanying notes and independent auditor's report

**HOPECAM, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in net assets	\$ (163,314)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	3,372
(Increase) decrease in operating assets:	
Unconditional promises to give	267,746
Inventory	10,075
Increase (decrease) in operating liabilities:	
Accounts payable	(33,012)
Payroll liabilities	577
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>85,444</u>
 NET INCREASE (DECREASE) IN CASH	 85,444
CASH BALANCE, beginning of year	503,225
CASH BALANCE, end of year	<u>\$ 588,669</u>
 <b>SUPPLEMENTAL DISCLOSURES</b>	
Interest paid	\$ -
Income taxes paid	\$ -

See accompanying notes and independent auditor's report

**HOPECAM, INC.**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**Note 1. Nature of the Organization**

Hopecam, Inc. (the Organization) was founded in 2003 and is a 501(c)(3) non-profit charity with the mission of using voice over internet technology to help children with cancer overcome the burden of social isolation. By virtually connecting these children with their friends over Skype, Hopecam decreases the loneliness and anxiety they experience during this frightening time. The Organization provides the child with a tablet or laptop computer equipped with a webcam, internet access in the home if the child is without, then works with the child's school to persuade them to establish a regular connection with the child during which the child can participate in classroom activities, and see and talk with their friends.

**Note 2. Summary of Significant Accounting Policies**

**Basis of Accounting:**

The financial statements are prepared using the accrual method of accounting, in accordance with U. S. generally accepted accounting principles.

**Classes of Net Assets:**

The Organization is required to report its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are net assets without a donor imposed time and/or program restriction. The funds are available to the Organization to maintain its operations.

Temporarily restricted net assets are contributions with donor imposed time and/or program restrictions. These temporary restrictions require that resources be used for specific purposes and/or in a later period or after a specified date. Temporarily restricted net assets become unrestricted when the time restrictions expire, or the funds are used for their restricted purposes, and are reported in the accompanying statement of activities as net assets released from restrictions. This method of accounting is also followed when the restrictions on contributions are met in the same period that the contributions are received.

Permanently restricted net assets must be maintained by the Organization in perpetuity. There were no permanently restricted net assets as of June 30, 2018.

**Use of Estimates:**

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

**Cash:**

The balance of cash consists of cash on hand and deposits in banks.

**Inventory:**

Inventory is received as donations and recorded at fair market value.

**HOPECAM, INC.**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**Note 2, continued**

Unconditional Promises to Give:

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Property and Equipment:

Acquisitions of property, equipment, and leasehold improvements greater than \$400 are recorded at cost, or if donated, such assets are capitalized at the estimated fair market value at the date of receipt. Improvements that extend the useful life of the asset are capitalized. Property and equipment are depreciated using the straight-line method over the estimated useful lives of three to five years. Leasehold improvements are amortized using the straight-line method over the life of the lease.

Contributions and Grants:

All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Advertising Expense:

Advertising and marketing costs are expensed as incurred. These expenses are included in fundraising events on the statement of functional expenses.

Shipping costs:

Shipping costs are expensed when incurred as program expenses.

Subsequent Events:

Subsequent events are events or transactions that take place after the reporting period for the statements of financial position. Certain of these events or transactions, recognized subsequent events provide additional evidence about conditions and estimates that existed at the date of the statements of financial position and retroactively revise those amounts reflected in the financial statements. Other subsequent events, not recognized subsequent events, did not exist at the date of the statements of financial position, but arose after that date and are reported as additional disclosures in the notes to the financial statements. Management evaluates all significant subsequent events from the statements of financial position date through the date the financial statements are available to be issued.

Contributed Services:

Donated services for specific expertise are recognized as contributions. During year ended June 30, 2018, the Organization received donated legal services in the amount of \$0. During the year ended June 30, 2018, the Organization received donated electronics with a value of \$3,400.

**HOPECAM, INC.**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**Note 2, concluded**

Income Tax Status:

Hopecam, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), except for income from activities not related to its tax-exempt purpose. No provision for income taxes was recorded during the year ended June 30, 2018 since the Organization had no significant unrelated business income. The Organization is not a private foundation pursuant to section 509(a)(1) of the IRC.

In accordance with authoritative guidance on accounting for uncertainty in income taxes issued by the FASB, the Organization recognizes tax liabilities for uncertain tax positions when it is more likely than not that a tax position will not be sustained upon examination and settlement with various taxing authorities. Liabilities for uncertain tax positions are measured based upon the largest amount of benefit that is greater than 50% likely of being realized upon settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. Tax returns filed by the Organization are generally open to examination by taxing authorities for three years after they were filed.

**Note 3. Property and Equipment**

The balance of property and equipment at June 30, 2018 is comprised of the following:

Computers	\$ 2,031
Furniture and equipment	16,417
Software	<u>2,053</u>
Subtotal	20,501
Less accumulated depreciation and amortization	<u>(17,664)</u>
Property and equipment, net	<u>\$ 2,837</u>

Depreciation and amortization expense for the year ended June 30, 2018 was \$3,372.

**Note 4. Functional Allocation of Expenses**

The costs of providing the various programs and activities 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.

Functional Expenses are allocated as follows:

Program Services expenses represent all expenses incurred to bridge the divide between homebound and hospitalized children with their peers at school.

Management and General expenses represent all other expenses incurred by the Organization in the accomplishment of its tax exempt purposes.

Fundraising expenses represent all expenses incurred for the purpose of raising funds for the Organization.

**HOPECAM, INC.**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**Note 5. Concentrations**

During the year ended June 30, 2018, one event accounted for 27% of the Organization's revenue.

**Note 6. Related Party Transactions**

The founder of the Organization is also the founder of another corporation. During the year ended June 30, 2018, there were no transactions between the two entities.

**Note 7. Temporarily Restricted Net Assets**

Temporarily restricted net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by time elapsing on the restrictions.

Changes in temporarily restricted net assets are as follows:

	Balance July 1, 2017	Gifts And Grants	Transfers/ Releases	Balance June 30, 2018
Hopecam programs	\$ -	\$25,000	\$(25,000)	\$ -
Total	\$ -	\$25,000	\$(25,000)	\$ -

**Note 8. Operating Leases**

In April 2014, the Organization entered into a license agreement with JBG Reston Executive Center, LLC. to occupy office space in the lower level of the building. On August 6, 2018, the lease was extended two years until February 28, 2021, and will continue on a month to month basis thereafter. The total rent expense for the year ended June 30, 2018 was \$18,016. The future minimum lease payments are as follows:

Fiscal Year	Amount
2019	\$18,000
2020	\$18,000
2021	\$12,000
Total	\$48,000

**Note 9. Concentrations of Credit Risk**

At times, the Organization maintains cash balances which may exceed federally insured limits. Management does not believe this to result in significant credit risk.

**Note 10. Evaluation of Subsequent Events**

The Organization has evaluated subsequent events through November 20, 2018, the date the financial statements were available to be issued.