



BY
THE
HAND
CLUB
FOR
KIDS

By The Hand Club For Kids 2019 Annual Report

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 kindergarten 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.

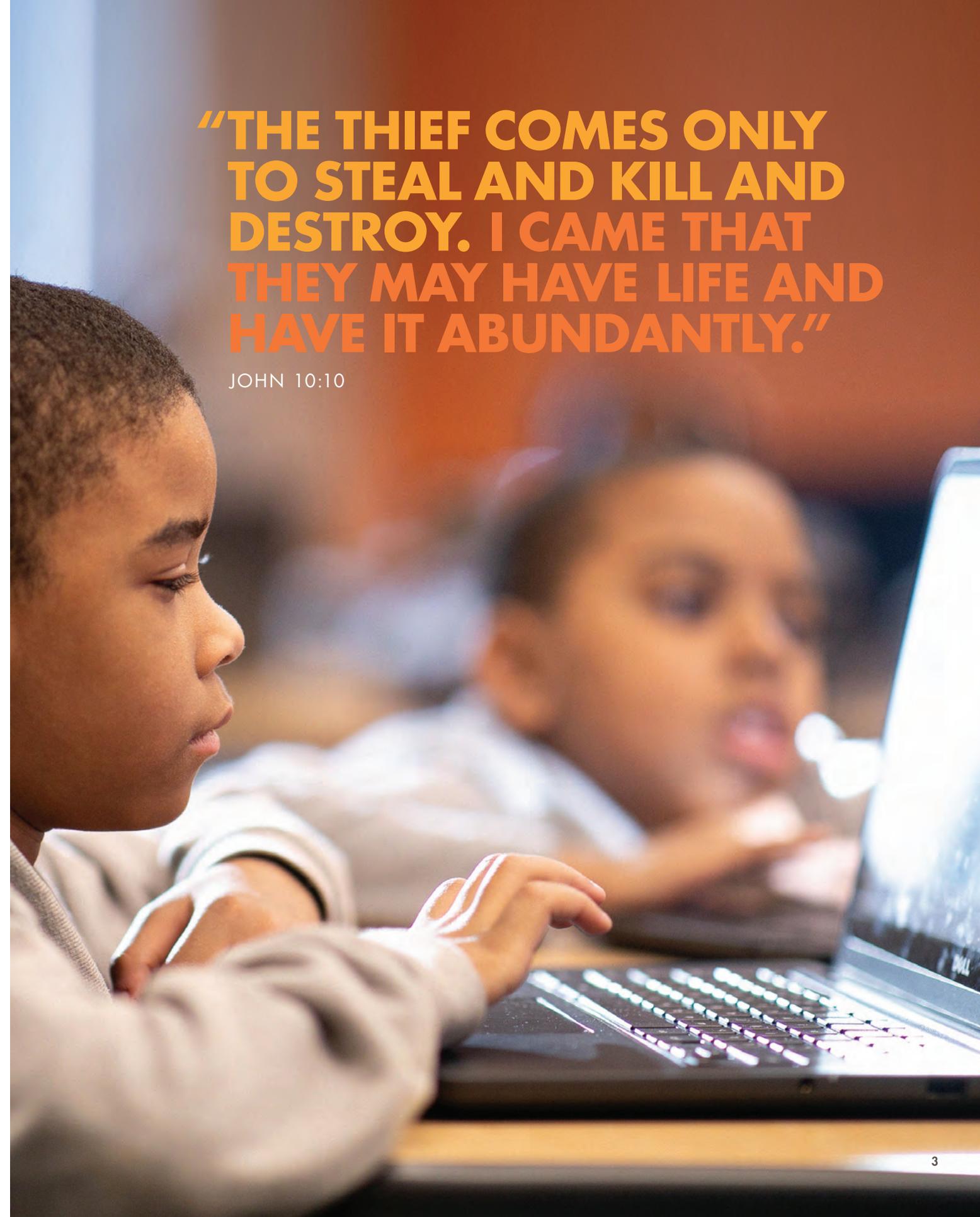
Sincerely,



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





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 & Deonte Thomas) donated their \$500 prize to Breakthrough Urban Ministries

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.



