

HiTOPS, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

YEARS ENDED JUNE 30, 2016 AND 2015



CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

STEPHEN N. KLEIN, CPA
MICHAEL R. MASSA, CPA
BARRY W. SNYDER, CPA
LAURA WEBER-CARNEVALE, CPA
THOMAS H. MARTIN, CPA
JOHN W. LUTZ, CPA
BRUCE S. LUDLOW, CPA
JEANMARIE F. MOORE, CPA
FRANK G. SWEENEY, CPA
JOHN BLAKE, CPA
CHRISTOPHER S. MAYNARD, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
HiTOPS, Inc.
Princeton, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of HiTOPS, INC. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 auditors consider 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 previously present fairly, in all material respects, the financial position of HiTOPS, Inc. as of June 30, 2016 and 2015, and the changes 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.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state awards and schedules of costs on pages 29 to 31 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2017, on our consideration of HiTOPS, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HiTOPS, Inc.'s internal control over financial reporting and compliance.



KLATZKIN & COMPANY_{LLP}

Hamilton, New Jersey
March 27, 2017

HiTOPS, INC.

STATEMENTS OF FINANCIAL POSITION

	June 30,	
	<u>2016</u>	<u>2015</u>
ASSETS		
<u>Current Assets</u>		
Cash and Cash Equivalents.....	\$ -	\$ 51,968
Accounts Receivable (Net of Allowance for Doubtful Accounts of \$-0- and \$-0-).....	21,155	12,515
Contribution Receivable - Charitable Trust.....	20,609	19,606
Prepaid Expenses.....	<u>6,880</u>	<u>169</u>
Total Current Assets.....	<u>48,644</u>	<u>84,258</u>
Property and Equipment Net of Accumulated		
Depreciation of \$769,024 and \$729,857.....	<u>305,736</u>	<u>344,903</u>
<u>Other Assets</u>		
Cash - Restricted.....	968,647	-
Investments - Restricted.....	-	1,258,178
Contribution Receivable - Charitable Trust.....	65,211	85,820
Deferred Loan Fees at Cost, Less Accumulated Amortization of \$3,395 and \$3,003.....	<u>4,439</u>	<u>4,831</u>
Total Other Assets.....	<u>1,038,297</u>	<u>1,348,829</u>
TOTAL ASSETS.....	<u>\$ 1,392,677</u>	<u>\$ 1,777,990</u>

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

HiTOPS, INC.

STATEMENTS OF FINANCIAL POSITION

	June 30,	
	<u>2016</u>	<u>2015</u>
LIABILITIES AND NET ASSETS		
<u>Current Liabilities</u>		
Accounts Payable and Accrued Expenses.....	\$ 64,459	\$ 83,786
Capital Lease Obligation, Current Portion.....	-	299
Current Maturities of Long Term Debt.....	55,713	60,934
Deferred Revenue.....	64,268	77,792
Refundable Advance.....	<u>15,720</u>	<u>26,357</u>
Total Current Liabilities.....	200,160	249,168
Long Term Debt, Net of Current Maturities.....	<u>315,796</u>	<u>361,316</u>
Total Liabilities.....	<u>515,956</u>	<u>610,484</u>
<u>Net Assets</u>		
Unrestricted (Deficit).....	(307,226)	(128,940)
Temporarily Restricted.....	15,100	127,599
Permanently Restricted.....	<u>1,168,847</u>	<u>1,168,847</u>
Total Net Assets.....	<u>876,721</u>	<u>1,167,506</u>
TOTAL LIABILITIES AND NET ASSETS.....	<u>\$ 1,392,677</u>	<u>\$ 1,777,990</u>

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

HiTOPS, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Support and Revenues</u>				
Education Fees, Services and and Government Grants.....	\$ 333,490	\$ -	\$ -	\$ 333,490
Contributions.....	105,083	-	-	105,083
General Operating and Foundation Grants.....	37,000	49,100	-	86,100
Community Event, Net of Direct Costs of \$84,947.....	137,781	-	-	137,781
Miscellaneous Income.....	17,794	-	-	17,794
Investment Income (Loss).....	711	(96,404)	-	(95,693)
Net Assets Released from Restrictions.....	<u>161,302</u>	<u>(161,302)</u>	<u>-</u>	<u>-</u>
Total Support and Revenues.....	<u>793,161</u>	<u>(208,606)</u>	<u>-</u>	<u>584,555</u>
<u>Expenses</u>				
Program Services:				
Human Services.....	530,732	-	-	530,732
Supporting Services:				
Management and General.....	116,409	-	-	116,409
Fundraising Expense.....	<u>228,199</u>	<u>-</u>	<u>-</u>	<u>228,199</u>
Total Expenses.....	<u>875,340</u>	<u>-</u>	<u>-</u>	<u>875,340</u>
Change in Net Assets.....	(82,179)	(208,606)	-	(290,785)
Net Assets (Deficit), Beginning of Year.....	(128,940)	127,599	1,168,847	1,167,506
Transfer of Net Assets.....	<u>(96,107)</u>	<u>96,107</u>	<u>-</u>	<u>-</u>
Net Assets (Deficit), End of Year.....	<u>\$ (307,226)</u>	<u>\$ 15,100</u>	<u>\$ 1,168,847</u>	<u>\$ 876,721</u>

