

JOIN HANDS ESL, INC.

FINANCIAL STATEMENTS

*For the Period Ended June 30, 2022 and the
Year Ended December 31, 2021*



ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

JOIN HANDS ESL, INC.

FINANCIAL STATEMENTS

*For the Period Ended June 30, 2022 and the
Year Ended December 31, 2021*

JOIN HANDS ESL, INC.

FINANCIAL STATEMENTS

*For the Period Ended June 30, 2022 and the
Year Ended December 31, 2021*

Table of Contents

Independent Auditor's Report	Page 1
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8



ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

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

We have audited the accompanying financial statements of Join Hands ESL, Inc. (a nonprofit organization), which comprise the Statements of Financial Position for the period ended June 30, 2022, and the related Statements of Activities, Functional Expenses, and Cash Flows for the period ended, and the related notes to the financial statements. We also audited the financial statements for the year ended December 31, 2021 which comprised the Statements of Financial Position, Statements of Activities, Functional Expenses and Cash Flows for the year 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, Inc. for the period ended June 30, 2022, and the changes in its net assets and its cash flows for the period then ended and the financial position for the year ended December 31, 2021 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.

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, Inc. 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.

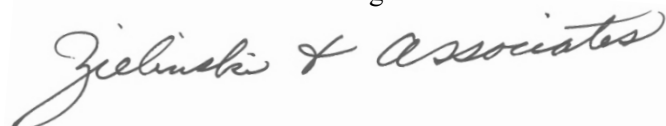
Auditor's Responsibilities for the Audit of the Financial Statements

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.



April 25, 2023

JOHN HANDS ESL, INC.

STATEMENTS OF FINANCIAL POSITION

For the period ended June 30, 2022 and the year ended December 31, 2021

	June 30, 2022 <u>(Six months)</u>	December 31, 2021 <u>(Twelve months)</u>
Assets		
Cash and cash equivalents	\$ 43,176	\$ 127,329
Pledges receivable, net of allowance (Note E)	62,969	102,146
Grants receivable	64,726	35,024
Accounts receivable	2,240	-
Prepaid expenses	19,831	2,362
Property and equipment (Note C) (net of accumulated depreciation)	<u>6,212</u>	<u>8,404</u>
TOTAL ASSETS	<u>\$ 199,154</u>	<u>\$ 275,265</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 2,909	\$ 14,781
Accrued payroll	16,544	17,380
Other accrued expenses	-	3,050
Deferred revenue	<u>42,622</u>	<u>-</u>
TOTAL LIABILITIES	<u>62,075</u>	<u>35,211</u>
Net assets		
Without donor restrictions	133,579	234,261
With donor restrictions (Note D)	<u>3,500</u>	<u>5,793</u>
TOTAL NET ASSETS	<u>137,079</u>	<u>240,054</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 199,154</u>	<u>\$ 275,265</u>

JOIN HANDS ESL, INC.

STATEMENTS OF ACTIVITIES

For the period ended June 30, 2022 and the year ended December 31, 2021

	<u>June 30, 2022 (Six months)</u>			<u>December 31, 2021 (Twelve months)</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues						
Contributions—without donor restrictions	\$ 226,349	-	\$ 226,349	\$ 629,925	-	\$ 629,925
Contributions—with donor restrictions	-	-	-0-	-	\$ 1,500	1,500
Miscellaneous	1,254	-	1,254	1,625	-	1,625
Donations in-kind	65,878	-	65,878	69,620	-	69,620
Net assets released from restrictions	<u>2,293</u>	<u>\$ (2,293)</u>	<u>-0-</u>	<u>20,455</u>	<u>(20,455)</u>	<u>-0-</u>
TOTAL REVENUES	<u>295,774</u>	<u>(2,293)</u>	<u>293,481</u>	<u>721,625</u>	<u>(18,955)</u>	<u>702,670</u>
Expenses						
Program services	312,290	-	312,290	720,623	-	720,623
Management and general	26,580	-	26,580	66,094	-	66,094
Fundraising	<u>57,586</u>	<u>-</u>	<u>57,586</u>	<u>113,167</u>	<u>-</u>	<u>113,167</u>
TOTAL EXPENSES	<u>396,456</u>	<u>-</u>	<u>396,456</u>	<u>899,884</u>	<u>-</u>	<u>899,884</u>
CHANGES IN NET ASSETS BEFORE OTHER CHANGES	<u>(100,682)</u>	<u>(2,293)</u>	<u>(102,975)</u>	<u>(178,259)</u>	<u>(18,955)</u>	<u>(197,214)</u>
Other Changes						
PPP loan and interest forgiveness (Note F)	<u>-</u>	<u>-</u>	<u>-0-</u>	<u>60,678</u>	<u>-</u>	<u>60,678</u>
TOTAL OTHER CHANGES	<u>-</u>	<u>-</u>	<u>-0-</u>	<u>60,678</u>	<u>-</u>	<u>60,678</u>
CHANGE IN NET ASSETS	<u>(100,682)</u>	<u>(2,293)</u>	<u>(102,975)</u>	<u>(117,581)</u>	<u>(18,955)</u>	<u>(136,536)</u>
Net Assets, Beginning of Period	<u>234,261</u>	<u>5,793</u>	<u>240,054</u>	<u>351,842</u>	<u>24,748</u>	<u>376,590</u>
NET ASSETS, END OF PERIOD	<u>\$ 133,579</u>	<u>\$ 3,500</u>	<u>\$ 137,079</u>	<u>\$ 234,261</u>	<u>\$ 5,793</u>	<u>\$ 240,054</u>

