

JOIN HANDS ESL

FINANCIAL STATEMENTS

December 31, 2018 and 2017



ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Directors
Join Hands ESL
East St. Louis, Illinois

We have audited the accompanying financial statements of Join Hands ESL (a nonprofit organization), which comprise the Statements of Assets, Liabilities, and Net Assets—Modified Cash Basis as of December 31, 2018 and 2017, and the related Statements of Support, Revenues, Expenses, and Other Changes in Net Assets—Modified Cash Basis, and Functional Expenses—Modified Cash Basis 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 the modified cash basis of accounting as described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 of 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 assets, liabilities, and net assets of Join Hands ESL as of December 31, 2018 and 2017, and its support, revenues, expenses, and other changes in net assets for the years then ended in accordance with the modified cash basis of accounting as described in Note A.

Basis of Accounting

We draw attention to Note A of the financial statements, which describe the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Zielinski & Associates

May 29, 2019

JOHN HANDS ESL

STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS—
MODIFIED CASH BASIS

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 72,249	\$ 39,689
Property and equipment (Note C) (net of accumulated depreciation)	<u>21,374</u>	<u>7,057</u>
TOTAL ASSETS	<u>\$ 93,623</u>	<u>\$ 46,746</u>
Net Assets		
Net assets without donor restrictions	\$ 80,863	\$ 46,746
Net assets with donor restrictions (Note E)	<u>12,760</u>	<u>-</u>
TOTAL NET ASSETS	<u>\$ 93,623</u>	<u>\$ 46,746</u>

JOIN HANDS ESL

STATEMENTS OF SUPPORT, REVENUES, EXPENSES AND OTHER CHANGES IN NET ASSETS—MODIFIED CASH BASIS

For the years ended December 31, 2018 and 2017

	2018	2017
Revenues		
Contributions—without donor restrictions	\$ 316,318	\$ 287,256
Contributions—with donor restrictions	32,125	-
Grants (Note D)	115,000	30,750
Miscellaneous	548	-
Donations in-kind	122,620	122,620
TOTAL REVENUES	586,611	440,626
Expenses		
Salaries and wages	212,549	117,824
Corporate expense	11,384	-
Bank fees	954	1,001
Building	5,037	10,658
Fieldtrips and events	21,487	12,805
Fundraising	5,611	-
Insurance	1,220	1,236
Mentoring	26,287	29,274
Office	10,031	10,088
Professional fees	-	1,787
Emergency assistance	24,608	28,983
Supplies	21,338	11,676
Transportation	2,100	6,851
Tuition	65,850	75,650
Utilities	279	4,982
Depreciation	3,224	243
Vehicles	2,988	-
Miscellaneous	2,167	7,787
Donations in-kind	122,620	122,620
TOTAL EXPENSES	539,734	443,465
CHANGES IN NET ASSETS	46,877	(2,839)
Net Assets, Beginning of Year	46,746	49,585
NET ASSETS, END OF YEAR	\$ 93,623	\$ 46,746

JOIN HANDS ESL

STATEMENT OF FUNCTIONAL EXPENSES—MODIFIED CASH BASIS

For the year ended December 31, 2018

	Program Services					Fundraising	Management and General	Total
	Youth Programs	Dream Path	Education	Ubuntu Center	Total Program			
Salaries and wages	-	\$ 85,251	\$ 20,953	-	\$ 106,204	\$ 85,082	\$ 21,263	\$ 212,549
Corporate expense	-	-	-	-	-	-	11,384	11,384
Bank fees	-	-	-	-	-	-	954	954
Building	-	-	-	\$ 5,037	5,037	-	-	5,037
Fieldtrips and events	\$ 18,021	-	-	3,466	21,487	-	-	21,487
Fundraising	-	-	-	-	-	5,611	-	5,611
Insurance	-	-	-	1,220	1,220	-	-	1,220
Mentoring	-	26,287	-	-	26,287	-	-	26,287
Office	-	-	-	2,144	2,144	-	7,887	10,031
Professional fees	-	-	-	-	-	-	-	-0-
Emergency assistance	-	24,608	-	-	24,608	-	-	24,608
Supplies	-	-	17,297	4,041	21,338	-	-	21,338
Transportation	-	-	2,100	-	2,100	-	-	2,100
Tuition	-	-	65,850	-	65,850	-	-	65,850
Utilities	-	-	-	279	279	-	-	279
Depreciation	-	-	-	-	-	-	3,224	3,224
Vehicles	-	-	-	-	-	-	2,988	2,988
Donations in-kind	42,265	59,243	1,485	14,363	117,356	1,815	3,449	122,620
Miscellaneous	-	-	-	-	-	2,167	-	2,167
TOTAL	\$ 60,286	\$ 195,389	\$ 107,685	\$ 30,550	\$ 393,910	\$ 94,675	\$ 51,149	\$ 539,734

