I AM THE SOLUTION. 
YOU MAKE IT POSSIBLE.
GOD USING REAL PEOPLE AS HIS HANDS, FEET AND LOVE TO SOLVE REAL PROBLEMS.
By The Hand is a Chicago-based, after-school program that emphasizes academic excellence while nurturing the whole child—mind, body and soul. Located within some of America’s most under-resourced neighborhoods, By The Hand helps kids have abundant life.

Praise God. Thank you for your prayers and support. During the 2018-2019 school year, we were able to love and serve 1,523 kids—mind, body and soul. As a result, kids from Chicago’s most under-resourced neighborhoods are experiencing abundant life.

We all want to do something about the violence, poverty and disparity that are so prevalent in the neighborhoods where we serve. For this reason, “The Solution” was our theme for the 2018-2019 year. God uses real people as His hands, feet and love to solve real problems. And our kids are the ones who will be able to make a difference in their communities. As a result, we launched “The Solution” learning project which involved our kids identifying a problem and promoting a solution through social media. The project was designed to instill a desire and sense of responsibility to Be The Solution for others.

When you make The Solution possible, you reach into some of Chicago’s most under-resourced neighborhoods and take kids by the hand. Starting from when they’re in kindergarten, you walk with them through college. You help them feel secure and welcomed during the most dangerous times of day when most crimes are committed by and against youth.

During the 2018-2019 year, you broke down barriers to learning by providing for their basic physical needs, including 100,544 hot, nutritious meals, 970 eye and 1,138 dental exams. And you provided 130 kids with professional counseling for anger, trauma and grief. You also helped conduct 3,453 home visits and 2,837 school visits, working closely with parents and school principals.

You made sure they can read at their grade level with personalized academic support and technology-enabled instruction. Children from low-income, minority neighborhoods who can’t read are eight times more likely to drop out of high school, a risk factor for poverty and incarceration. As a result, by the end of their first year with By The Hand Club as a kindergartner or first-grade student, 85 percent could read at or above grade level compared to only 27 percent when they first enrolled. This helped our kids earn an average GPA of 2.81 during the 2018-2019 school year—with 64 percent earning all ABCs and 43 percent making the honor roll. Of our high school seniors, 100 percent graduated and 77 percent are pursuing post-secondary education.

You also offered spiritual guidance, mentoring and life-enriching experiences such as camp, sports and the arts. We are grateful that 82 percent of our kids have accepted Jesus Christ as their Lord and Savior within a year of joining, providing them with the foundation for an abundant life.

Serving where the need is greatest, our five clubs are in four of Chicago’s most dangerous, under-resourced neighborhoods with some of the lowest-academic-performing schools. This fall, By The Hand—Moving Everest in Austin reached capacity with 540 kids from kindergarten through fifth grade. To accommodate sixth-through-eighth-grade students, we broke ground in October for a 30,000-square-foot new middle school. By The Hand Club—ME will eventually be able to serve 810 kindergarten students through eighth-graders.

As with our 50,000-square-foot elementary school facility, By The Hand will lease the middle school building to Moving Everest Charter School, a separate 501(c)(3) organization. The By The Hand Club-charter school model enables our kids to attend an academically rigorous school in a safe environment and—in the same building during the after-school hours—learn about Jesus and benefit...
from our wraparound services. Combined, our two sites on the corners of Kinzie and Laramie in Austin will serve more than 1,000 kids.

In North Austin, By The Hand Club is exploring the possibility of opening a sixth location in 2020 as part of a 10-acre campus in partnership with a local church.

Downtown, our citywide enrichment center opened in October 2019. The center will provide our high school students with learning opportunities, citywide worship gatherings and weekly arts and skill-based classes such as music, dance and acting, culinary and graphic design.

Financially, we finished our 19th consecutive year in the black while keeping our overhead low relative to programming and expenses. It is a blessing that we ended the fiscal year with a fully-funded operating budget of more than $9.5M while enrolling 163 more kids.

All of this has been possible with God’s blessings and because of the faithful, generous support of many. We are not endowed. We can only serve as many children as allowed by others.

Thank you for your part in making The Solution possible.

Sincerely,

Donnita Travis
Founder and Executive Director

“THE THIEF COMES ONLY TO STEAL AND KILL AND DESTROY. I CAME THAT THEY MAY HAVE LIFE AND HAVE IT ABUNDANTLY.”

JOHN 10:10
LEARNING TO BE THE SOLUTION

During “The Solution” learning project, our kids considered ways to address social injustice and make a positive impact in their communities. Hundreds of students from By The Hand identified problems in Chicago that they would like to solve, such as gun violence, bullying, homelessness and loneliness among senior citizens. The students came up with solutions—things they could do to be the hands and feet and love of Jesus. Then they created campaigns to affect change, encouraging others to join their cause.

The project was designed to awaken a desire within each student to be The Solution for others, to put love into action. Just as God’s grace changes us, it should motivate us to change the world, moving us from being to doing. Throughout the process, our kids developed their oral, written and visual communication skills as well as their familiarity with computers and interactive media. As our students realize how “I Am The Solution” applies to them, they are becoming intentional about solving what is happening in Chicago by using their voice and influence to help others.

Campaigning for Change

Our kindergarten-through-sixth-grade students worked on their campaign teams while our junior high and high school students competed either in pairs or individually. Of 160 entries from all five By The Hand clubs, 20 finalists were selected based on the merits of their solution, campaign and presentation.