JOIN HANDS ESL, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the period ended June 30, 2022

	Program Services					Fundraising	Management and General	Total	
	Youth Programs	Dream Path	Teen Mentoring	Education	Ubuntu Center				Total Program
Salaries and wages	-	\$ 32,339	\$ 74,371	\$ 27,376	\$ 54,066	\$ 188,152	\$ 51,790	\$ 5,065	245,007
Corporate expenses	-	-	-	-	-	-	-	-	-0-
Bank fees	-	-	-	-	-	-	2,026	420	2,446
Building	-	3,147	6,650	-	1,384	11,181	-	130	11,311
Fieldtrips and events	\$ 4,395	874	5,640	-	3,111	14,020	-	-	14,020
Fundraising	-	-	-	-	-	-	1,246	-	1,246
Insurance	-	1,501	-	-	935	2,436	-	1,867	4,303
Office	-	150	-	-	10	160	1,668	437	2,265
Professional fees	-	-	-	-	-	-	-	8,400	8,400
Emergency assistance	-	2,394	-	-	-	2,394	-	-	2,394
Supplies	-	414	1,317	-	872	2,603	344	485	3,432
Transportation	-	284	833	-	29	1,146	43	329	1,518
Tuition	-	-	-	16,916	-	16,916	-	-	16,916
Utilities	-	-	8,247	-	4,992	13,239	-	-	13,239
Depreciation	-	-	-	1,702	-	1,702	469	21	2,192
Vehicles	-	1,550	11	-	-	1,561	-	270	1,831
Donations in-kind	10,880	13,700	5,500	-	26,700	56,780	-	9,100	65,880
Miscellaneous	-	-	-	-	-	-	-	56	56
TOTAL	<u>\$ 15,275</u>	<u>\$ 56,353</u>	<u>\$ 102,569</u>	<u>\$ 45,994</u>	<u>\$ 92,099</u>	<u>\$ 312,290</u>	<u>\$ 57,586</u>	<u>\$ 26,580</u>	<u>\$ 396,456</u>

JOIN HANDS ESL, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2021

	Program Services					Fundraising	Management and General	Total	
	Youth Programs	Dream Path	Teen Mentoring	Education	Ubuntu Center				Total Program
Salaries and wages	\$ 9,638	\$ 317,556	-	\$ 43,334	\$ 106,830	\$ 477,358	\$ 89,137	\$ 18,833	\$ 585,328
Corporate expenses	-	195	-	-	-	195	1	576	772
Bank fees	-	-	-	-	-	-	3,001	1,474	4,475
Building	-	8,165	\$ 11,600	-	2,193	21,958	-	1,012	22,970
Fieldtrips and events	9,775	5,655	21,584	-	191	37,205	-	-	37,205
Fundraising	-	-	-	-	-	-	16,896	108	17,004
Insurance	-	-	-	-	1,881	1,881	-	8,397	10,278
Office	110	250	581	-	165	1,106	3,005	3,946	8,057
Professional fees	-	2,055	380	-	-	2,435	-	20,563	22,998
Emergency assistance	78	16,236	375	320	397	17,406	-	807	18,213
Supplies	31	3,906	6,910	-	2,454	13,301	1,070	5,283	19,654
Transportation	-	3,485	1,185	-	181	4,851	9	3,936	8,796
Tuition	-	-	-	47,164	-	47,164	-	-	47,164
Utilities	-	-	12,842	-	9,823	22,665	-	-	22,665
Depreciation	-	-	-	4,318	-	4,318	48	17	4,383
Vehicles	-	-	-	-	-	-	-	302	302
Donations in-kind	1,920	59,820	7,040	-	-	68,780	-	840	69,620
Miscellaneous	-	-	-	-	-	-	-	-	-0-
TOTAL	<u>\$ 21,552</u>	<u>\$ 417,323</u>	<u>\$ 62,497</u>	<u>\$ 95,136</u>	<u>\$ 124,115</u>	<u>\$ 720,623</u>	<u>\$ 113,167</u>	<u>\$ 66,094</u>	<u>\$ 899,884</u>

JOIN HANDS ESL, INC.

