

JOIN HANDS ESL

FINANCIAL STATEMENTS

December 31, 2019 and 2018



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 Assets, Liabilities, and Net Assets—Modified Cash Basis as of December 31, 2019 and 2018, 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, 2019 and 2018, 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

June 17, 2020

JOHN HANDS ESL

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

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 78,051	\$ 72,249
Pledges receivable, net of allowance	215,575	-
Grants receivable	27,309	-
Property and equipment (Note C) (net of accumulated depreciation)	<u>16,974</u>	<u>21,374</u>
TOTAL ASSETS	<u>\$ 337,909</u>	<u>\$ 93,623</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	<u>\$ 6,106</u>	<u>-</u>
TOTAL LIABILITIES	<u>6,106</u>	<u>-</u>
Net assets		
Without donor restrictions	320,318	\$ 80,863
With donor restrictions (Note E)	<u>11,485</u>	<u>12,760</u>
TOTAL NET ASSETS	<u>331,803</u>	<u>93,623</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 337,909</u>	<u>\$ 93,623</u>

JOIN HANDS ESL

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

For the years ended December 31, 2019 and 2018

	Without Donor Restrictions		With Donor Restrictions		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Contributions—without donor restrictions	\$ 529,798	\$ 316,318	-	-	\$ 529,798	\$ 316,318
Contributions—with donor restrictions	-	-	\$ 78,550	\$ 32,125	78,550	32,125
Grants (Note D)	107,309	115,000	-	-	107,309	115,000
Miscellaneous	3,195	548	-	-	3,195	548
Donations in-kind	91,088	122,620	-	-	91,088	122,620
Net assets released from restrictions	<u>79,825</u>	<u>19,365</u>	<u>(79,825)</u>	<u>(19,365)</u>	<u>-0-</u>	<u>-0-</u>
TOTAL REVENUES	<u>811,215</u>	<u>573,851</u>	<u>(1,275)</u>	<u>12,760</u>	<u>809,940</u>	<u>586,611</u>
Expenses						
Salaries and payroll taxes	224,882	212,549	-	-	224,882	212,549
Corporate expense	9,080	11,384	-	-	9,080	11,384
Bank fees	439	954	-	-	439	954
Building	13,537	5,037	-	-	13,537	5,037
Fieldtrips and events	41,380	21,487	-	-	41,380	21,487
Fundraising	15,604	5,611	-	-	15,604	5,611
Insurance	1,472	1,220	-	-	1,472	1,220
Mentoring	35,438	26,287	-	-	35,438	26,287
Peace Warrior Program	25,063	-	-	-	25,063	-0-
Office	12,908	10,031	-	-	12,908	10,031
Emergency assistance	19,351	24,608	-	-	19,351	24,608
Supplies	22,315	21,338	-	-	22,315	21,338
Transportation	4,347	2,100	-	-	4,347	2,100
Tuition	41,981	65,850	-	-	41,981	65,850
Utilities	3,845	279	-	-	3,845	279
Depreciation	4,400	3,224	-	-	4,400	3,224
Vehicles	3,305	2,988	-	-	3,305	2,988
Miscellaneous	1,325	2,167	-	-	1,325	2,167
Donations in-kind	<u>91,088</u>	<u>122,620</u>	<u>-</u>	<u>-</u>	<u>91,088</u>	<u>122,620</u>
TOTAL EXPENSES	<u>571,760</u>	<u>539,734</u>	<u>-</u>	<u>-</u>	<u>571,760</u>	<u>539,734</u>
CHANGES IN NET ASSETS	239,455	34,117	(1,275)	12,760	238,180	46,877
Net Assets, Beginning of Year	<u>80,863</u>	<u>46,746</u>	<u>12,760</u>	<u>-</u>	<u>93,623</u>	<u>46,746</u>
NET ASSETS, END 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>

See notes to financial statements.