With some help, they produced and posted their campaigns on bethesolution.club, and the three that gained the most followers and supporters over six weeks won. Winners were awarded a cash prize to donate to the charity or nonprofit of their choice. They also went on a field trip to the charity to present the donation and learn more about the organization.

Stop the Shooting Music Video
BTH-ME kindergartners (represented by Baine Meadows & Kasey McNeal) donated their $500 prize to Chicago Survivors

50 Hours of Friendship—Spending Time With Seniors
BTH Austin 3rd graders (represented by Markus Sifore & Duonte Thomas) donated their $500 prize to Breakthrough Urban Ministries

Supporting Struggling Learners—Tutoring Group
BTH Austin 8th grader Da’Quana Williams donated her $500 prize to Lurie Children’s Hospital
It was just my momma, sisters and me,” Tamera recalls. “We moved ten times in nine years. For us, things were always changing.”

But when Tamera joined By The Hand, she finally got a sense of stability. She began a friendship with a volunteer who later became her trusted mentor, Miss Brooke. “She was always there for my family and me. And she introduced me to Jesus Christ!”

“I remember Tamera carefully turning the pages of her Bible for the first time,” Brooke said. “I treasure that memory.”

Inspired by her grandfather (who has also been in the military), Tamera enlisted in the Army as a rising senior. And as Brooke drove Tamera all the way to Iowa for boot camp, the laughter and encouragement helped settle Tamera’s nerves.

Once there, Tamera held fast to her life verse—the one she had chosen at By The Hand. “Have I not commanded you? Be strong and courageous. Do not be afraid; do not be discouraged, for the LORD your God will be with you wherever you go.” Joshua 1:9.

“When you go into the Army, you have to be into it. And I definitely wasn’t ready for it.” But every night before the lights went out, Tamera read her Bible, telling herself…

“Be strong. Be strong.”

“When I graduated from basic training, I never experienced anything like that in my life. I felt overwhelming happiness.”

“I wouldn’t have made it without By The Hand Club. They were with me every step of the way. They believed in me and invested in me. And now I want to pass that along to others.” Tamera is currently in the Army Reserve, attending Taylor University on a full scholarship, and wants to pursue her dream of being a military police officer upon graduation.

TAMERA IS THE SOLUTION, YOU MAKE IT POSSIBLE.
As a first-grader, James began attending By The Hand Club, where he felt accepted because “they were always happy to see me and made me feel loved.” His team leader even “became like a father figure to me.”

James dreamed of being an actor and artist like Prince Ea, who writes poetry and performs spoken word.

But life outside of the club was hard for James. He had to learn how to avoid the fighting, gang activity, and gun violence that is prevalent in his neighborhood. In 2018, one of his close friends was shot and killed—the second friend James lost to gang violence that year.

“When I heard Jaheim died, I didn’t know if I could make it. By The Hand helped me through it. They gave me hope.” When By The Hand suggested putting his thoughts on paper and expressing his pain through spoken word, James decided to try poetry, encouraged to keep his dream alive.

But without people like Iain who gives financially, James would not have received the support and encouragement he needed.

“When I hear about student lives being changed, it encourages me. When I see the kids enjoying the program and activities at By The Hand, connecting with mentors and having the experiences they have, it touches my heart.”

Iain says giving is a great way to make the solution possible, especially if you’re not able to volunteer or get involved in other ways.

“The need is real. By The Hand understands that any lasting solution involves a long-term commitment to each child and each community.”

James has since starred in his first video and is writing poetry to give others hope. He also spent two weeks on Taylor University’s campus as part of a high school to college bridge program and is hoping to attend there next year. He knows the challenges will come, but finds it reassuring to know that he has help—and thanks to the help he has received, James is now determined to reshape the world around him.

“I AM THE SOLUTION.
GIVING MAKES IT POSSIBLE.

JAMES IS THE SOLUTION,
YOU MAKE IT POSSIBLE.
Chicago Bears Social Justice Initiative

Our vision of social justice for our kids is for them to have the opportunity to live in safe neighborhoods where they are free to succeed in school and life—and where they feel supported by the police and others in their communities. With a generous grant from the Chicago Bears, By The Hand Club For Kids created the Building Community Relationships and Using Our Gifts For Good program that lasted from February to May. The goal was to help build positive relationships between youth and police officers in Chicago.

The program consisted of eight formal curriculum lessons, along with a field trip to the Chicago Police Academy and a culminating Collaborative Community Action Project. Over 200 junior high and high school students from By The Hand clubs in Altgeld-Murray, Austin, Cabrini-Green and Englewood and 14 officers from the Chicago Police Department participated in the program. By The Hand team leaders facilitated the circle discussions and accompanying activities.

Developing a stronger connection with one another

The “humanizing” effect of the program helped the kids overcome their initial feelings towards police. As one student said, “When I first heard the police were gonna be in the program, I thought I wouldn’t like it ... but it turns out they’re different.” A police officer described how trust and relationships improved throughout the program. “The most memorable part for me is the connection you make in the end. The individual who initially didn’t want to say anything and by the sixth or seventh time they’re like, ‘Hey Officer, come over here I want to tell you something’ or ‘hey’ at the store.”