Supporting Struggling Learners— Tutoring Group

BTH Austin 8th grader Da’Quana Williams donated her \$500 prize to Lurie Children’s Hospital



I AM THE SOLUTION. VOLUNTEERS MAKE IT POSSIBLE.

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.**

I AM THE SOLUTION. GIVING MAKES 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.

**JAMES IS THE SOLUTION,
YOU MAKE IT POSSIBLE.**



MAKING THE SOLUTION 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.”



TECHNOLOGY-ENABLED BLENDED LEARNING



Initial assessment

Each student is assessed at the beginning of the program and placed at an appropriate learning level. Two groups of kids then rotate between two stations, with each group spending 20 to 30 minutes at each station for a total of 100 minutes—three to four times a week.



Homework assistance

Students receive homework assistance from team leaders and volunteers, including one-on-one instruction for improving reading skills.



Self-paced technology station

Students work individually at their own pace on computers. Technology correlates real-time personalized data with Common Core State Standards to let By The Hand know how each child is doing—and whether any challenges need to be addressed. Kids are motivated by the ongoing feedback—and encouraged to set weekly goals and track their progress. Successes are celebrated.

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.



Preparing 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.

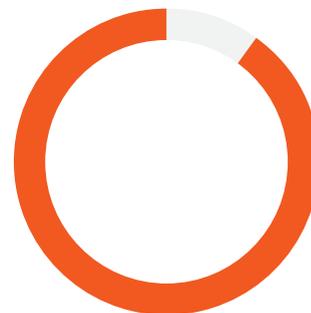
Percent of kids reading at or above grade level
National ranking of school reading growth[†]



- **BTH—ME**
72nd percentile
- **Austin neighborhood schools**
28th percentile

[†]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



- **90% Enrolled***

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





MAKING THE SOLUTION POSSIBLE

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 counseling, as needed

SOUL

- Profess faith in Christ
- Attend church

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



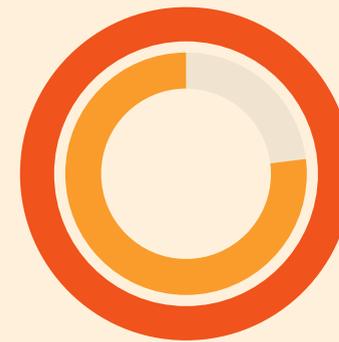
- 82% Professed faith (Q4 to Q4)
- 19% Attended church (Q4 to Q4)
- 96% Received First Day Gospel Welcome Packets (Q4 to Q4)
There were 426 new students with 409 receiving the Welcome Packet with a Bible.

High school freshmen who graduated from high school



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

BTH Matriculation Rates: 2019



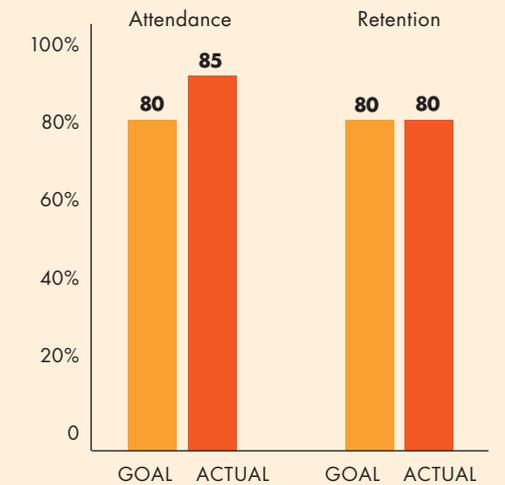
- 100% High school graduation
 - 77% College freshman enrollment rate*
- * 2019 high school graduates who enrolled or are in the process of enrolling in a college, university or certified technical school

Improvement in Reading



- All Students
- 26% Beginning of the school year
- 61% End of the school year

Club Attendance and Retention From Q1 To Q4



Reasons for disenrollment: Low attendance – 42%; moved or transferred schools – 26%; behavior – 11%; Other reasons – 21%

Potential Societal Impact: ROI Per Child

42:1

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 year period
- The compounding effect of generations to come yields even higher returns



