

**HAND IN HAND USA**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

November 27, 2018

**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, 2017 and 2016, 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, 2017 and 2016, 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.

*Peter Shannon & Co.*

**Certified Public Accountants**

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Hand in Hand USA  
Statements of Assets and Net Assets - Cash Basis  
December 31, 2017 and 2016

<u>Assets</u>	<u>2017</u>	<u>2016</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 465,737	\$ 153,989
<u>Total Assets</u>	<u>\$ 465,737</u>	<u>\$ 153,989</u>
<u>Net Assets</u>		
<u>Net Assets</u>		
Unrestricted	\$ 465,737	\$ 153,989
<u>Total Net Assets</u>	<u>\$ 465,737</u>	<u>\$ 153,989</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, 2017 and 2016**

	<b>2017</b>			<b>2016</b>		
	<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>Total</u></b>	<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>Total</u></b>
<b><u>Revenues</u></b>						
Contributions	\$ 514,095	\$	\$ 514,095	\$ 795,600	\$	\$ 795,600
<b><u>Other Revenues</u></b>						
Interest Income	\$ 83	\$	\$ 83	\$ 26	\$	\$ 26
<b><u>Total Revenues</u></b>	<b><u>\$ 514,178</u></b>	<b><u>\$</u></b>	<b><u>\$ 514,178</u></b>	<b><u>\$ 795,626</u></b>	<b><u>\$</u></b>	<b><u>\$ 795,626</u></b>
<b><u>Functional Expenses</u></b>						
Program	\$ 177,000	\$	\$ 177,000	\$ 720,000	\$	\$ 720,000
Administrative	14,687		14,687	2,940		2,940
Fundraising	10,743		10,743	9,081		9,081
<b><u>Total Functional Expenses</u></b>	<b><u>\$ 202,430</u></b>	<b><u>\$</u></b>	<b><u>\$ 202,430</u></b>	<b><u>\$ 732,021</u></b>	<b><u>\$</u></b>	<b><u>\$ 732,021</u></b>
<b><u>Increase in Net Assets</u></b>	<b><u>\$ 311,748</u></b>	<b><u>\$</u></b>	<b><u>\$ 311,748</u></b>	<b><u>\$ 63,605</u></b>	<b><u>\$</u></b>	<b><u>\$ 63,605</u></b>
<b><u>Net Assets Beginning of Year</u></b>	<b><u>153,989</u></b>		<b><u>153,989</u></b>	<b><u>90,384</u></b>		<b><u>90,384</u></b>
<b><u>Net Assets End of Year</u></b>	<b><u>\$ 465,737</u></b>	<b><u>\$</u></b>	<b><u>\$ 465,737</u></b>	<b><u>\$ 153,989</u></b>	<b><u>\$</u></b>	<b><u>\$ 153,989</u></b>

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

**Hand in Hand USA**  
**Statements of Functional Expenses - Cash Basis**  
**Years Ended December 31, 2017 and 2016**

	<u>Program Services</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total 2017</u>	<u>Total 2016</u>
<b><u>Expenses</u></b>					
Bank Charges	\$	\$ 458	\$	\$ 458	\$ 1,355
Merchandise Cost					
Sales Tax		122		122	144
License & Fees		240		240	
Audit		9,500		9,500	
Office Expenses		3,109		3,109	1,441
Fundraising Costs			10,743	10,743	7,091
Contributions	177,000			177,000	720,000
Outside Services					1,990
Printing and Copying		1,258		1,258	
<b><u>Total Expenses</u></b>	<b><u>\$ 177,000</u></b>	<b><u>\$ 14,687</u></b>	<b><u>\$ 10,743</u></b>	<b><u>\$ 202,430</u></b>	<b><u>\$ 732,021</u></b>

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, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b><u>Operating Activities</u></b>		
Increase in Net Assets	\$ 311,748	\$ 63,605
<b><u>Net Cash Provided by Operating Activities</u></b>	<u>\$ 311,748</u>	<u>\$ 63,605</u>
<b><u>Increase in Cash and Cash Equivalents (Note 2)</u></b>	\$ 311,748	\$ 63,605
<b><u>Cash and Cash Equivalents - Beginning of Year</u></b>	<u>153,989</u>	<u>90,384</u>
<b><u>Cash and Cash Equivalents - End of Year</u></b>	<u>\$ 465,737</u>	<u>\$ 153,989</u>
<b><u>Supplemental Information</u></b>		
Interest Payments	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
Income Tax Payments	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
<b><u>Supplemental Disclosures</u></b>		
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, 2017 and 2016**

**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, 2017 and 2016.

**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.

**Hand in Hand USA**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

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

**Income Taxes (Continued)**

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.

**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 February, 2016 the FASB issued ASC 842, *Leases*, which provides new guidelines that change the accounting for leasing arrangements. The key difference between existing standards and ASU 2016-02 is the requirement for leases to recognize on the statements of assets and net assets – cash basis all lease contracts with lease terms greater than twelve months, including operating leases. Specifically, Leasee's are required to recognize on the statements of assets and net assets – cash basis at lease commencement, both a right-of-use (ROU) asset, representing the Leasee's right to use the leased asset over the term of the lease; and, a lease liability, representing the Leasee's contractual obligation to make lease payments over the term of the lease. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2019. The Organization has not yet determined the impact on its financial statements and disclosures.

**Hand in Hand USA**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

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

**Accounting Standards Updates Issued Not Yet Adopted (Continued)**

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.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (“ASU 2018-08”). This ASU clarifies and improves the scope of the accounting guidance for contributions received and contributions made. The clarifications and improved scope assist entities in 1) evaluating whether transactions should be accounted for as contributions (nonreciprocal) or as exchange (reciprocal) transactions, and 2) determining whether a contribution is conditional. ASU 2018-08 is effective for annual reporting periods beginning after December 15, 2018. The Organization has not yet determined the impact on its financial statements and disclosures.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820) – Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement* (ASU 2018-13). This guidance eliminates, modifies, and adds certain disclosures on fair value measurements. ASU 2018-13 is effective for annual reporting periods after December 15, 2019. The Organization has not yet determined the impact on its financial statements and disclosures.

**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.

**Hand in Hand USA**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

**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 November 27, 2018, the date on which the financial statements were available to be issued.