Pre- and post-survey results indicated an increase in the overall trust in police. But as one student shared, “I feel like I built trust with them, but all the police outside of here aren’t the same as those I built trust with. I have to know you to gain trust with you.”
Leading through reading

Being able to read at grade level by the third grade is a prerequisite for academic success. Children who can’t are four times as likely to drop out of high school—eight times for minorities in under-resourced neighborhoods like the ones we serve. Up to 80 percent of the prison population are high school dropouts.

Many of our children cannot read at grade level when they join By The Hand. To address this, all of our kindergarten-to-eighth-grade students go through our technology-enabled, blended learning program. The personalized instruction they receive has helped them catch up to their peers in reading—some kids have improved as much as four levels in a year. As a result, our kids are earning better grades and higher GPAs. They are graduating from high school and going to college.

Personalizing instruction

When we enroll children in our blended learning program, we assess their learning level. We then assign them into two groups according to their learning level. These groups rotate between two stations for 20 to 30 minutes. Students work individually at their own pace on computers at station one. At the other station, team leaders and volunteers help with their homework, including one-on-one instruction for improving reading skills.

Students receive 100 minutes per week of personalized instruction at their learning level. Throughout the process, each child’s progress is correlated with Common Core State Standards in real time. This lets By The Hand know how the child is doing—and whether additional help is necessary. Students are encouraged to set weekly goals and track their progress. In addition to letting the kids know how they are doing, the ongoing feedback motivates them and enables us to celebrate their successes.
WORKING TOGETHER TO MAKE THE SOLUTION POSSIBLE

Since 2015, By The Hand has partnered with Moving Everest, a charter school that leases our 50,000-square-foot Austin facility. As separate 501(c)(3) entities, Moving Everest Charter School and By The Hand work interdependently to accomplish more than either could alone.

Kids who attend both learn in an academically rigorous school in a safe environment during the day. Then, at the same location during the after-school hours, they can attend By The Hand to learn about Jesus and benefit from the extensive wraparound services that we provide. Kids receive personalized, holistic and strategically focused attention from 7:30 a.m. to 6:30 p.m., five days a week.

Prepared kids to excel

Enrolling kindergartners in By The Hand provides them with fundamentals at an earlier age compared to those who enroll later, after having fallen behind. Instead of catching up with their peers, they can excel at the top of their class.

In August 2020, By The Hand—ME elementary students will begin to graduate to middle school. To accommodate them, we broke ground in October to build a new 30,000-square-foot middle school for sixth through eighth grades. By The Hand will lease the middle school building to Moving Everest Charter School.

By the time they graduate from eighth grade, they will be qualified to enroll in one of Chicago’s top high schools. Graduating from one of Chicago’s excellent high schools will prepare them to excel at a top-tier college or university. Throughout their journey, By The Hand will walk alongside them from kindergarten through college, loving and supporting them—mind, body and soul.

Percent of kids reading at or above grade level

National ranking of school reading growth†

<table>
<thead>
<tr>
<th>School Type</th>
<th>2019 Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>BTH—ME</td>
<td>72nd percentile</td>
</tr>
<tr>
<td>Austin neighborhood schools</td>
<td>28th percentile</td>
</tr>
</tbody>
</table>

†Based on 2019 NWEA reading results for By The Hand Club—ME compared to the same grades at By The Hand Club partner neighborhood schools in Austin.

Percent of Moving Everest kids enrolled in BTH

<table>
<thead>
<tr>
<th>Status</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>90% Enrolled*</td>
<td>90%</td>
</tr>
</tbody>
</table>

Last year, 90 percent of Moving Everest children were enrolled in By The Hand Club.
Setting measurable goals

Taking a holistic approach to child development, By The Hand has always emphasized the achievement of measurable goals for academic, physical and spiritual development. So we are pleased that 64 percent of our students earned all ABCs—the most ever—with an overall GPA of 2.81 and 43 percent of our students making the honor roll. Of our high school seniors, 100 percent graduated and 77 percent are pursuing post-secondary education. We are especially grateful that 82 percent of our kids who were enrolled for at least one year have accepted Jesus Christ as their Lord and Savior—the foundation for an abundant life.

MIND
- Meet or exceed state standards in reading and math
- Pass all classes, preferably making all ABCs

BODY
- Eat a healthy and nutritious dinner
- Have a regular physical and immunizations
- Receive regular dental and eye exams and, if necessary, follow-up treatment
- Receive professional counselling, as needed

SOUL
- Profess faith in Christ
- Attend church
Potential Societal Impact:

ROI Per Child

Economic Impact

- The average earnings over 40 years is $2.4M for a person with a bachelor’s degree—more than twice the average for someone with a high school diploma, according to the U.S. Census Bureau.
- In contrast, the average lifetime societal burden is $2.1M for each high school dropout who enters a life of crime and drugs.
- For every child, this represents an ROI of $4.5M to $107,100 invested over 17 years period.
- The compounding effect of generations to come yields even higher returns.

GOAL

ACTUAL

Club

Attendance and Retention

From Q1 To Q4

80%

80%

60%

40%

20%

0%

100%

80

85

80

80

Reasons for disenrollment: low attendance – 42%, moved or transferred schools – 30%, behavior – 11%, Other reasons – 21%

Improvement in Reading

High school freshmen who graduated from high school

BTH Matriculation Rates: 2019

- 83% BTH cumulative over time
- 68% CPS 2019 neighborhood-zoned high schools for clubs!