187,148

**SAFE PASSAGES TO AND FROM
OUR CLUBS ON SCHOOL BUSES**



3,802

**LUNCHES SERVED
DURING OUR
SUMMER LEARNING
PROGRAM**



96,742

**HOT, NUTRITIOUS
MEALS SERVED**



970
EYE EXAMS



1,138
**DENTAL
EXAMS**



130
**KIDS PROVIDED WITH
COUNSELING FOR ANGER,
TRAUMA AND GRIEF**



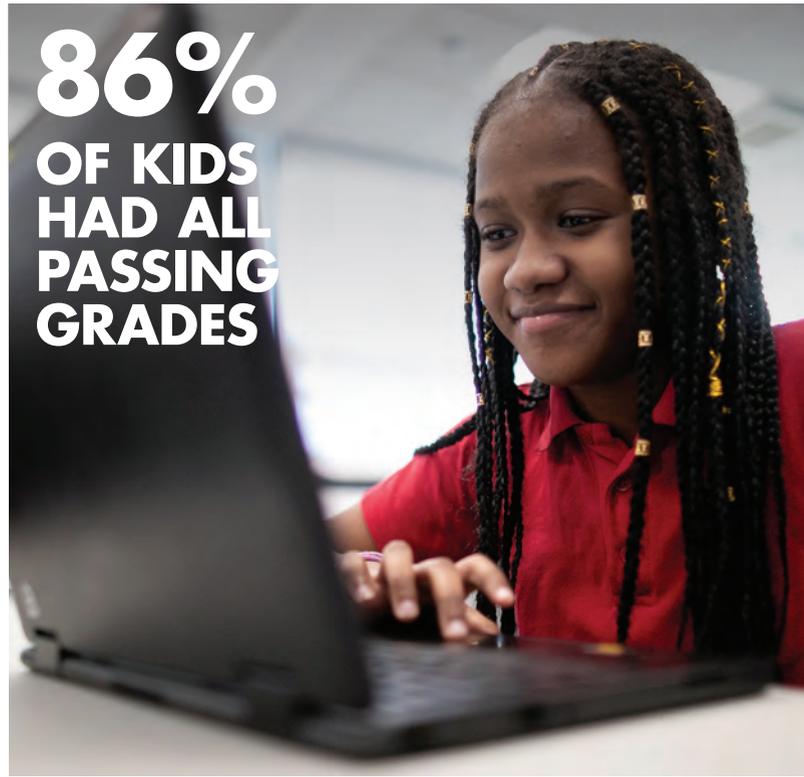
39,092
**STUDENT HOURS
IN CHAPEL AND
BIBLE STUDY**



3,453
HOME VISITS AND
2,837
**SCHOOL VISITS
TO CHECK IN
WITH FAMILIES**



2.81
FOURTH
QUARTER
GPA



86%
OF KIDS
HAD ALL
PASSING
GRADES



87%
COLLEGE/TECHNICAL
SCHOOL-ENROLLMENT
RATE AMONG
GRADUATING SENIORS



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



64%
OF KIDS WITH
ALL ABCS



43.3%
OF KIDS MAKING
HONOR ROLL



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 quality 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.

