

**HOPEKIDS, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
HopeKids, Inc.  
Scottsdale, Arizona

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of HopeKids, Inc., which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of HopeKids, Inc. as of December 31, 2025 and 2024, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HopeKids, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HopeKids, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.


***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 HopeKids, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HopeKids, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identified during the audits.



**CliftonLarsonAllen LLP**

Tempe, Arizona  
May 5, 2026

**HOPEKIDS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2025 AND 2024**

	2025	2024
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 3,286,417	\$ 3,168,744
Investments	724,813	774,675
Contributions Receivable	105,405	58,207
Prepaid Expenses and Other Assets	71,061	58,851
Total Current Assets	4,187,696	4,060,477
<b>PROPERTY AND EQUIPMENT, Net</b>	<b>18,624</b>	<b>15,973</b>
Total Assets	<b>\$ 4,206,320</b>	<b>\$ 4,076,450</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accrued Expenses and Credit Card Payable	\$ 33,715	\$ 31,979
<b>NET ASSETS</b>		
Without Donor Restrictions	3,873,544	3,852,887
With Donor Restrictions	299,061	191,584
Total Net Assets	4,172,605	4,044,471
Total Liabilities and Net Assets	<b>\$ 4,206,320</b>	<b>\$ 4,076,450</b>

See accompanying Notes to Financial Statements.

**HOPEKIDS, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>						
Contributions	\$ 3,541,380	\$ 319,061	\$ 3,860,441	\$ 2,568,993	\$ 191,584	\$ 2,760,577
Special Event Income, Less Direct Donor Benefit of \$205,959 for 2025 and \$225,807 for 2024	1,045,753	-	1,045,753	933,175	-	933,175
Contributed Goods and Services	4,057,961	-	4,057,961	3,443,705	-	3,443,705
Investment Income, Net	140,314	-	140,314	174,270	-	174,270
Other	34,013	-	34,013	28,295	-	28,295
Net Assets Released from Restrictions	211,584	(211,584)	-	367,363	(367,363)	-
Total Support and Revenues	<u>9,031,005</u>	<u>107,477</u>	<u>9,138,482</u>	<u>7,515,801</u>	<u>(175,779)</u>	<u>7,340,022</u>
<b>EXPENSES</b>						
Program Services	7,802,144	-	7,802,144	6,649,838	-	6,649,838
Management and General	438,523	-	438,523	430,069	-	430,069
Fundraising	769,681	-	769,681	642,187	-	642,187
Total Expenses	<u>9,010,348</u>	<u>-</u>	<u>9,010,348</u>	<u>7,722,094</u>	<u>-</u>	<u>7,722,094</u>
<b>CHANGE IN NET ASSETS</b>	20,657	107,477	128,134	(206,293)	(175,779)	(382,072)
Net Assets - Beginning of Year	<u>3,852,887</u>	<u>191,584</u>	<u>4,044,471</u>	<u>4,059,180</u>	<u>367,363</u>	<u>4,426,543</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,873,544</u>	<u>\$ 299,061</u>	<u>\$ 4,172,605</u>	<u>\$ 3,852,887</u>	<u>\$ 191,584</u>	<u>\$ 4,044,471</u>

See accompanying Notes to Financial Statements.

**HOPEKIDS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2025**

	Supporting Services			Total Supporting Services	Total Functional Expenses
	Program Services	Management and General	Fundraising		
<b>EXPENSES</b>					
Salaries	\$ 1,431,922	\$ 153,604	\$ 410,631	\$ 564,235	\$ 1,996,157
Payroll Taxes and Fringe Benefits	397,556	42,646	114,007	156,653	554,209
HopeDay, HopeCommunity, and Virtual Program	5,771,995	-	-	-	5,771,995
Office	52,938	14,230	11,083	25,313	78,251
Outside Services	16,244	138,046	4,193	142,239	158,483
Occupancy	15,828	935	3,314	4,249	20,077
Insurance	30,759	2,669	7,808	10,477	41,236
Travel	40,760	2,408	20,240	22,648	63,408
Depreciation and Amortization	4,868	287	1,019	1,306	6,174
Miscellaneous	39,274	83,698	40,169	123,867	163,141
Special Event	-	-	363,176	363,176	363,176
Total Expenses by Function	7,802,144	438,523	975,640	1,414,163	9,216,307
Less Expenses Netted Against Revenues on the Statement of Activities:					
Special Event - Direct Donor Benefit	-	-	(205,959)	(205,959)	(205,959)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 7,802,144	\$ 438,523	\$ 769,681	\$ 1,208,204	\$ 9,010,348

See accompanying Notes to Financial Statements.