- 100% High school graduation
- 77% College freshman enrollment rate*

* 2019 high school graduates who enrolled or are in the process of enrolling in a college, university or certified technical school

Potential Societal Impact:

ROI Per Child

MIND

- 86% Passed all of their classes
- 64% Made all ABCs
- 2.81 Average GPA (out of 4.0)

BODY

- 100% Offered a hot, nutritious meal every day
- 100% Received dental checkups and cleaning (153 received additional dental care)
- 92% Received eye exams (342 received eyeglasses)

SOUL

- 82% Professed faith (Q4 to Q4)
- 19% Attended church (Q4 to Q4)
- 96% Received First Day Gospel Welcome Packets (Q4 to Q4)

There were 426 new students with 409 receiving the Welcome Packet with a Bible.
SAFE PASSAGES TO AND FROM OUR CLUBS ON SCHOOL BUSES

187,148

EYE EXAMS

1,138

DENTAL EXAMS

970

KIDS PROVIDED WITH COUNSELING FOR ANGER, TRAUMA AND GRIEF

39,092

STUDENT HOURS IN CHAPEL AND BIBLE STUDY

LUNCHES SERVED DURING OUR SUMMER LEARNING PROGRAM

3,802

HOT, NUTRITIOUS MEALS SERVED

96,742

HOME VISITS AND SCHOOL VISITS TO CHECK IN WITH FAMILIES

3,453

2,837

KIDS PROVIDED WITH COUNSELING FOR ANGER, TRAUMA AND GRIEF

39,092

STUDENT HOURS IN CHAPEL AND BIBLE STUDY

970

EYE EXAMS

1,138

DENTAL EXAMS

3,802

LUNCHES SERVED DURING OUR SUMMER LEARNING PROGRAM

96,742

HOT, NUTRITIOUS MEALS SERVED

3,453

HOME VISITS AND SCHOOL VISITS TO CHECK IN WITH FAMILIES

2,837
2.81
FOURTH QUARTER GPA

86%
OF KIDS HAD ALL PASSING GRADES

64%
OF KIDS WITH ALL ABCS

43.3%
OF KIDS MAKING HONOR ROLL

87%
COLLEGE/TECHNICAL SCHOOL ENROLLMENT RATE AMONG GRADUATING SENIORS

370
NEW PROFESSIONS OF FAITH, FOR A TOTAL OF 82% OF OUR KIDS

100%
HIGH SCHOOL GRADUATION RATE
Helping more kids become The Solution

With God’s leading and provision, we have broken ground to build a new 30,000-square-foot middle school at our By The Hand—ME club in Austin. The 50,000-square-foot facility we opened in 2015 is now at capacity with 540 kindergarten-through-fifth-grade students from Moving Everest Charter School. The new middle-school facility will enable us to keep serving these students through eighth grade, preparing them to attend a high school and college. They will learn in a rigorous academic environment at the Moving Everest Charter School during the day, then benefit from our wraparound services and learn about Jesus at By The Hand Club during the after-school hours.

To reach and serve more children and families in Austin, we are partnering with a local church to conduct a feasibility study for opening a By The Hand Club in North Austin.

Our district clubs in Altgeld-Murray, Austin, Cabrini-Green and Englewood are serving kids grades one through twelve. With the addition of 47 new students in September 2019, By The Hand is serving 1,570 kids, including our college students.

As we reflect on how we began with 16 kids from Cabrini-Green, we are grateful for every child and family that God allowed us to love and nurture—mind, body and soul. God willing, we hope to serve over 2,000 kids in 2020.

Your support makes The Solution possible.

As an independent 501(c)(3) nonprofit organization, we rely on the generosity of people who make it possible for us to love and serve kids—mind, body and soul. We are not endowed.

So we are thrilled to announce that this August we finished our 19th consecutive year with a fully funded operating budget while serving 163 more kids. Praise God!

We are able to maintain an annual cost of $6,500 per child, investing 78 percent of contributions into programming by minimizing fundraising and administrative expenses.

SEPT. 2018 – AUG. 2019 ALLOCATIONS

UNRESTRICTED REVENUE BY SOURCE

78% INDIVIDUALS
10% FOUNDATIONS AND CORPORATIONS
1% CHURCHES
5% GOVERNMENT
4% RENT
1% RELEASE FROM RESTRICTIONS
1% OTHER

78% PROGRAM SERVICES
12% FUNDRAISING
10% GENERAL AND ADMINISTRATIVE
### Statements of Cash Flows