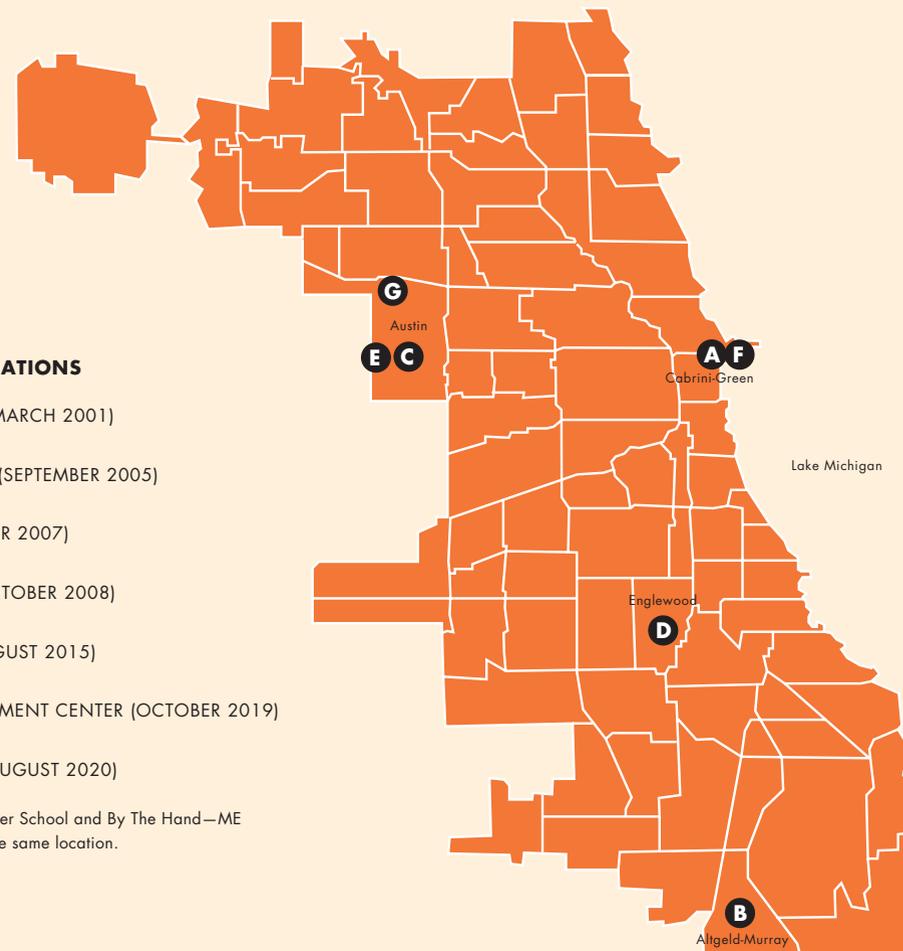
Our district clubs in Altgeld-Murray, Austin, Cabrini-Green and Englewood are serving kids grades one through twelve. With the addition of 47 new students in September 2019, By The Hand is serving 1,570 kids, including our college students.

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.

BY THE HAND LOCATIONS

- A** CABRINI-GREEN (MARCH 2001)
- B** ALTGELD-MURRAY (SEPTEMBER 2005)
- C** AUSTIN (SEPTEMBER 2007)
- D** ENGLEWOOD (OCTOBER 2008)
- E** ME/AUSTIN* (AUGUST 2015)
- F** CITYWIDE ENRICHMENT CENTER (OCTOBER 2019)
- G** NORTH AUSTIN (AUGUST 2020)

*The Moving Everest Charter School and By The Hand—ME are separate entities at the same location.



Your support makes The Solution possible.

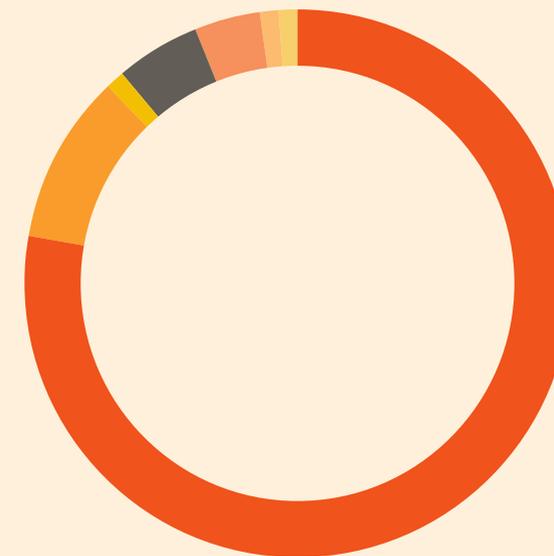
As an independent 501(c)(3) nonprofit organization, we rely on the generosity of people who make it possible for us to love and serve kids—mind, body and soul. We are not endowed.

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.

