

HAND IN HAND USA
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

September 15, 2017

Hand in Hand USA
710 St. Joseph S Drive
Oak Brook, IL 60523

Independent Auditor's Report

Dear Sir/Madam:

Report on the Financial Statements

We have audited the accompanying financial statements of Hand in Hand USA, (a nonprofit organization) which comprise the statements of assets and net assets – cash basis as of December 31, 2016 and 2015, and the related statements of revenues, expenses, and other changes in net assets – cash basis, statements of functional expenses – cash basis, and statements of cash flows – 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 cash basis of accounting described in Note 2; this includes determining that the 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 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 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 and net assets of Hand in Hand USA as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with the cash basis of accounting described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the 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 this matter.


Certified Public Accountants

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Independent Auditor's Report

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Hand in Hand USA
Statements of Assets and Net Assets - Cash Basis
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 153,989	\$ 90,384
<u>Total Assets</u>	<u>\$ 153,989</u>	<u>\$ 90,384</u>
<u>Net Assets</u>		
<u>Net Assets</u>		
Unrestricted	\$ 153,989	\$ 90,384
<u>Total Net Assets</u>	<u>\$ 153,989</u>	<u>\$ 90,384</u>

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

Hand in Hand USA
Statements of Revenues, Expenses, and Other Changes in Net Assets - Cash Basis
Years Ended December 31, 2016 and 2015

	2016		2015		
	Unrestricted	Temporarily Restricted	Total	Temporarily Restricted	Total
<u>Revenues</u>					
Contributions	\$ 795,600	\$	\$ 795,600	\$ 373,752	\$ 373,752
<u>Other Revenues</u>					
Interest Income	\$ 26	\$	\$ 26	\$ 147	\$ 147
<u>Total Revenues</u>	\$ 795,626	\$	\$ 795,626	\$ 373,899	\$ 373,899
<u>Functional Expenses</u>					
Program	\$ 720,000	\$	\$ 720,000	\$ 480,000	\$ 480,000
Administrative	2,940		2,940	10,487	10,487
Fundraising	9,081		9,081	25,865	25,865
<u>Total Functional Expenses</u>	\$ 732,021	\$	\$ 732,021	\$ 516,352	\$ 516,352
<u>Increase (Decrease) in Net Assets</u>	\$ 63,605	\$	\$ 63,605	\$ (142,453)	\$ (142,453)
<u>Net Assets Beginning of Year</u>	90,384		90,384	232,837	232,837
<u>Net Assets End of Year</u>	\$ 153,989	\$	\$ 153,989	\$ 90,384	\$ 90,384

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



Exhibit III

Hand in Hand USA
Statements of Functional Expenses - Cash Basis
Years Ended December 31, 2016 and 2015

	<u>Program Services</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total 2016</u>	<u>Total 2015</u>
<u>Expenses</u>					
Bank Charges	\$	1,355	\$	1,355	\$ 1,190
Merchandise Cost					1,268
Sales Tax		144		144	117
License & Fees					10
Audit					6,000
Office Expenses		1,441		1,441	2,670
Fundraising Costs			7,091	7,091	24,597
Contributions	720,000			720,000	480,000
Outside Services			1,990	1,990	500
<u>Total Expenses</u>	<u>\$ 720,000</u>	<u>\$ 2,940</u>	<u>\$ 9,081</u>	<u>\$ 732,021</u>	<u>\$ 516,352</u>

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



Hand in Hand USA
Statements of Cash Flows - Cash Basis
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>Operating Activities</u>		
Increase (Decrease) in Net Assets	\$ 63,605	\$ (142,453)
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ 63,605</u>	<u>\$ (142,453)</u>
<u>Increase (Decrease) in Cash and Cash Equivalents (Note 2)</u>	<u>\$ 63,605</u>	<u>\$ (142,453)</u>
<u>Cash and Cash Equivalents - Beginning of Year</u>	<u>90,384</u>	<u>232,837</u>
<u>Cash and Cash Equivalents - End of Year</u>	<u>\$ 153,989</u>	<u>\$ 90,384</u>
<u>Supplemental Information</u>		
Interest Payments	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
Income Tax Payments	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
<u>Supplemental Disclosures</u>		
Noncash Investing and Financing Transactions		
There Were No Noncash Investing and Financing Transactions		

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

Hand in Hand USA
Notes to Financial Statements
December 31, 2016 and 2015

Note 1 **Organization's Activities**

Hand in Hand USA (the "Organization") was created to provide aid and support to the needy. Some of the areas of relief include; disaster relief assistance, improvement of medical and economic structures, improvement in healthcare for children, general family welfare, aid for the sick, aged, or disabled, providing educational and vocational training for children, youth and adults. The sphere of activity of the Organization extends to all countries of the world.