#### Years ended August 31, 2019 and 2018

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$ 1,157,001</td>
<td>$ 2,287,382</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>591,191</td>
<td>543,933</td>
</tr>
<tr>
<td>Contributions restricted for long-term investment</td>
<td>(1,300,000)</td>
<td>(2,645,066)</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses and other</td>
<td>(166,763)</td>
<td>(62,185)</td>
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<tr>
<td>Accounts payable</td>
<td>83,509</td>
<td>97,542</td>
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<tr>
<td>Accrued payroll expenses</td>
<td>38,887</td>
<td>31,541</td>
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<tr>
<td>Deferred income</td>
<td>62,506</td>
<td>7,750</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>$ 466,331</td>
<td>$ 260,897</td>
</tr>
<tr>
<td><strong>Cash flows used in investing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash paid for property and equipment</td>
<td>(1,440,072)</td>
<td>(2,044,759)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(1,440,072)</td>
<td>(2,044,759)</td>
</tr>
<tr>
<td><strong>Cash flows provided by financing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from contributions restricted for long-term investment</td>
<td>1,300,000</td>
<td>2,645,066</td>
</tr>
<tr>
<td>Payments on note payable</td>
<td>(99,591)</td>
<td>(83,386)</td>
</tr>
<tr>
<td>Proceeds from lines of credit</td>
<td>538,112</td>
<td>—</td>
</tr>
<tr>
<td>Payments on lines of credit</td>
<td>(538,112)</td>
<td>(321,160)</td>
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<tr>
<td><strong>Net cash provided by financing activities</strong></td>
<td>1,210,409</td>
<td>2,238,520</td>
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<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td>$ 236,668</td>
<td>$ 454,658</td>
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<tr>
<td><strong>Cash and cash equivalents at beginning of year</strong></td>
<td>$ 2,273,599</td>
<td>$ 1,818,941</td>
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<tr>
<td><strong>Cash and cash equivalents at end of year</strong></td>
<td>$ 2,510,267</td>
<td>$ 2,273,599</td>
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</tbody>
</table>

### Supplemental disclosures of cash flow information:

- **Cash paid for interest:** $122,851, $122,341
- See accompanying notes to financial statements.

### Statements of Activities

#### Years ended August 31, 2019 and 2018

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Changes in net assets without donor restrictions:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 6,036,409</td>
<td>$ 4,404,000</td>
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<tr>
<td>Donated goods and services</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Special events, net of direct costs of $287,732 in 2019 and $218,452 in 2018</td>
<td>2,312,025</td>
<td>2,113,253</td>
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<tr>
<td>Government grants</td>
<td>462,321</td>
<td>516,413</td>
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<tr>
<td>Rental income</td>
<td>374,925</td>
<td>317,988</td>
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<tr>
<td>Other income</td>
<td>441,139</td>
<td>37,658</td>
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<tr>
<td>Net assets released from restrictions</td>
<td>74,925</td>
<td>919,970</td>
</tr>
<tr>
<td><strong>Total operating revenue</strong></td>
<td>$ 9,801,744</td>
<td>$ 8,409,284</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>7,384,980</td>
<td>6,338,555</td>
</tr>
<tr>
<td>General and administrative</td>
<td>931,016</td>
<td>675,861</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>9,499,496</td>
<td>8,218,117</td>
</tr>
<tr>
<td><strong>Excess of operating revenue over expenses</strong></td>
<td>$ 302,248</td>
<td>$ 191,171</td>
</tr>
<tr>
<td><strong>Nonoperating changes in net assets without donor restrictions:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of capital gifts used to construct long-lived assets</td>
<td>(434,313)</td>
<td>—</td>
</tr>
<tr>
<td><strong>Increase (decrease) in net assets without donor restrictions</strong></td>
<td>(132,065)</td>
<td>$ 191,171</td>
</tr>
<tr>
<td><strong>Changes in net assets with donor restrictions:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 1,363,991</td>
<td>3,016,181</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>(74,925)</td>
<td>(819,970)</td>
</tr>
<tr>
<td><strong>Increase in net assets with donor restrictions</strong></td>
<td>$ 1,289,066</td>
<td>$ 2,096,211</td>
</tr>
<tr>
<td><strong>Increase in net assets</strong></td>
<td>$ 1,157,001</td>
<td>$ 2,287,382</td>
</tr>
<tr>
<td><strong>Net assets at beginning of year</strong></td>
<td>$ 19,098,258</td>
<td>$ 16,810,876</td>
</tr>
<tr>
<td><strong>Net assets at end of year</strong></td>
<td>$ 20,255,259</td>
<td>$ 19,098,258</td>
</tr>
</tbody>
</table>

### Statements of Financial Position

#### August 31, 2019 and 2018

**ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 2,510,267</td>
<td>$ 2,273,599</td>
</tr>
<tr>
<td>Prepaid expenses and other</td>
<td>342,545</td>
<td>175,782</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>$ 20,374,933</td>
<td>$ 19,526,052</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 23,227,745</td>
<td>$ 21,975,433</td>
</tr>
</tbody>
</table>

**LIABILITIES AND NET ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$ 336,808</td>
<td>$ 233,299</td>
</tr>
<tr>
<td>Accrued payroll expenses</td>
<td>190,721</td>
<td>151,834</td>
</tr>
<tr>
<td>Deferred income</td>
<td>121,256</td>
<td>58,750</td>
</tr>
<tr>
<td><strong>Note payable</strong></td>
<td>2,323,701</td>
<td>2,413,292</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$ 2,972,486</td>
<td>$ 2,877,175</td>
</tr>
<tr>
<td><strong>Net assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Without donor restrictions</td>
<td>16,334,467</td>
<td>16,466,532</td>
</tr>
<tr>
<td>With donor restrictions</td>
<td>3,920,792</td>
<td>2,631,726</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>$ 20,255,259</td>
<td>$ 19,098,258</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$ 23,227,745</td>
<td>$ 21,975,433</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
### Statement of Functional Expenses Year ended August 31, 2019