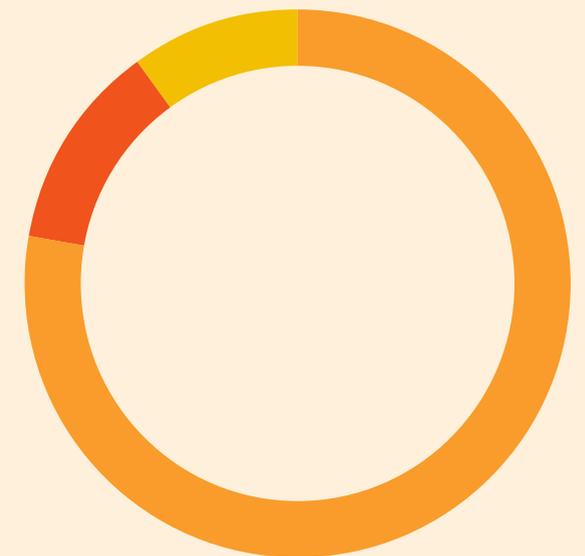
SEPT. 2018 – AUG. 2019 ALLOCATIONS

UNRESTRICTED REVENUE BY SOURCE



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

FUNCTIONAL EXPENSES



- 78%** PROGRAM SERVICES
- 12%** FUNDRAISING
- 10%** GENERAL AND ADMINISTRATIVE

Statements of Activities Years ended August 31, 2019 and 2018

	2019	2018
Changes in net assets without donor restrictions:		
Operating:		
Revenue:		
Contributions	\$ 6,036,409	\$ 4,404,000
Donated goods and services	100,000	100,000
Special events, net of direct costs of \$287,752 in 2019 and \$218,452 in 2018	2,312,025	2,113,253
Government grants	462,321	516,413
Rental income	374,925	317,988
Other income	441,139	37,658
Net assets released from restrictions	74,925	919,970
Total operating revenue	9,801,744	8,409,282
Expenses:		
Program services	7,384,980	6,538,555
General and administrative	931,016	675,861
Fundraising	1,183,500	1,003,695
Total operating expenses	9,499,496	8,218,111
Excess of operating revenue over expenses	302,248	191,171
Nonoperating changes in net assets without donor restrictions-		
Amortization of capital gifts used to construct long-lived assets	(434,313)	—
Increase (decrease) in net assets without donor restrictions	(132,065)	191,171
Changes in net assets with donor restrictions		
Contributions	1,363,991	3,016,181
Net assets released from restrictions	(74,925)	(919,970)
Increase in net assets with donor restrictions	1,289,066	2,096,211
Increase in net assets	1,157,001	2,287,382
Net assets at beginning of year	19,098,258	16,810,876
Net assets at end of year	\$ 20,255,259	\$ 19,098,258

See accompanying notes to financial statements.

Statements of Financial Position August 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 2,510,267	\$ 2,273,599
Prepaid expenses and other	342,545	175,782
Property and equipment, net	20,374,933	19,526,052
Total assets	\$ 23,227,745	\$ 21,975,433
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 336,808	\$ 253,299
Accrued payroll expenses	190,721	151,834
Deferred income	121,256	58,750
Note payable	2,323,701	2,413,292
Total liabilities	2,972,486	2,877,175
Net assets:		
Without donor restrictions	16,334,467	16,466,532
With donor restrictions	3,920,792	2,631,726
Total net assets	20,255,259	19,098,258
Total liabilities and net assets	\$ 23,227,745	\$ 21,975,433

See accompanying notes to financial statements.

Statements of Cash Flows Years ended August 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 1,157,001	\$ 2,287,382
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Depreciation	591,191	543,933
Contributions restricted for long-term investment	(1,300,000)	(2,645,066)
Changes in operating assets and liabilities:		
Prepaid expenses and other	(166,763)	(62,185)
Accounts payable	83,509	97,542
Accrued payroll expenses	38,887	31,541
Deferred income	62,506	7,750
Net cash provided by operating activities	466,331	260,897
Cash flows used in investing activities:		
Cash paid for property and equipment	(1,440,072)	(2,044,759)
Net cash used in investing activities	(1,440,072)	(2,044,759)
Cash flows provided by financing activities:		
Proceeds from contributions restricted for long-term investment	1,300,000	2,645,066
Payments on note payable	(89,591)	(85,386)
Proceeds from lines of credit	538,112	—
Payments on lines of credit	(538,112)	(321,160)
Net cash provided by financing activities	1,210,409	2,238,520
Net increase in cash and cash equivalents	236,668	454,658
Cash and cash equivalents at beginning of year	2,273,599	1,818,941
Cash and cash equivalents at end of year	\$ 2,510,267	\$ 2,273,599
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 122,851	\$ 122,341

See accompanying notes to financial statements.

