

JOIN HANDS ESL

FINANCIAL STATEMENTS

December 31, 2020 and 2019



ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

JOIN HANDS ESL

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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 Financial Position as of December 31, 2020 and 2019, 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 financial statements referred to above present fairly, in all material respects, the financial position of Join Hands ESL as of December 31, 2020 and 2019, 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. As stated in Note A, the organization has changed to a full accrual basis of accounting from a modified cash basis.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Join Hands, ESL and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 these 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 Join Hands ESL's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

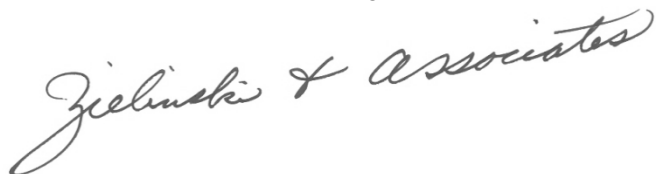
Auditor's Responsibilities for the Audit of the Financial Statements

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 auditor's 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 generally accepted auditing standards 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, including omissions, 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 on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 audits 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 Join Hands ESL'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 Join Hands ESL'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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.



May 15, 2021

JOHN HANDS ESL

STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

	GAAP Basis 2020	Modified Cash Basis 2019
	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 217,380	\$ 78,051
Pledges receivable, net of allowance (Note F)	153,959	215,575
Accounts receivable	24,017	-
Grants receivable	-	27,309
Prepaid expenses	525	-
Property and equipment (Note C) (net of accumulated depreciation)	<u>12,787</u>	<u>16,974</u>
TOTAL ASSETS	<u>\$ 408,668</u>	<u>\$ 337,909</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 17,835	\$ 6,106
Accrued expenses	<u>14,243</u>	<u>-</u>
TOTAL LIABILITIES	<u>32,078</u>	<u>6,106</u>
Net assets		
Without donor restrictions	351,842	320,318
With donor restrictions (Note E)	<u>24,748</u>	<u>11,485</u>
TOTAL NET ASSETS	<u>376,590</u>	<u>331,803</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 408,668</u>	<u>\$ 337,909</u>

JOIN HANDS ESL

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2020 and 2019

	Without Donor Restrictions		With Donor Restrictions		Total	
	GAAP Basis 2020	Modified Cash Basis 2019	GAAP Basis 2020	Modified Cash Basis 2019	GAAP Basis 2020	Modified Cash Basis 2019
Revenues						
Contributions—without donor restrictions	\$ 472,760	\$ 529,798	-	-	\$ 472,760	\$ 529,798
Contributions—with donor restrictions	-	-	\$ 22,000	\$ 78,550	22,000	78,550
Grants (Note D)	224,418	107,309	-	-	224,418	107,309
Miscellaneous	2,424	3,195	-	-	2,424	3,195
Donations in-kind	71,079	91,088	-	-	71,079	91,088
Net assets released from restrictions	8,737	79,825	(8,737)	(79,825)	-0-	-0-
TOTAL REVENUES	<u>779,418</u>	<u>811,215</u>	<u>13,263</u>	<u>(1,275)</u>	<u>792,681</u>	<u>809,940</u>
Expenses						
Salaries and payroll taxes	414,832	224,882	-	-	414,832	224,882
Corporate expense	10,760	5,332	-	-	10,760	5,332
Bank fees	4,880	439	-	-	4,880	439
Building	34,380	13,537	-	-	34,380	13,537
Fieldtrips and events	39,572	41,380	-	-	39,572	41,380
Fundraising	7,469	16,920	-	-	7,469	16,920
Insurance	2,936	3,877	-	-	2,936	3,877
Mentoring	-	35,438	-	-	-0-	35,438
Peace Warrior Program	-	25,063	-	-	-0-	25,063
Office	9,345	12,752	-	-	9,345	12,752
Emergency assistance	27,891	19,351	-	-	27,891	19,351
Supplies	36,984	1,939	-	-	36,984	1,939
Professional fees	15,121	3,748	-	-	15,121	3,748
Transportation	4,109	4,347	-	-	4,109	4,347
Tuition	64,716	62,357	-	-	64,716	62,357
Utilities	10,629	3,845	-	-	10,629	3,845
Depreciation	4,187	4,400	-	-	4,187	4,400
Vehicles	2,610	900	-	-	2,610	900
Miscellaneous	29,900	165	-	-	29,900	165
Donations in-kind	71,079	91,088	-	-	71,079	91,088
TOTAL EXPENSES	<u>791,400</u>	<u>571,760</u>	<u>-</u>	<u>-</u>	<u>791,400</u>	<u>571,760</u>
CHANGES IN NET ASSETS BEFORE OTHER CHANGES	<u>(11,982)</u>	<u>239,455</u>	<u>13,263</u>	<u>(1,275)</u>	<u>1,281</u>	<u>238,180</u>
Other Changes						
PPP loan and interest forgiveness (Note H)	43,506	-	-	-	43,506	-0-
TOTAL OTHER CHANGES	<u>43,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,506</u>	<u>-0-</u>
CHANGE IN NET ASSETS	<u>31,524</u>	<u>239,455</u>	<u>13,263</u>	<u>(1,275)</u>	<u>44,787</u>	<u>238,180</u>
Net Assets, Beginning of Year	<u>320,318</u>	<u>80,863</u>	<u>11,485</u>	<u>12,760</u>	<u>331,803</u>	<u>93,623</u>
NET ASSETS, END OF YEAR	<u>\$ 351,842</u>	<u>\$ 320,318</u>	<u>\$ 24,748</u>	<u>\$ 11,485</u>	<u>\$ 376,590</u>	<u>\$ 331,803</u>