#### General & Administrative

- **Insurance**: $83,137
- **Printing**: $30,507
- **Telephone**: $88,281
- **Supplies**: $34,711
- **Building and equipment repair and maintenance**: $397,899
- **Utilities**: $210,365
- **Training**: $85,382
- **Transportation**: $630,552
- **Rent**: $107,340
- **Meals - students**: $355,750
- **Academic evaluation**: $1,704
- **Benevolence**: $62,212
- **Library**: $3,115
- **Commissions and special events**: $120,223
- **Membership fees**: $3,519
- **Postage**: $892
- **Legal fees**: $1,562
- **Professional fees**: $304,163
- **Bank charges**: $3,711
- **Travel**: $9,644
- **Fees for use of college facilities**: $26,439
- **School and college resources**: $36,978
- **Interests**: $114,273
- **Other**: $24,331
- **Depreciation**: $591,191

- **Total expenses**: $7,384,980

#### Fundraising

- **Salaries and wages**: $3,272,763
- **Benefits**: $319,243
- **Payroll taxes**: $236,019

- **Total salaries and wages, benefits and payroll taxes**: 3,828,025

#### Supporting Services

- **Insurance**: $83,137
- **Printing**: $30,507
- **Telephone**: $88,281
- **Supplies**: $34,711
- **Building and equipment repair and maintenance**: $397,899
- **Utilities**: $210,365
- **Training**: $85,382
- **Transportation**: $630,552
- **Rent**: $107,340
- **Meals - staff**: $355,750
- **Meals - students**: $1,704
- **Benevolence**: $62,212
- **Library**: $3,115
- **Commissions and special events**: $120,223
- **Membership fees**: $3,519
- **Postage**: $892
- **Legal fees**: $1,562
- **Professional fees**: $304,163
- **Bank charges**: $3,711
- **Travel**: $9,644
- **Fees for use of college facilities**: $26,439
- **School and college resources**: $36,978
- **Interests**: $114,273
- **Other**: $24,331
- **Depreciation**: $591,191

- **Total expenses**: $7,384,980

See accompanying notes to financial statements.

### Statement of Functional Expenses Year ended August 31, 2018

#### General & Administrative

- **Insurance**: $85,527
- **Printing**: $12,704
- **Telephone**: $71,307
- **Supplies**: $12,774
- **Building and equipment repair and maintenance**: $365,210
- **Utilities**: $217,649
- **Training**: $106,000
- **Transportation**: $688,221
- **Non-capital equipment and software**: $99,420
- **Rent**: $79,914
- **Meals - students**: $331,186
- **Meals - staff**: $1,728
- **Benevolence**: $61,903
- **Academic evaluation**: $30,944
- **Publicity**: $85,527
- **Children’s and other special events**: $89,306
- **Membership fees**: $960
- **Postage**: $2,483
- **Legal fees**: $91,132
- **Professional fees**: $180,331
- **Bank charges**: $39
- **Volunteer support**: $5,397
- **Travel**: $11,606
- **College scholarships**: $29,751
- **School and college resources**: $34,941
- **Interests**: $121,725
- **Other**: $6,410
- **Depreciation**: $543,933

- **Total expenses**: $6,538,355

See accompanying notes to financial statements.
November 13, 2019
Paul J. Smit & Associates

Standards Update (ASU) No. 2016-14,
As discussed in note 1 to the financial statements, in 2019, By The Hand Club For Kids adopted Accounting Standards of America.

Opinion

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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.

Auditors' Responsibility

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 financial position of By The Hand Club For Kids as of August 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 1 to the financial statements, in 2019, By The Hand Club For Kids adopted Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to this matter.

Paul J. Smit & Associates
November 13, 2019

INDEPENDENT AUDITORS’ REPORT
Board of Directors
By The Hand Club For Kids

We have audited the accompanying financial statements of By The Hand Club For Kids, which comprise the statements of financial position as of August 31, 2019 and 2018, and the related statements of activities, functional expenses and cash-flows 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 accounting principles generally accepted in the United States of America; this includes 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.

Auditors’ 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ 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 auditors 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of By The Hand Club For Kids as of August 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

(B) BASIS OF PRESENTATION

The financial statements of By The Hand have been prepared in accordance with the U.S. generally accepted accounting principles (GAAP), which requires that resources be classified for reporting purposes based on the existence or absence of donor-imposed restrictions. This is accomplished by classifying balances into two classes of net assets – without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category follow:

• Without Donor Restrictions – net assets that are not subject to donor-imposed restrictions. Items that affect this category principally consist of contributions that are not subject to donor-imposed restrictions and all expenses incurred in connection with the activities of By The Hand. In addition, changes in this category of net assets include investment income whose use is unrestricted, restricted contributions whose donor-imposed restrictions were met during the fiscal year, as well as previously restricted gifts for buildings and equipment that have been placed in service.

• With Donor Restrictions – net assets subject to donor-imposed restrictions that will be met either by actions of By The Hand or the passage of time. Items that affect this category are contributions for which donor-imposed restrictions have not been met in the year of receipt, including gifts for buildings and equipment not yet placed in service. Expirations of restrictions on net assets with donor restrictions, including reclassification of restricted gifts for buildings and equipment when the associated long-lived asset is placed in service, are reported as net assets released from restrictions. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by By The Hand. Items that affect this category include contributions wherein donors stipulate that the corpus of the gift be held in perpetuity and only the income be made available for program operations. By The Hand currently does not have any net assets where the corpus of the donor gift is required by the donor to be held in perpetuity.

(C) OPERATIONS

Operating results in the statements of activities reflect all transactions increasing or decreasing net assets without donor restrictions except those items associated with long-term investment, unamortized capital gifts associated with the acquisition or construction of long-lived assets placed in service, and other infrequent transactions. Operating results also include a reclassification associated with amortization of capital gifts placed in service, as described below.