**HOPEKIDS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2024**

	Supporting Services			Total Supporting Services	Total Functional Expenses
	Program Services	Management and General	Fundraising		
<b>EXPENSES</b>					
Salaries	\$ 1,352,368	\$ 161,650	\$ 358,837	\$ 520,487	\$ 1,872,855
Payroll Taxes and Fringe Benefits	385,240	46,048	102,219	148,267	533,507
HopeDay, HopeCommunity, and Virtual Program	4,758,410	-	-	-	4,758,410
Office	48,281	12,708	9,989	22,697	70,978
Outside Services	10,087	129,743	2,665	132,408	142,495
Occupancy	17,661	1,566	3,654	5,220	22,881
Insurance	12,299	1,091	2,545	3,636	15,935
Travel	26,915	2,387	13,628	16,015	42,930
Depreciation and Amortization	4,634	411	959	1,370	6,004
Miscellaneous	33,943	74,465	40,256	114,721	148,664
Special Event	-	-	333,242	333,242	333,242
Total Expenses by Function	6,649,838	430,069	867,994	1,298,063	7,947,901
Less Expenses Netted Against Revenues on the Statement of Activities:					
Special Event - Direct Donor Benefit	-	-	(225,807)	(225,807)	(225,807)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 6,649,838	\$ 430,069	\$ 642,187	\$ 1,072,256	\$ 7,722,094

See accompanying Notes to Financial Statements.

**HOPEKIDS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 128,134	\$ (382,072)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	6,174	6,004
Net Realized and Unrealized Gains on Investments	(11,222)	(14,126)
(Increase) Decrease in Assets:		
Contributions Receivable	(47,198)	(34,872)
Prepaid Expenses and Other Assets	(12,210)	(6,653)
Increase (Decrease) in Liabilities:		
Accrued Expenses and Other Liabilities	1,736	(2,215)
Net Cash Provided (Used) by Operating Activities	65,414	(433,934)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(8,825)	(6,511)
Purchase of Investments	(290,916)	(491,917)
Proceeds from Sales of Investments	352,000	503,000
Net Cash Provided by Investing Activities	52,259	4,572
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	117,673	(429,362)
Cash and Cash Equivalents - Beginning of Year	3,168,744	3,598,106
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 3,286,417	\$ 3,168,744

See accompanying Notes to Financial Statements.

**HOPEKIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

HopeKids, Inc. (the Organization) is an Arizona nonprofit corporation. The Organization was established in 2001 to restore hope and transform lives of children with life-threatening medical conditions, their families, and the communities in which they serve. The Organization provides ongoing events, activities, and a powerful, unique support community for families who have a child with cancer or some other life-threatening medical condition. They surround these remarkable children and their families with the message that hope is a powerful medicine. The Organization has chapters in Arizona, Minnesota, Colorado, Texas, Tennessee, North Carolina, Central Florida, and the Kansas City area.

**Basis of Presentation**

The accompanying financial statements are presented in accordance with American Institute of Certified Public Accountants (AICPA) *Not-for-Profit Industry Guidance within the Financial Accounting Standards Board (FASB) Codification (Guidance)*. Net assets and revenues, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for board-designated reserve funds.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restriction when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

**HOPEKIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 a number of 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.

**Cash and Cash Equivalents**

The Organization classifies amounts on deposit in banks and cash invested in instruments with original maturities of three months or less as cash and cash equivalents.

**Investments**

Investments consist of mutual funds that are recorded at fair value based on quoted market prices and fixed income corporate bonds that are recorded at fair value as determined by quoted prices for similar assets and liabilities in active markets. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the change of net assets in the accompanying statements of activities.

**Contributions Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. The contributions receivable at December 31, 2025 and 2024 are considered to be fully collectible by management and, accordingly, an allowance for doubtful accounts is not deemed necessary.

**Property and Equipment**

Property and equipment with a cost greater than \$1,000 are capitalized at historical cost or estimated historical cost if actual historical cost is not available. Donated property and equipment are recorded at the fair value at the date of gift to the Organization. Depreciation and amortization of property and equipment is computed on a straight-line basis over their estimated useful lives, which range from three to five years. Maintenance and repairs are charged to operations when incurred. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

**HOPEKIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Impairment of Long-Lived Assets**

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell. Management does not believe impairment indicators were present at December 31, 2025 and 2024.

