HAND IN HAND USA

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

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CERTIFIED PUBLIC ACCOUNTANTS

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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

Opinion
We have audited the accompanying financial statements of Hand in Hand USA (a nonprofit organization), which comprise the statements of assets and net assets – modified cash basis as of December 31, 2021 and 2020, and the related statements of revenues, expenses, and other changes in net assets – modified cash basis, statements of functional expenses – modified cash basis, and statements of cash flows – modified cash basis 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 assets and net assets of Hand in Hand USA as of December 31, 2021 and 2020, and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with the modified cash basis of accounting described in Note 2.

Basis for 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 Hand in Hand USA 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 of our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2; 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 Hand in Hand USA'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 based 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 audit 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 Hand in Hand USA'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 Hand in Hand USA'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.

Peter Shannon & Co.

Certified Public Accountants

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Hand in Hand USA
Statements of Assets and Net Assets - Modified Cash Basis
December 31, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and Cash Equivalents	$ 795,172	$ 93,442
Total Assets	$ 795,172	$ 93,442
Net Assets		
Net Assets		
Net Assets Without Donor Restrictions	$ 795,172	$ 93,442
Total Net Assets	$ 795,172	$ 93,442

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

Exhibit II

Hand in Hand USA
Statements of Revenues, Expenses, and Other Changes in Net Assets - Modified Cash Basis
Years Ended December 31, 2021 and 2020

	2021			2020		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues						
Contributions	$ 768,512	$	$ 768,512	$ 715,446	$	$ 715,446
Other Revenues						
Interest Income	$ 5	$	$ 5	$ 13	$	$ 13
Other Income (EIDL Application)				1,000		1,000
	$ 5	$	$ 5	$ 1,013	$	$ 1,013
Total Revenues	$ 768,517	$	$ 768,517	$ 716,459	$	$ 716,459
Functional Expenses						
Program	$ 17,205	$	$ 17,205	$ 780,000	$	$ 780,000
Administrative	30,829		30,829	29,014		29,014
Fundraising	18,753		18,753	21,363		21,363
Total Functional Expenses	$ 66,787	$	$ 66,787	$ 830,377	$	$ 830,377
Increase (Decrease) in Net Assets	$ 701,730	$	$ 701,730	$ (113,918)	$	$ (113,918)
Net Assets - Beginning of Year	93,442		93,442	207,360		207,360
Net Assets - End of Year	$ 795,172	$	$ 795,172	$ 93,442	$	$ 93,442

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

Hand in Hand USA
Statements of Functional Expenses - Modified Cash Basis
Years Ended December 31, 2021 and 2020

	Program Services	Administration	Fundraising	Total 2021	Total 2020
Expenses					
Bank Charges	$	$ 50	$	$ 50	$ 40
Sales Tax					113
License & Fees		57		57	115
Audit		4,900		4,900	4,850
Office Expenses		23,507		23,507	15,658
Technology		463		463	3,031
Fundraising Costs			18,753	18,753	21,363
Contributions	17,205			17,205	780,000
Printing and Copying		1,852		1,852	5,207
Total Expenses	$ 17,205	$ 30,829	$ 18,753	$ 66,787	$ 830,377

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

Hand in Hand USA
Statements of Cash Flows - Modified Cash Basis
Years Ended December 31, 2021 and 2020

	2021	2020
Operating Activities		
Increase (Decrease) in Net Assets Without Donor Restrictions	$ 701,730	$ (113,918)
Net Cash Provided (Used) by Operating Activities	$ 701,730	$ (113,918)
Increase (Decrease) in Cash and Cash Equivalents (Note 2)	$ 701,730	$ (113,918)
Beginning Cash, Cash Equivalents and Restricted Cash	93,442	207,360
Ending Cash, Cash Equivalents and Restricted Cash	$ 795,172	$ 93,442
Supplemental Information		
Interest Payments	$ - 0 -	$ - 0 -
Income Tax Payments	$ - 0 -	$ - 0 -

Supplemental Disclosures

Noncash Investing and Financing Transactions

There Were No Noncash Investing and Financing Transactions

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

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 Organization's 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. This basis of presentation differs from accounting principles generally accepted in the United States of America in that certain revenues are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when incurred. Depreciation and amortization are recorded using Internal Revenue Code Lives and Methods. If the financial statements were prepared using accounting principles generally accepted in the United States of America, assets would be depreciated to salvage value over the estimated useful life of the asset. Lease payments are expensed as incurred as per the Internal Revenue Code. If the financial statements were prepared using accounting principles generally accepted in the United States of America, leases under ASU 2016-2 requires, among other things, the recognition of lease assets and lease liabilities by lessees, including for those leases classified as operating leases and makes certain changes to the accounting for lease expenses, along with the disclosure of key information about leasing arrangements. Investments are recorded at cost basis. If the financial statements were prepared using accounting principles generally accepted in the United States of America, investments would be required to be reported at fair value.

Accordingly, the accompanying financial statements are not intended to present financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of the statements of cash flows – modified 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

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets With Donor Restrictions - Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

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

Net Assets (Continued)

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

All net assets of the Organization as of December 31, 2021 and 2020 were considered to be net assets without donor-restrictions.

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.

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. Advertising expenses for the years ended December 31, 2021 and 2020 were $ - 0 - and $ - 0 - , respectively.

Investments

The Organization's investments are stated at fair value in the statements of assets and net assets – modified cash basis with all gains and losses included in the statements of revenues, expenses, and other changes in net assets – modified 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.

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

Accounting Standards Updates Issued and 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 – modified 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 – modified 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 annual reporting periods beginning after December 15, 2017. ASU 2016-14 does not have a material impact on the Organization's 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. ASU 2018-08 does not have a material impact on the Organization's 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 beginning after December 15, 2019. ASU 2018-13 does not have a material impact on the Organization's financial statements and disclosures.

Accounting Standards Updates Issued Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, *Leases.* ASU No. 2016-02 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 – modified cash basis all lease contracts with lease terms greater than twelve months, including operating leases. Specifically, Lessee's are required to recognize on the statements of asset and net assets – modified cash basis at lease commencement, both a right-of-use (ROU) asset, representing the Lessee's right to use the leased asset over the term of the lease; and, a lease liability, representing the Lessee's contractual obligation to make lease payments over the term of the lease. ASU No. 2019-10 and ASU 2020-05 deferred the effective date of ASU 2016-02. ASU 2016-02 is now effective for annual reporting periods beginning after December 15, 2021. 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.

Note 4 **Concentrations of Risk**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization may hold significant amounts of money in various banks in excess of the amount covered under FDIC insurance of $250,000.

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 – modified cash basis and the statements of functional expenses – modified 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 benefited.

Note 6 **Liquidity**

At December 31, 2021, the Organization had $795,172 cash and cash equivalents available to meet needs for general expenditures consisting of cash of $795,172. At December 31, 2020, the Organization had $93,442 cash and cash equivalents available to meet needs for general expenditures consisting of cash of $93,442. None of the financial assets are subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the cash needs of the Organization in the next 12 months.

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Organization are expected to be met on a monthly basis from the rents of Organization units. In general, the Organization maintains sufficient financial assets on hand to meet 30 days worth of normal operating expenses.

Note 7 **Subsequent Events**

Management has evaluated subsequent events through May 6, 2022, the date on which the financial statements were available to be issued.