(D) CAPITAL GIFTS TO ACQUIRE OR CONSTRUCT LONG-LIVED ASSETS

Capital gifts to acquire or construct a long-lived asset are recorded as a donor restricted gift until the related asset is placed in service, at which time the capital gift is released from net assets with donor restrictions to net assets without donor restrictions and subsequently amortized into operations over the estimated useful life of the acquired or constructed asset. This amortization, which amounted to $434,313 in fiscal year 2019, is recorded as a reclassification between the non-operating and operating sections of the change in net assets without donor restrictions in the statements of activities as other income and amortization of capital gifts used to construct long-lived assets.

(E) CONTRIBUTIONS AND GRANTS

Contributions are recognized in the appropriate category of net assets in the period received. Contributions received without donor stipulations are reported as increases in net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Contributions received with a donor stipulation that limits their use are reported as increases in net assets with donor restrictions. When a donor 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.

Revenue from government grants is recognized as it is earned through expenditures in accordance with the agreements. Any funding received in advance of expenditure is recorded as deferred income on the statements of financial position.

(F) RENTAL INCOME

Rental income is recorded when earned. Rental income is primarily from a charter school, Chicago Education Partnership, which is leasing By The Hand’s Moving Everest–Austin facility during school hours. At the close of school each day, parents may choose to have their children attend By The Hand Clubs, which provides wrap-around holistic services after school, including tutoring, social activities and spiritual guidance.

(G) CONTRIBUTED SERVICES

A substantial number of unpaid volunteers, including members of the Board of Directors and The Moody Church, have made significant contributions of their time to the By The Hand policymaking, program and support functions. The value of this contributed time does not meet the criteria for recognition of contributed services defined by professional accounting standards, and, accordingly, is not reflected in these financial statements.
(ii) Fair Value

Fair value is defined as the price that By The Hand would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

By The Hand uses a framework for measuring fair value that includes a hierarchy that categorizes and priorities the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on the inputs market participants would use in valuing the assets and liabilities based on market data obtained from sources independent of By The Hand. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about market transactions. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability, including assumptions about market transactions. Unobservable inputs are inputs that reflect the assumptions that market participants would use in pricing the asset or liability, including assumptions about market transactions. The carrying value of long-term debt does not materially from its estimated fair value based on quoted market prices for the same or similar issues.

(iii) All Other Assets and Liabilities

The carrying values of all other assets and liabilities do not materially differ from their estimated fair value.

(ii) Income Taxes

By The Hand is a not-for-profit organization. By The Hand has determined that it is no longer subject to income tax examination for years prior to 2015. The requirements of this statement are effective for By The Hand for the year ending August 31, 2019. Management is currently evaluating this new accounting standard and its potential impact on the financial statements of By The Hand.

(iii) Leases

In February 2016, FASB issued ASU 2016-02, Leases. ASU 2016-02 requires entities to recognize a lease liability and a right-of-use asset reflecting its right to use the underlying asset for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not changed significantly from previous generally accepted accounting principles. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities. ASU 2016-02 is effective for nonpublic business entities for the annual reporting period beginning after December 15, 2019. The requirements of this statement are effective for By The Hand for the year ending August 31, 2021. Management is currently evaluating this new accounting standard and its potential impact on the financial statements of By The Hand.

(iv) All Other Assets and Liabilities

The carrying value of certain assets is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification. A recap of the net asset classifications driven by the adoption of ASU 2016-14 as of August 2018 follows:

<table>
<thead>
<tr>
<th>ASU 2016-14 Classifications</th>
<th>Without donor restrictions</th>
<th>With donor restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>As previously presented</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$ 2,964,448</td>
<td>–</td>
<td>$ 2,964,448</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>$ 16,133,810</td>
<td>$ 16,133,810</td>
<td></td>
</tr>
<tr>
<td>Net assets as previously presented</td>
<td>$ 16,133,810</td>
<td>$ 16,133,810</td>
<td>$ 19,098,258</td>
</tr>
<tr>
<td>Reclassifications to implement ASU 2016-14</td>
<td>$ 13,502,084</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$ 16,636,532</td>
<td>$ 2,831,726</td>
<td>$ 19,098,258</td>
</tr>
</tbody>
</table>

In 2017, By The Hand borrowed funds under a short-term credit facility in connection with the construction project, and repaid the borrowings in full. Interest paid on the credit facility during the year ended August 31, 2019, was $8,578 and was capitalized as part of the cost of the project.

Notes to Financial Statements: August 31, 2019 and 2018
(4) RELATED PARTY ACTIVITY
During each of the years ended August 31, 2019 and 2018, The Moody Church made contributions from its general operating fund of $100,000 to By The Hand. Members of The Moody Church can designate gifts for By The Hand through member envelope giving to The Moody Church. During the years ended August 31, 2019 and 2018, The Moody Church received gifts designated for By The Hand of $11,020 and $84,965, respectively, and in turn remitted these amounts in full to By The Hand. Chicago Education Partnership established Moving Equalizer Charter School, a tuition-free public charter school that dramatically transforms the lives of K-8 students and prepares them for success in college and in life through the delivery of a rigorous and personalized academic program, a focus on holistic education and the development of strong character. By The Hand and Chicago Education Partnership are working together on the Austin neighborhood of Chicago to deliver a synergistic program that meets students’ academic, social and emotional needs. The Executive Director of By The Hand is a member of the Board of Directors of Chicago Education Partnership, a non-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. As discussed in Note 9, By The Hand has an operating lease agreement with Chicago Education Partnership for a building owned by By The Hand. During the year ended August 31, 2019, By The Hand and Chicago Education Partnership incurred shared operating costs which were agreed to be reimbursed by each entity. By The Hand incurred reimbursable technology and maintenance costs of $118,892, of which $98,478 was due to By The Hand at August 31, 2019 and included in prepaid expenses and other assets in the accompanying statement of financial position. Chicago Education Partnership incurred technology costs of $14,812 which were reimbursed by By The Hand during the year ended August 31, 2019.