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

HiTOPS, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Support and Revenues</u>				
Education Fees, Services and and Government Grants.....	\$ 376,595	\$ -	\$ -	\$ 376,595
Clinical Fees and Contracted Services.....	23,502	-	-	23,502
Contributions.....	133,429	-	-	133,429
General Operating and Foundation Grants.....	39,715	82,900	-	122,615
Community Event, Net of Direct Costs of \$108,439.....	107,601	-	-	107,601
Miscellaneous Income.....	1,257	-	-	1,257
Investment Income (Loss).....	80	(10,028)	-	(9,948)
Net Assets Released from Restrictions.....	<u>164,632</u>	<u>(164,632)</u>	<u>-</u>	<u>-</u>
Total Support and Revenues.....	<u>846,811</u>	<u>(91,760)</u>	<u>-</u>	<u>755,051</u>
<u>Expenses</u>				
Program Services:				
Human Services.....	630,063	-	-	630,063
Supporting Services:				
Management and General.....	75,413	-	-	75,413
Fundraising Expense.....	<u>200,003</u>	<u>-</u>	<u>-</u>	<u>200,003</u>
Total Expenses.....	<u>905,479</u>	<u>-</u>	<u>-</u>	<u>905,479</u>
Change in Net Assets.....	(58,668)	(91,760)	-	(150,428)
Net Assets (Deficit), Beginning of Year.....	(232,227)	381,314	1,168,847	1,317,934
Transfer of Net Assets.....	<u>161,955</u>	<u>(161,955)</u>	<u>-</u>	<u>-</u>
Net Assets (Deficit), End of Year.....	<u>\$ (128,940)</u>	<u>\$ 127,599</u>	<u>\$ 1,168,847</u>	<u>\$ 1,167,506</u>

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

HiTOPS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2016 Total</u>
<u>Personnel</u>				
Salaries.....	\$ 317,463	\$ 61,265	\$ 178,225	\$ 556,953
Payroll Taxes.....	26,096	5,036	14,651	45,783
Employee Benefits.....	<u>22,793</u>	<u>3,477</u>	<u>12,363</u>	<u>38,633</u>
Total Personnel.....	<u>366,352</u>	<u>69,778</u>	<u>205,239</u>	<u>641,369</u>
<u>Operating Expenses</u>				
Advertising.....	90	210	-	300
Bank Fees.....	810	917	1,233	2,960
Board.....	-	3,824	-	3,824
Consultants.....	11,500	1,027	-	12,527
Copier.....	6,197	1,549	-	7,746
Depreciation and Amortization.....	31,647	7,912	-	39,559
Food and Facilities.....	1,318	489	10,900	12,707
Insurance.....	12,728	3,182	-	15,910
Interest.....	10,168	2,542	-	12,710
Licenses and Fees.....	200	-	-	200
Memberships and Subscriptions.....	650	340	506	1,496
Office Supplies and Other.....	8,141	2,035	-	10,176
Payroll Service.....	3,981	995	-	4,976
Postage and Delivery.....	752	170	1,008	1,930
Printing.....	9,259	2,315	-	11,574
Professional Fees.....	9,445	6,050	8,746	24,241
Program Material.....	2,052	-	-	2,052
Property Taxes.....	190	38	107	335
Repairs and Maintenance.....	36,049	9,012	-	45,061
Staff Development.....	55	-	460	515
Telephone/DSL.....	5,886	1,472	-	7,358
Travel.....	8,672	1,404	-	10,076
Utilities.....	<u>4,590</u>	<u>1,148</u>	<u>-</u>	<u>5,738</u>
Total Operating Expenses.....	<u>164,380</u>	<u>46,631</u>	<u>22,960</u>	<u>233,971</u>
Total Expenses.....	<u>\$ 530,732</u>	<u>\$ 116,409</u>	<u>\$ 228,199</u>	<u>\$ 875,340</u>