See notes to financial statements.

JOIN HANDS ESL

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2020

	GAAP Basis							
	Program Services				Management and General			
	Youth Programs	Dream Path	Education	Ubuntu Center	Total Program	Fundraising	General	Total
Salaries and wages	\$ 6,652	\$ 239,265	\$ 39,824	\$ 27,182	\$ 312,923	\$ 82,392	\$ 19,517	\$ 414,832
Corporate expenses	23	1,121	156	143	1,443	401	8,916	10,760
Bank fees	-	-	-	-	-	3,406	1,474	4,880
Building	14	26,436	86	7,621	34,157	187	36	34,380
Fieldtrips and events	12,523	23,054	61	3,934	39,572	-	-	39,572
Fundraising	-	-	-	-	-	7,469	-	7,469
Insurance	-	390	-	865	1,255	-	1,681	2,936
Office	413	2,573	-	-	2,986	4,020	2,339	9,345
Professional fees	-	3,521	-	-	3,521	410	11,190	15,121
Emergency assistance	-	27,281	610	-	27,891	-	-	27,891
Supplies	345	3,744	27,560	2,346	33,995	453	2,536	36,984
Transportation	2	743	2,574	295	3,614	26	469	4,109
Tuition	-	-	64,716	-	64,716	-	-	64,716
Utilities	-	3,981	450	6,198	10,629	-	-	10,629
Depreciation	69	2,329	418	286	3,102	911	174	4,187
Vehicles	-	2,587	23	-	2,610	-	-	2,610
Donations in-kind	20,641	37,258	-	9,498	67,397	-	3,682	71,079
Miscellaneous	-	-	-	-	-	29,900	-	29,900
TOTAL	<u>\$ 40,682</u>	<u>\$ 374,283</u>	<u>\$ 136,478</u>	<u>\$ 58,368</u>	<u>\$ 609,811</u>	<u>\$ 129,575</u>	<u>\$ 52,014</u>	<u>\$ 791,400</u>

JOIN HANDS ESL

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2019

	Modified Cash Basis							
	Program Services					Management and General		
	Youth Programs	Dream Path	Education	Ubuntu Center	Total Program	Fundraising	General	Total
Salaries and payroll taxes	-	\$ 97,397	\$ 25,200	-	\$ 122,597	\$ 75,000	\$ 27,285	\$ 224,882
Corporate expense	-	-	-	-	-	-	5,332	5,332
Bank fees	-	-	-	-	-	-	439	439
Building	-	-	-	\$ 13,537	13,537	-	-	13,537
Fieldtrips and events	\$ 33,827	-	-	7,553	41,380	-	-	41,380
Fundraising	-	-	-	-	-	16,920	-	16,920
Insurance	-	-	-	3,877	3,877	-	-	3,877
Mentoring	-	35,438	-	-	35,438	-	-	35,438
Peace Warrior Program	-	25,063	-	-	25,063	-	-	25,063
Office	-	-	-	3,838	3,838	-	8,914	12,752
Emergency assistance	-	19,351	-	-	19,351	-	-	19,351
Supplies	-	-	-	1,939	1,939	-	-	1,939
Professional fees	-	-	-	-	-	-	3,748	3,748
Transportation	-	-	4,347	-	4,347	-	-	4,347
Tuition	-	-	62,357	-	62,357	-	-	62,357
Utilities	-	-	-	3,845	3,845	-	-	3,845
Depreciation	-	-	-	-	-	-	4,400	4,400
Vehicles	-	-	-	-	-	-	900	900
Donations in-kind	37,917	34,147	-	11,632	83,696	1,815	5,577	91,088
Miscellaneous	-	-	-	-	-	-	165	165
TOTAL	<u>\$ 71,744</u>	<u>\$ 211,396</u>	<u>\$ 91,904</u>	<u>\$ 46,221</u>	<u>\$ 421,265</u>	<u>\$ 93,735</u>	<u>\$ 56,760</u>	<u>\$ 571,760</u>