Statement of Functional Expenses Year ended August 31, 2019

	SUPPORTING SERVICES			TOTAL 2019
	PROGRAM SERVICES	GENERAL & ADMINISTRATIVE	FUNDRAISING	
Compensation, benefits and taxes				
Salaries and wages	\$ 3,272,763	\$ 280,885	\$ 761,537	\$ 4,315,185
Benefits	319,243	30,969	75,339	425,551
Payroll taxes	236,019	17,709	52,979	306,707
Total salaries and wages, benefits and payroll taxes	3,828,025	329,563	889,855	5,047,443
Insurance	83,137	—	—	83,137
Printing	30,507	28,318	29,600	88,425
Telephone	88,281	7,377	9,384	105,042
Supplies	34,711	2,661	4,095	41,467
Building and equipment repair and maintenance	397,899	20,403	—	418,302
Utilities	210,365	10,293	—	220,658
Training	85,382	6,071	1,899	93,352
Transportation	630,052	551	8,462	639,065
Non-capital equipment and software	197,635	506	33,507	231,648
Rent	107,340	50,000	—	157,340
Meals - students	355,750	—	—	355,750
Meals - staff	1,704	514	1,935	4,153
Curriculum	3,115	—	—	3,115
Benevolence	62,212	—	—	62,212
Academic evaluation	31,615	—	—	31,615
Publicity	892	2,613	10,646	14,151
Children's and other special events	120,233	240	3,336	123,809
Memberships	3,519	376	4,869	8,764
Postage	114	4,376	3,841	8,331
Legal fees	1,562	115,096	—	116,658
Professional fees	304,163	250,465	176,332	730,960
Bank charges	—	35,002	—	35,002
Volunteer support	3,711	4,642	56	8,409
Travel	9,844	5,444	3,538	18,826
College scholarships	26,439	—	—	26,439
School and college resources	36,978	—	—	36,978
Interest	114,273	—	—	114,273
Other	24,331	56,505	2,145	82,981
Depreciation	591,191	—	—	591,191
Total expenses	\$ 7,384,980	\$ 931,016	\$ 1,183,500	\$ 9,499,496

See accompanying notes to financial statements.

Statement of Functional Expenses Year ended August 31, 2018

	SUPPORTING SERVICES			TOTAL 2018
	PROGRAM SERVICES	GENERAL & ADMINISTRATIVE	FUNDRAISING	
Compensation, benefits and taxes				
Salaries and wages	\$ 2,852,874	\$ 272,220	\$ 528,316	\$ 3,653,410
Benefits	288,056	23,789	51,614	363,459
Payroll taxes	205,577	17,374	36,020	258,971
Total salaries and wages, benefits and payroll taxes	3,346,507	313,383	615,950	4,275,840
Insurance	85,527	—	—	85,527
Printing	12,704	242	67,806	80,752
Telephone	71,307	2,253	5,815	79,375
Supplies	12,774	8,640	2,483	23,897
Building and equipment repair and maintenance	365,210	—	—	365,210
Utilities	217,649	—	—	217,649
Training	106,000	465	8,889	115,354
Transportation	688,221	457	7,168	695,846
Non-capital equipment and software	99,420	—	6,660	106,080
Rent	79,914	—	—	79,914
Meals - students	331,186	—	—	331,186
Meals - staff	1,728	2,259	934	4,921
Curriculum	623	—	—	623
Benevolence	61,903	—	—	61,903
Academic evaluation	30,944	—	—	30,944
Publicity	—	—	40,477	40,477
Children's and other special events	89,306	—	7,199	96,505
Memberships	960	4,999	—	5,959
Postage	2,240	1,558	6,716	10,514
Legal fees	99	91,033	—	91,132
Professional fees	180,531	174,483	228,190	583,204
Bank charges	39	30,488	976	31,503
Volunteer support	5,397	1,110	—	6,507
Travel	11,606	2,710	3,831	18,147
College scholarships	29,751	—	—	29,751
School and college resources	34,941	—	—	34,941
Interest	121,725	231	385	122,341
Other	6,410	41,550	216	48,176
Depreciation	543,933	—	—	543,933
Total expenses	\$ 6,538,555	\$ 675,861	\$ 1,003,695	\$ 8,218,111