STATEMENTS OF CASH FLOWS

For the period ended June 30, 2022 and the year ended December 31, 2021

	June 30, 2022 <u>(Six months)</u>	December 31, 2021 <u>(Twelve months)</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ (102,975)	\$ (136,536)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	2,192	4,384
Changes in:		
Pledges receivable	39,177	51,813
Grants receivable	(29,702)	(11,007)
Accounts receivable	(2,240)	-
Prepaid expenses	(17,469)	(1,837)
Accounts payable	(11,872)	(3,055)
Accrued expenses	(3,886)	6,187
Deferred revenue	<u>42,622</u>	<u>-</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(84,153)</u>	<u>(90,051)</u>
NET DECREASE IN CASH	(84,153)	(90,051)
Cash and Cash Equivalents, Beginning of Period	<u>127,329</u>	<u>217,380</u>
NET CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 43,176</u>	<u>\$ 127,329</u>

JOIN HANDS ESL, INC.

NOTES TO FINANCIAL STATEMENTS

For the period ended June 30, 2022 and the year ended December 31, 2021

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The financial statements include the assets, liabilities, net assets, and financial activities of Join Hands ESL, Inc. (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 2022, collectively donated over 5,000 hours of their time to the mission and success of those we serve.

Change of Year End

The financial year end of the Organization was changed from December 31 to June 30 so as to better reflect the operating cycle. Accordingly, the current financial statements are prepared for 6 months from January 1, 2022 to June 30, 2022 and as a result, the comparative figures stated in the Statement of Financial Position, Statement of Activities, Statement of Functional Expenses and Statement of Cash Flows and them related notes are not comparable.

Basis of Presentation

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.

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, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

For the period ended June 30, 2022 and the year ended December 31, 2021

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, 2022, 2021, and 2020 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 April 25, 2023, the date the financial statements were available to be issued.

JOIN HANDS ESL, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

For the period ended June 30, 2022 and the year ended December 31, 2021

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:

	June 30, 2022
	<u>(Six months)</u>
Cash and cash equivalents	\$ 43,176
Pledges receivable, net of allowance	62,969
Accounts receivable	2,240
Grants receivable	64,726
Less: Liabilities	(62,075)
Less: Net assets with donor restrictions	<u>(3,500)</u>
Total Financial Assets Available to Management for General Expenditure Within One Year	<u>\$ 107,536</u>

As the pandemic restrictions have eased, Join Hands has placed a concerted effort in building a professional and community-oriented team to provide the experience and skillsets necessary for continued program and fundraising growth. In addition, the Join Hands April 2023 Gala as well as approval of an additional year of funding for two current grants will help stabilize cash flow.

NOTE C—PROPERTY AND EQUIPMENT

Property and equipment for the period ended June 30, 2022 consisted of the following:

	June 30, 2022	December 31, 2021
	<u>(Six months)</u>	<u>(Twelve months)</u>
Vehicles	\$ 24,841	\$ 24,841
Less: accumulated depreciation	<u>(18,629)</u>	<u>(16,437)</u>
	<u>\$ 6,212</u>	<u>\$ 8,404</u>

Depreciation expense was \$2,192 for the period ended June 30, 2022.

NOTE D—NET ASSETS WITH DONOR RESTRICTIONS

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

	June 30, 2022	December 31, 2021
	<u>(Six months)</u>	<u>(Twelve months)</u>
Martial arts	-	\$ 2,293
Sr. Julia Scholarship	\$ 2,000	2,000
Childcare Plan	<u>1,500</u>	<u>1,500</u>
	<u>\$ 3,500</u>	<u>\$ 5,793</u>

JOIN HANDS ESL, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

For the period ended June 30, 2022 and the year ended December 31, 2021

NOTE E—PLEDGES RECEIVABLE

The Organization has long-term pledges receivable which are shown with an allowance of \$4,019.

Amounts due in:

Less than one year	\$ 66,988
Less allowance	<u>(4,019)</u>
	<u>\$ 62,969</u>

NOTE F—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 February 19, 2021, a PPP loan was received in the amount of \$60,185. The loan and interest of \$493 was forgiven on December 15, 2021 and the funds expended are included in the Statement of Activities under salaries and payroll taxes.

NOTE G—IN-KIND DONATIONS

In-kind donations received in fiscal year 2022 were:

Supplies	\$ 14,400
Professional services	<u>51,480</u>
	<u>\$ 65,880</u>