JOIN HANDS, ESL

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2020 and 2019

	GAAP Basis 2020	Modified Cash Basis 2019
	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 44,787	\$ 238,180
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	4,187	4,400
Changes in:		
Pledges receivable	61,616	(215,575)
Grants receivable	27,309	(27,309)
Accounts receivable	(24,017)	-
Prepaid expenses	(525)	-
Accounts payable	11,729	6,106
Accrued expenses	<u>14,243</u>	<u>-</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>139,329</u>	<u>5,802</u>
Cash Flows from Investing Activities		
Property, plant, and equipment—net	<u>-</u>	<u>-</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE IN CASH	139,329	5,802
Cash and Cash Equivalents, Beginning of Year	<u>78,051</u>	<u>72,249</u>
NET CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 217,380</u>	<u>\$ 78,051</u>

JOIN HANDS ESL

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

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. The depth and breadth of Join Hands' programs are made possible because of dedicated volunteers who in 2019, collectively donated over 9,100 hours of their time to the mission and success of those we serve. Volunteers continued to support the work of Join Hands in 2020, but volunteer opportunities for 2020 were negatively impacted by the pandemic.

Basis of Accounting

For 2019, the financial statements were 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.

For 2020, the financial statements of the Organization have been prepared on the accrual basis of accounting. All titles of the financial statements and references to these statements are based on accrual accounting terminology.

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

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

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.

Contributions

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, 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.

JOIN HANDS ESL

NOTES TO FINANCIAL STATEMENTS *(Continued)*

December 31, 2020 and 2019

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

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.

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, 2020, 2019, and 2018 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 Functional Expenses. The Statements of Functional Expenses 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 15, 2021, the date the financial statements were available to be issued.

JOIN HANDS ESL

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020 and 2019

NOTE B—LIQUIDITY AND AVAILABILITY OF RESOURCES

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 and cash equivalents	\$	217,380
Pledges receivable		153,959
Grants receivable		24,017
Less: Accounts payable and accrued expenses		(32,078)
Less: Net assets with donor restrictions		<u>(24,748)</u>
Total Financial Assets Available to Management for General Expenditure Within One Year	\$	<u>338,530</u>

NOTE C—PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2020 and 2019 consisted of the following:

	GAAP Basis 2020	Modified Cash Basis 2019
Vehicles	\$ 24,841	\$ 24,841
Less: accumulated depreciation	<u>(12,054)</u>	<u>(7,867)</u>
	<u>\$ 12,787</u>	<u>\$ 16,974</u>

Depreciation expenses were \$4,187 and \$4,400 for the years ended December 31, 2020 and 2019.

NOTE D—GRANTS

The Organization was the recipient of the following grants in 2020 and 2019. Funds received from these grants, and included in the Statements of Activities under grants, totaled the following for the year ended December 31:

	GAAP Basis 2020	Modified Cash Basis 2019
MMI/Compassion in Action	\$ 50,000	\$ 75,000
Incarnate Word Foundation	5,000	5,000
CBCR	98,979	27,309
Deaconess Foundation	10,000	-
Dana Brown Charitable Grant	25,000	-
First United Methodist Grant	5,000	-
St. Louis Community Foundation	<u>30,439</u>	<u>-</u>
	<u>\$ 224,418</u>	<u>\$ 107,309</u>

JOIN HANDS ESL

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020 and 2019

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:

	GAAP Basis 2020	Modified Cash Basis 2019
Martial arts	\$ 9,903	\$ 11,485
Sr. Julia Scholarship	2,000	-
Healing IL Grant—salaries and consultant	<u>12,845</u>	<u>-</u>
	<u>\$ 24,748</u>	<u>\$ 11,485</u>

NOTE F—PLEDGES RECEIVABLE

The Organization has long-term pledges receivable which are shown with an allowance of \$9,827.

Amounts due in:

Less than one year	\$ 99,680
One to five years	<u>64,106</u>
	163,786
Less allowance	<u>(9,827)</u>
	<u>\$ 153,959</u>

NOTE G—COVID-19 GLOBAL PANDEMIC

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closing of businesses and has drastically affected the financial markets. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and the continued effect on the markets. Therefore, the Organization expects this matter to negatively impact its contribution income. The related financial impact and duration cannot be reasonably estimated at this time.

NOTE H—PAYCHECK PROTECTION PROGRAM

Because of the COVID-19 pandemic, the Organization applied for and received a Paycheck Protection Program (PPP) loan from the U.S. Federal Government Coronavirus Aid, Relief, and Economic Security (CARES) Act on May 1, 2020 to help pay for the salaries of its employees. The loan totaled \$43,241. The funds were expended prior to December 31, 2020. The loan and interest of \$265 were forgiven on December 11, 2020 as the conditions were met for forgiveness. The funds expended are included in the Statement of Activities under salaries and payroll taxes.

JOIN HANDS ESL

NOTES TO FINANCIAL STATEMENTS (*Continued*)

December 31, 2020 and 2019

NOTE I—SUBSEQUENT EVENTS

The Organization applied for and received a second Paycheck Protection Program loan on February 19, 2021 in the amount of \$60,185. It is expected that this loan will also be forgiven.

NOTE J—RECLASSIFICATION

As of December 31, 2019, certain balances have been reclassified for comparative purposes.