(5) OPERATING LEASES
During the year ended August 31, 2015, By The Hand entered into an operating lease agreement with Chicago Education Partnership for a newly constructed facility owned by By The Hand, as discussed in Note 8. The property being leased is a three-story school building with a gymnasium located at 416 North Laramie Avenue, Chicago, Illinois, which consists of approximately 48,000 square feet of space. The lease term is five years commencing on August 1, 2015 and ending on July 31, 2020. Under the lease agreement, the tenant has the right and option to renew the lease for one additional five year period subject to the terms set forth in the lease agreement. Future minimum rent due under the terms of leases in effect at August 31, 2019 are $371,250 for the year ended August 31, 2020.

(10) RETIREMENT PLAN
By The Hand participates in a tax deferred 403(b) retirement plan sponsored by the Moody Church for qualifying By The Hand employees. Total employer contributions to the plan during the years ended August 31, 2019 and 2018 were $48,414 and $50,753, respectively.

(11) COMMITMENTS AND CONTINGENCIES
By The Hand conducts its operations from both owned and leased facilities. By The Hand is responsible for funding all necessary repair and maintenance at one of the leased facilities due to the rental amount required by the lease. Total rent expense under the leases amounted to $157,340 and $79,914 for the years ended August 31, 2019 and 2018, respectively. Future minimum lease rental payments required under these operating leases are $106,780 for the year ending August 31, 2020, and $1,200 for each of the years ending August 31, 2021 through 2033. By The Hand is involved in various legal proceedings and litigation arising in the ordinary course of business. Although the eventual outcome of these matters is not presently determinable, in the opinion of By The Hand’s management, the resolution of such proceedings and litigation will not have a material adverse effect on the financial position of By The Hand.

(12) SUBSEQUENT EVENTS
Management has performed an analysis of the activities and transactions subsequent to August 31, 2019, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended August 31, 2019. Management has performed their analysis through November 13, 2019, the date the financial statements were available to be issued. Activities subsequent to this date have not been evaluated by management. No subsequent events were identified that required recognition or disclosure in the financial statements.
Leading by serving

BY THE HAND BOARD OF DIRECTORS
Tom Sawyer, Chairman
Attorney (Retired)
Carol Simpson, Vice Chairman
Attorney, Carol Simpson Law Offices
Christine Parker, Secretary
Attorney, Law Office of Christine A. Parker
Mark Sauer, Treasurer
Senior Strategic Account Manager at Salesforce
James Fellows
Chairman, Fellows, Inc.
Joe Gomez
Principal, J. Gomez & Assoc. Inc.
Nancy Honore
Teacher (Retired)
Sharon Holke/Kazak
Founder and Owner of Lincoln Park
Preschool & Kindergartens
Peggy Lee
Teacher (Retired)
Brian Musso
Managing Partner, Promus Capital
Roy Peterson
Community Relations Director and Radio Host,
Moody Bible Institute
Gilbert E. Russell
Director of Business Development, ASAP Pharmacy
Keith Searles
Owner and Founder, Urban GIS
Julie Wilson
Manager, Avinya (Retired)

BY THE HAND LEADERSHIP STAFF
Bethany Arvin
Director of College and Career Support
Bernardelle Ballenger
Director of By The Hand—Austin
Rebecca Bogart
Director of College and Career Readiness
Carrie Gore
Managing Director of Operations
Michele Kousaka
Senior Director of Learning
Onakhasen “Owen” Irechudewa
Director of Volunteer Development
Sarah Jones
Senior Director of K-8 Programs
Deanna Jones
Director of By The Hand—Cabrini-Green
Marc Kole
Senior Director of Finance
Janae Morris-Baskett
Director of By The Hand—Algie M. Murray
Yolanda Perry
Director of Crisis & Compassion
Miguel Rodriguez
Director of Facilities
Savannah Schwarzkopf
Senior Director of Fund Development
Anwar Smith
Managing Director of Club for Big Kids (CBK)
and Program Operations
Donato Travia
Founder & Executive Director
Courtney Underwood
Director of Human Resources
Lameck Washington
Director of By The Hand—ME/Austin
Ben Waterman
Managing Director of Fund Development
Eddie Wilson
Director of By The Hand—Englewood

For more information or to schedule a visit:
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marilyn.cassells@bythehand.org
Visit www.bythehand.org

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By The Hand—Englewood
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Chicago, IL 60621

By The Hand—Moving Everest/Austin
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Chicago, IL 60644

CBK Enrichment Center
312 W. Walton Street
Chicago, IL 60610

www.bythehand.org

Helping children who live in high-risk, inner-city neighborhoods have abundant life