Note 2 **Summary of Significant Accounting Policies**

Revenue and Cost Recognition

The accompanying financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligations are incurred.

Cash and Cash Equivalents

For purposes of the statements of cash flows – cash basis, the Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Net Assets

Unrestricted net assets consist of resources available for the various programs and administration of the Organization which have not been restricted by a donor or other outside party.

Temporarily restricted net assets are net assets subject to donor imposed restrictions that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction is satisfied, temporarily restricted net assets are transferred to unrestricted net assets and are reported in the statement of revenues, expenses, and other changes in net assets – cash basis as net assets released from restrictions.

Permanently restricted net assets represent net assets subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

There are no temporarily or permanently restricted net assets at December 31, 2016 and 2015.

Income Taxes

Hand in Hand USA is a not-for-profit organization and claims exemption from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and similar provisions of state income tax laws.

The Organization adopted the income standard related to the recognition and measurement of uncertain tax positions. Management has indicated that the adoption of this standard has no financial statement effect for the Organization.

Management believes the Organization's federal and state income tax returns for the previous three years are subject to examination by the applicable taxing authority.

Hand in Hand USA
Notes to Financial Statements
December 31, 2016 and 2015

Note 2 **Summary of Significant Accounting Policies (Continued)**

Donated Services

Hand in Hand USA does not record the donated value of personal services of volunteers due to the difficulty in placing a monetary value on such services and due to the inability of the Organization to exercise control over the employment and duties of the volunteers.

Donated Materials and Facilities

Hand in Hand USA does not capitalize or recognize as revenue the value of food, clothing, and other tangible goods that are received for the benefit of the Organization. No expenses are recorded for the distribution or use of such items.

Advertising

Hand in Hand USA expenses advertising costs as they are incurred.

Investments

The Organization's investments are stated at fair value in the statements of assets and net assets – cash basis with all gains and losses included in the statements of revenues, expenses, and other changes in net assets – cash basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be based upon amounts that differ from those estimates.

Accounting Standards Updates Issued Not Yet Adopted

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU No. 2016-14 reexamines existing standards for financial statement presentation by not-for-profit entities (NFP), focusing on improving net asset classification requirements and information provided in financial statements and notes about liquidity, financial performance, and cash flows. The main provisions of this ASU include presenting on the face of the statements of assets and net assets – cash basis, amounts for two classes of net assets at the end of the period, rather than for the currently required three classes. That is, an NFP will report amounts for net assets with donor restrictions and net assets without donor restrictions. Additionally, an NFP shall continue to present on the statements of cash flows – cash basis, the net amount for operating cash flows using either the direct or indirect method of reporting, but is no longer required to present or disclose the indirect method (reconciliation) if using the direct method. Furthermore, an NFP shall enhance disclosures about governing board imposed restrictions and liquidity. ASU 2016-14 is effective for the years beginning after December 15, 2017. The Organization has not yet determined the impact on its financial statements and disclosures.

Hand in Hand USA
Notes to Financial Statements
December 31, 2016 and 2015

Note 3 **Fair Values**

The carrying amounts for cash and cash equivalents approximate fair value due to the short period of time to maturity. Fair values of current maturities of long-term debt and long-term debt are based on amortization schedules using original loan information. The Organization has no current plans to retire a significant amount of its debt prior to maturity and, therefore, no consideration is given to liquidity issues in valuing debt.

Note 4 **Concentrations of Risk**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and trade accounts receivable. The Organization may hold significant amounts of money in various banks in excess of the amount covered under FDIC insurance.

Note 5 **Functional Allocation of Expenses**

The cost of providing the various programs and supporting services has been summarized on a functional basis in the accompanying statements of revenues, expenses, and other changes in net assets – cash basis and the statements of functional expenses – cash basis. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefitted.

Note 6 **Subsequent Events**

Management has evaluated subsequent events through September 15, 2017, the date on which the financial statements were available to be issued.