JOIN HANDS ESL

STATEMENT OF FUNCTIONAL EXPENSES—MODIFIED CASH BASIS

For the year ended December 31, 2017

	<u>Program Services</u>					<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
	<u>Youth Programs</u>	<u>Dream Path</u>	<u>Education</u>	<u>Ubuntu Center</u>	<u>Total Program</u>			
Salaries and wages	\$ 34,909	\$ 34,909	-	\$ 9,091	\$ 78,909	\$ 33,634	\$ 5,281	\$ 117,824
Corporate expense	-	-	-	-	-	-	-	-0-
Bank fees	-	-	-	-	-	-	1,001	1,001
Building	-	-	-	10,658	10,658	-	-	10,658
Fieldtrips and events	11,960	-	-	845	12,805	-	-	12,805
Fundraising	-	-	-	-	-	-	-	-0-
Insurance	-	-	-	1,236	1,236	-	-	1,236
Mentoring	-	29,274	-	-	29,274	-	-	29,274
Office	-	-	-	1,722	1,722	-	8,366	10,088
Professional fees	-	-	-	1,787	1,787	-	-	1,787
Emergency assistance	-	28,983	-	-	28,983	-	-	28,983
Supplies	-	9,663	-	2,013	11,676	-	-	11,676
Transportation	-	6,851	-	-	6,851	-	-	6,851
Tuition	-	75,650	-	-	75,650	-	-	75,650
Utilities	-	-	-	4,982	4,982	-	-	4,982
Depreciation	-	-	-	-	-	-	243	243
Donations in-kind	42,265	59,243	\$ 1,485	14,363	117,356	1,815	3,449	122,620
Miscellaneous	-	-	-	533	533	7,254	-	7,787
TOTAL	<u>\$ 89,134</u>	<u>\$ 244,573</u>	<u>\$ 1,485</u>	<u>\$ 47,230</u>	<u>\$ 382,422</u>	<u>\$ 42,703</u>	<u>\$ 18,340</u>	<u>\$ 443,465</u>

JOIN HANDS ESL

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The financial statements include the assets, liabilities, net assets, and financial activities of Join Hands ESL (the Organization), which is a private not-for-profit Organization established in 1990. The Organization was founded under the values of love, family, compassion, empowerment, education, success, hope, opportunity, support, friendship, respect, and laughter to serve underprivileged children in East St. Louis. The Organization walks in solidarity with those they serve, showing love and compassion to those in need, and affirming and reflecting the beauty and potential of each individual. By building personal relationships with children and families through its youth programming, mentoring programs, and the Ubuntu Center for Peace; the Organization prioritizes and supports the pursuit of education as a pathway out of poverty.

Basis of Accounting

These financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis of accounting, support and revenue are recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred.

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets with donor restrictions—net assets that are subject to donor-imposed stipulations, whether due to purpose or time.

Net assets without donor restrictions—net assets that are not subject to donor-imposed stipulations.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and savings accounts. At times, cash may be in excess of the FDIC limit.

Property and Equipment

Property and equipment are carried at cost and depreciated using the straight-line method over their estimated useful lives. Donated property and equipment are recorded at estimated fair value as of the date of transfer. Expenditures for property, plant, and equipment in excess of \$5,000 are capitalized. Maintenance and repairs are charged to expense as incurred. When assets are sold, or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any gain or loss arising from such disposition is included as income or expense in the year in which it sold.

JOIN HANDS ESL

NOTES TO FINANCIAL STATEMENTS *(Continued)*

December 31, 2018 and 2017

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization is required to file Form 990, Return of Organization Exempt from Income Taxes. The returns for the years ended December 31, 2018, 2017, and 2016 are subject to examination generally for three years after they were filed. The Organization does not believe it has any uncertain tax positions and, accordingly, they will not recognize any liability for them.

Use of Estimates

In preparing the Organization's financial statements, management is required 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the Statements of Support, Revenues, Expenses, and Other Changes in Net Assets—Modified Cash Basis. The Statements of Functional Expenses—Modified Cash Basis present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 29, 2019, the date the financial statements were available to be issued.

NOTE B—LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure; that is, without donor or other restrictions limiting their use, within one year of the balance sheet date are comprised of the following:

Cash	<u>\$ 59,489</u>
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JOIN HANDS ESL

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2018 and 2017

NOTE C—PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Vehicles	\$ 24,841	\$ 7,300
Less: accumulated depreciation	<u>(3,467)</u>	<u>(243)</u>
	<u>\$ 21,374</u>	<u>\$ 7,057</u>

Depreciation expenses were \$3,224 and \$243 for the years ended December 31, 2018 and 2017.

NOTE D—GRANTS

The Organization was the recipient of the following grants in 2018 and 2017. Funds received from these grants, and included in the Statements of Support, Revenues, Expenses, and Other Changes in Net Assets—Modified Cash Basis under grants, totaled the following for the year ended December 31:

	<u>2018</u>	<u>2017</u>
MMI/Compassion in Action	\$ 112,500	\$ 18,750
Old Newsboys	2,500	-
Incarnate Word Foundation	-	7,000
Insurance Industry Charitable Foundation	<u>-</u>	<u>5,000</u>
	<u>\$ 115,000</u>	<u>\$ 30,750</u>

NOTE E—NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods.

Subject to expenditure for specified purpose:

	<u>2018</u>
Martial arts	\$ 12,260
Financial literacy	<u>500</u>
	<u>\$ 12,760</u>

JOIN HANDS ESL

NOTES TO FINANCIAL STATEMENTS (*Continued*)

December 31, 2018 and 2017

NOTE F—TAX CREDIT SCHOLARSHIP PROGRAM

The Organization is a qualified Scholarship Granting Organization (SGO) and participates in the Illinois Invest in Kids Scholarship Tax Credit Program. This program offers a 75 percent income tax credit to individuals and businesses that contribute to SGOs. As an SGO, the Organization provides scholarships for students whose families meet the income requirements to attend qualified, non-public schools in Illinois.

Program revenues were \$100 for the year ended December 31, 2018.

NOTE G—RECLASSIFICATION

As of December 31, 2017, certain balances have been reclassified for comparative purposes.