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

HiTOPS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2015

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2015 Total</u>
<u>Personnel</u>				
Salaries.....	\$ 383,570	\$ 22,900	\$ 166,023	\$ 572,493
Payroll Taxes.....	31,882	1,903	13,800	47,585
Employee Benefits.....	<u>24,730</u>	<u>353</u>	<u>10,246</u>	<u>35,329</u>
Total Personnel.....	<u>440,182</u>	<u>25,156</u>	<u>190,069</u>	<u>655,407</u>
<u>Operating Expenses</u>				
Advertising.....	237	33	1,699	1,969
Bank Fees.....	1,027	578	716	2,321
Board.....	-	4,115	-	4,115
Consultants.....	11,000	4,412	-	15,412
Copier.....	6,995	1,749	-	8,744
Depreciation and Amortization.....	35,323	8,831	-	44,154
Food and Facilities.....	1,873	1,673	876	4,422
Insurance.....	18,304	4,576	-	22,880
Interest.....	11,348	2,837	-	14,185
Laboratory.....	2,953	-	-	2,953
Licenses and Fees.....	733	-	-	733
Medical Supplies.....	11,834	-	-	11,834
Memberships and Subscriptions.....	730	289	327	1,346
Office Supplies and Other.....	10,667	2,667	-	13,334
Payroll Service.....	3,813	953	-	4,766
Postage and Delivery.....	1,163	156	485	1,804
Printing.....	5,535	1,384	-	6,919
Professional Fees.....	11,722	1,944	5,434	19,100
Program Material.....	120	-	-	120
Property Taxes.....	133	28	78	239
Repairs and Maintenance.....	34,001	8,500	-	42,501
Staff Development.....	69	-	35	104
Telephone/DSL.....	6,425	1,606	-	8,031
Travel.....	6,390	2,054	284	8,728
Utilities.....	<u>7,486</u>	<u>1,872</u>	<u>-</u>	<u>9,358</u>
Total Operating Expenses.....	<u>189,881</u>	<u>50,257</u>	<u>9,934</u>	<u>250,072</u>
Total Expenses.....	<u>\$ 630,063</u>	<u>\$ 75,413</u>	<u>\$ 200,003</u>	<u>\$ 905,479</u>

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

HiTOPS, INC.

STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	<u>2016</u>	<u>2015</u>
Increase (Decrease) in Cash and Cash Equivalents:		
Cash Flows from Operating Activities:		
Cash Received from Grants and Donors.....	\$ 649,259	\$ 871,646
Cash Paid to Suppliers and Employees.....	(850,019)	(834,266)
Other Cash Receipts.....	17,794	1,257
Interest and Dividend Income.....	711	80
Interest Paid.....	(12,710)	(14,185)
Income Taxes Paid.....	<u>-</u>	<u>-</u>
Net Cash Provided by (Used in) Operating Activities.....	<u>(194,965)</u>	<u>24,532</u>
Cash Flows from Investing Activities:		
Proceeds from Sale of Investments.....	1,162,684	47,236
Deposits to Restricted Cash Accounts.....	<u>(968,647)</u>	<u>-</u>
Net Cash Provided by (Used in) Investing Activities.....	<u>194,037</u>	<u>47,236</u>
Cash Flows from Financing Activities:		
Principal Payments on Capital Lease.....	(299)	(3,408)
Principal Payments on Long Term Debt.....	<u>(50,741)</u>	<u>(40,649)</u>
Net Cash Provided by (Used in) Financing Activities.....	<u>(51,040)</u>	<u>(44,057)</u>
Net (Decrease) Increase in Cash and Cash Equivalents.....	(51,968)	27,711
Cash and Cash Equivalents at Beginning of Year.....	<u>51,968</u>	<u>24,257</u>
Cash and Cash Equivalents at End of Year.....	<u>\$ -</u>	<u>\$ 51,968</u>

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

HiTOPS, INC.

STATEMENTS OF CASH FLOWS

	Years Ended	
	June 30,	
	<u>2016</u>	<u>2015</u>
Reconciliation of Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Change in Net Assets.....	\$ (290,785)	\$ (150,428)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization.....	39,559	44,154
Net Realized and Unrealized (Gains) Losses.....	146,804	93,411
Reinvested Dividends in Investments.....	(51,310)	(83,619)
(Increase) Decrease in Operating Assets:		
Accounts Receivable.....	(8,640)	2,703
Contribution Receivable - Charitable Trust.....	19,606	18,653
Promises to Give.....	-	10,000
Government Receivable.....	-	13,230
Patient Receivables.....	-	1,185
Prepaid Expenses.....	(6,711)	4,625
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses.....	(19,327)	14,902
Deferred Revenue.....	(13,524)	29,359
Refundable Advance.....	<u>(10,637)</u>	<u>26,357</u>
Net Cash Provided by (Used in) Operating Activities.....	<u>\$ (194,965)</u>	<u>\$ 24,532</u>

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