JOIN HANDS ESL

STATEMENT OF FUNCTIONAL EXPENSES—MODIFIED CASH BASIS

For the year ended December 31, 2019

	<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 payroll taxes	-	\$ 97,397	\$ 25,200	-	\$ 122,597	\$ 75,000	\$ 27,285	\$ 224,882
Corporate expense	-	-	-	-	-	-	9,080	9,080
Bank fees	-	-	-	-	-	-	439	439
Building	-	-	-	\$ 13,537	13,537	-	-	13,537
Fieldtrips and events	\$ 33,827	-	-	7,553	41,380	-	-	41,380
Fundraising	-	-	-	-	-	15,604	-	15,604
Insurance	-	-	-	1,472	1,472	-	-	1,472
Mentoring	-	35,438	-	-	35,438	-	-	35,438
Peace Warrior Program	-	25,063	-	-	25,063	-	-	25,063
Office	-	-	-	3,838	3,838	-	9,070	12,908
Emergency assistance	-	19,351	-	-	19,351	-	-	19,351
Supplies	-	-	20,376	1,939	22,315	-	-	22,315
Transportation	-	-	4,347	-	4,347	-	-	4,347
Tuition	-	-	41,981	-	41,981	-	-	41,981
Utilities	-	-	-	3,845	3,845	-	-	3,845
Depreciation	-	-	-	-	-	-	4,400	4,400
Vehicles	-	-	-	-	-	-	3,305	3,305
Donations in-kind	37,917	34,147	-	11,632	83,696	1,815	5,577	91,088
Miscellaneous	-	-	-	-	-	1,313	12	1,325
TOTAL	<u>\$ 71,744</u>	<u>\$ 211,396</u>	<u>\$ 91,904</u>	<u>\$ 43,816</u>	<u>\$ 418,860</u>	<u>\$ 93,732</u>	<u>\$ 59,168</u>	<u>\$ 571,760</u>

JOIN HANDS ESL

STATEMENT OF FUNCTIONAL EXPENSES—MODIFIED CASH BASIS

For the year ended December 31, 2018

	<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 payroll taxes	-	\$ 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
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	<u>\$ 60,286</u>	<u>\$ 195,389</u>	<u>\$ 107,685</u>	<u>\$ 30,550</u>	<u>\$ 393,910</u>	<u>\$ 94,675</u>	<u>\$ 51,149</u>	<u>\$ 539,734</u>

JOIN HANDS ESL

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

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 9100 hours of their time to the mission and success of those we serve.

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.

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 Support, Revenues, Expenses, and Other Changes in Net Assets—Modified Cash Basis as net assets released from restrictions.

JOIN HANDS ESL

NOTES TO FINANCIAL STATEMENTS *(Continued)*

December 31, 2019 and 2018

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, 2019, 2018, and 2017 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 June 17, 2020, the date the financial statements were available to be issued.

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.

JOIN HANDS ESL

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2019 and 2018

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	\$	78,051
Pledges receivable		41,644
Grants receivable		27,309
Less: Accounts payable		(6,106)
Less: Net assets with donor restrictions		<u>(11,485)</u>
	<u>\$</u>	<u>129,413</u>

NOTE C—PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Vehicles	\$ 24,841	\$ 24,841
Less: accumulated depreciation	<u>(7,867)</u>	<u>(3,467)</u>
	<u>\$ 16,974</u>	<u>\$ 21,374</u>

Depreciation expenses were \$4,400 and \$3,224 for the years ended December 31, 2019 and 2018.

NOTE D—GRANTS

The Organization was the recipient of the following grants in 2019 and 2018. 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>2019</u>	<u>2018</u>
MMI/Compassion in Action	\$ 75,000	\$ 112,500
Old Newsboys	-	2,500
Incarnate Word Foundation	5,000	-
United Way CBCR	<u>27,309</u>	<u>-</u>
	<u>\$ 107,309</u>	<u>\$ 115,000</u>

JOIN HANDS ESL

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2019 and 2018

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>2019</u>	<u>2018</u>
Martial arts	\$ 11,485	\$ 12,260
Financial literacy	<u>-</u>	<u>500</u>
	<u>\$ 11,485</u>	<u>\$ 12,760</u>

NOTE F—PLEDGES RECEIVABLE

The Organization has long-term pledges receivable which are shown with an allowance of \$17,013.

Amounts due in:

Less than one year	\$ 41,644
One to five years	188,744
Five to ten years	<u>2,200</u>
	<u>\$ 232,588</u>