**Contributions**

All contributions are considered to be available for general operations unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor-imposed restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

**Contributed Goods and Services**

Noncash contributions are recorded at their fair values. The Organization receives gifts such as events and tickets in order to give to families who have a child with a life-threatening illness. These noncash items are recorded as noncash revenue at time of receipt and recorded to program expenses when given to families. The noncash contributions are almost immediately given to families so at any time during the year the Organization has no material inventory on hand.

Donated services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations.

The Organization also received donated services from unpaid volunteers at HopeDay, HopeCommunity, and Virtual Program events throughout the years ended December 31, 2025 and 2024. No amounts have been recognized in the statements of activities because the criteria for recognition have not been satisfied.

**HOPEKIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements**

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy at the measurement date. This fair value hierarchy maximizes the use of observable inputs by requiring that the observable inputs be used when available. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

*Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

*Level 2* – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

*Level 3* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

**Income Taxes**

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and, therefore, there is no provision for federal or state corporate income taxes. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the IRC.

Management believes that no uncertain tax positions exist for the Organization at December 31, 2025 and 2024.

**Revisions**

Certain revisions of amounts previously reported have been made to the accompanying financial statements. In Note 2 of the financial statements, the disclosure of the financial assets available for general expenditures for the prior year has been revised to \$58,208. The revision had no impact on previously reported net assets.

**Subsequent Events**

The Organization has evaluated events and transactions for potential recognition or disclosure in these financial statements through May 5, 2026, the date the financial statements were available to be issued.

**HOPEKIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 2 LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2025	2024
Cash and Cash Equivalents	\$ 3,286,417	\$ 3,168,744
Investments	724,813	774,675
Contributions Receivable	105,405	58,207
Total Financial Assets	4,116,635	4,001,626
Less: Donor Restricted Funds	(299,061)	(191,584)
Less: Board Designated Reserves	(3,712,169)	(3,751,834)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 105,405	\$ 58,208

The Organization receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization forecasts its future cash flows and monitors its liquidity reserves monthly. Board designated operating reserves of \$2,147,668 and \$2,150,343 as of December 31, 2025 and 2024, respectively, can be made available if needed.

**NOTE 3 FAIR VALUE**

The overall investment objective of the Organization is to invest its assets with a conservative investment strategy to manage risks using the conservation of principal to enable easy access to funds.

The following table presents assets measured at fair value by classification within the fair value hierarchy as of December 31, 2025:

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 79,790	\$ -	\$ -	\$ 79,790
Treasury Bills	592,912	-	-	592,912
Corporate Bonds	-	52,111	-	52,111
Total	\$ 672,702	\$ 52,111	\$ -	\$ 724,813

**HOPEKIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 3 FAIR VALUE (CONTINUED)**

The following table presents assets measured at fair value by classification within the fair value hierarchy as of December 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 77,752	\$ -	\$ -	\$ 77,752
Treasury Bills	549,773	-	-	549,773
Corporate Bonds	48,761	98,389	-	147,150
Total	<u>\$ 676,286</u>	<u>\$ 98,389</u>	<u>\$ -</u>	<u>\$ 774,675</u>

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<u>2025</u>	<u>2024</u>
Software	\$ 89,880	\$ 89,880
Office Equipment	78,655	69,830
Total Property and Equipment	168,535	159,710
Less: Accumulated Depreciation and Amortization	(149,911)	(143,737)
Property and Equipment, Net	<u>\$ 18,624</u>	<u>\$ 15,973</u>

Depreciation and amortization expense was \$6,174 and \$6,004 for the years ended December 31, 2025 and 2024, respectively.

**NOTE 5 NET ASSETS**

**Net Assets Without Donor Restrictions**

Board-designated net assets consist of the following:

	<u>2025</u>	<u>2024</u>
Board-Designated Operating Reserves	\$ 2,147,668	\$ 2,150,343
Board-Designated Opportunity Reserves	513,594	550,584
Board-Designated Emergency Reserves	500,000	500,000
Board-Designated Program Reserves	550,907	550,907
Total Board-Designated Net Assets	<u>\$ 3,712,169</u>	<u>\$ 3,751,834</u>

**HOPEKIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 5 NET ASSETS (CONTINUED)**

**Net Assets With Donor Restrictions**

Net assets with donor restrictions are available for the following purposes or periods:

	<u>2025</u>	<u>2024</u>
Subject to Expenditure for Specified Purpose:		
HopeCommunity Events	\$ 31,314	\$ -
HopeDay Events	64,000	18,600
Special Events	25,000	-
Week of Hope	87,497	7,499
Total	<u>207,811</u>	<u>26,099</u>
Subject to Passage of Time:		
Contributions that are Restricted by Donors for Use in Future Periods	91,250	165,485
Total Net Assets With Donor Restrictions	<u>\$ 299,061</u>	<u>\$ 191,584</u>

**NOTE 6 CONTRIBUTED GOODS AND SERVICES**

Contributed goods and services recognized in the statements of activities included the following:

	<u>2025</u>	<u>2024</u>
Programs	\$ 4,028,948	\$ 3,406,588
Clothing	11,562	13,327
Internet	12,869	12,840
Supplies	3,292	9,360
Services	1,290	1,590
Total	<u>\$ 4,057,961</u>	<u>\$ 3,443,705</u>

The Organization recognized contributed nonfinancial assets within revenue, including contributed programs, clothing, internet, supplies, and services. Unless otherwise noted, all contributions were valued at the actual market value or the estimated fair market value. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

The contributed programs include events, tickets and food that were provided to families at HopeDay, HopeCommunity and Virtual programs.

Contributed clothing was t-shirts used for family welcome packages, program events, and volunteers.

The contributed internet and supplies were utilized across the Organization, for both programming and general and administrative purposes.

**HOPEKIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 6 CONTRIBUTED GOODS AND SERVICES (CONTINUED)**

Contributed services recognized comprise services from technology professionals to design, implement and operate program software. Contributed services are valued and are reported at the estimated fair market value of the services calculated at the market rate, less the amount the Organization paid for the services.

**NOTE 7 FUNCTIONALIZED EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated are as follows:

*Salaries, payroll and fringe benefits and insurance* – based on the result of all employee’s time study multiplied by each employee’s salary and resulting in a bottom line percentage.

*Office* – based on the result of all employee’s time study added and resulting in a bottom line percentage. Postage, grouped with this category, is charged 100% to management and general.

*Occupancy, insurance, travel, depreciation and amortization* – based on the result of all employee’s time study added and resulting in a bottom line percentage.

*Outside services* – only cost for donor software is allocated based on estimated time of use of the software and the rest of the costs grouped with this category are allocated to management and general.

*Miscellaneous* – based on the result of all employee’s time study added and resulting in a bottom line percentage. Bank fees and dues and fees, grouped with this category, are charged 100% to management and general.

**NOTE 8 RELATED PARTY TRANSACTIONS**

The Organization does not have office space, and the employees work from their homes at no cost to the Organization.

**HOPEKIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 9 CONCENTRATION OF CREDIT RISK**

The Organization maintains all of its cash with high-credit quality financial institutions. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Balances in excess of FDIC limits are uninsured. As of December 31, 2025 and 2024, a significant portion of the cash balance was in excess of the FDIC insurance coverage limit.

One donor represented 11% of in-kind contribution revenue for the year ended December 31, 2024. No donor exceeded 10% of in-kind donations for the year ended December 31, 2025.

**NOTE 10 RETIREMENT PLANS**

The Organization has outsourced its payroll and benefits function to Insperity, a Professional Employer Organization (PEO). Under the Organization's co-employment agreement, Insperity established a 401(k) retirement savings plan for the employees. The Organization makes the employees aware of the plan, withholds voluntary contributions from paychecks, and remits the contributions to an independent trustee. Each participant may contribute their eligible compensation on a pretax basis to the plan up to a maximum allowed by the IRC. Total employer contributions to the plan were \$60,827 and \$61,201 for fiscal years 2025 and 2024, respectively.

**NOTE 11 COMMITMENTS**

The Organization has a contract to pay a license fee for a suite for live events performed at Desert Diamond Arena in Arizona. The term of the contract ends on December 31, 2028. The commitment outstanding for the remainder of the contract is \$215,988 at December 31, 2025.

The Organization has a contract to pay a license fee for a suite for professional sports played at the Grand Casino Arena in Minnesota. The term of the contract ends on August 31, 2026. The commitment outstanding for the remainder of the contract is \$125,977 at December 31, 2025.

The Organization has a contract to pay a license fee for a suite for professional sports played at American Airlines Center in Texas. The term of the contract ends on June 30, 2027. The commitment outstanding for the remainder of the contract is \$235,000 at December 31, 2025.

The Organization has a contract to pay a license fee for a suite for professional sports played at Chase Field in Arizona. The term of the contract ends on December 31, 2027. The commitment outstanding for the remainder of the contract is \$118,080 at December 31, 2025.



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