See accompanying notes to financial statements.

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 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 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

Paul J. Smit & Associates
November 13, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(A) DESCRIPTION OF ORGANIZATION**

By The Hand Club For Kids (By The Hand) is a faith-based, after school program that helps children have a new and abundant life by nurturing the whole child – mind, body and soul. For the mind, By The Hand has homework help, tutoring, language and reading literacy programs. For the body, By The Hand provides health education and access to health services, as well as a meal program. For the soul, By The Hand teaches and models Biblical truths.

Significant accounting policies followed by By The Hand are described in the paragraphs that follow.

(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 classification of 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 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 expenditure 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 Club, 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.

(H) FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are recorded when the obligation is incurred. The costs of providing various program and supporting activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain occupancy and administrative costs have been allocated among the programs and supporting services benefited based on estimates made by management. The supporting services are indispensable to the conduct of the program activities and to By The Hand's existence.

(I) 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 prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that 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 risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – quoted market prices in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability, including model based valuation techniques.
- Level 3 – valuation techniques for the asset or liability that use significant inputs that are unobservable because they trade infrequently or not at all.

(i) Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Cash equivalents are considered Level I in the fair value hierarchy.

(ii) Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Expenditures

for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost. Acquisitions of property and equipment in excess of \$5,000 are generally capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, ranging from 25 to 40 years for buildings and building improvements, 2 to 6 years for vehicles, and 3 to 15 years for furniture and equipment.

Building repair and maintenance costs for facilities leased by By The Hand, where the lease is short-term in nature or where the leases can be cancelled by the lessee or lessor at any time, are expensed as incurred and not capitalized and depreciated because they are not deemed to have any realizable, long-term economic value to By The Hand. For owned facilities and those subject to long-term leases, building repair and maintenance costs that increase the value or estimated useful life of such facilities are capitalized and depreciated over their estimated useful lives. Building repair and maintenance costs that do not increase the value or estimated useful life of such facilities are expensed as incurred.

(iii) Notes Payable

The carrying value of long-term debt does not differ materially from its estimated fair value based on quoted market prices for the same or similar issues.

(iv) All Other Assets and Liabilities

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

(J) INCOME TAXES

By The Hand is a not-for-profit organization. By The Hand has received a determination letter from the Internal Revenue Service indicating that it is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986, except for income taxes pertaining to unrelated business income. A provision of approximately \$12,700 and \$4,600 has been made for income taxes in the accompanying financial statements for the years ended August 31, 2019 and 2018, respectively, related to certain unrelated business activities.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of August 31, 2019 and 2018, there are no uncertain income tax positions that would require recognition of a liability (or asset) or disclosure in the financial statements. By the Hand has filed income tax returns through the year ended August 31, 2018, and believes it is no longer subject to income tax examination for years prior to the year ended August 31, 2015.

(K) USE OF ESTIMATES

The preparation of financial statements in accordance with generally accepted accounting principles requires that management make estimates and assumptions related to the reporting of assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the period. Actual results may differ from those estimates.

(L) RECLASSIFICATIONS

Certain amounts in the accompanying 2018 financial statements have been reclassified to conform to the 2019 presentation.

(M) RECENT ACCOUNTING PRONOUNCEMENTS**(i) Not-for-Profit Financial Statement Presentation**

During 2019, By The Hand adopted ASU No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset 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 31, 2018 follows:

	ASU 2016-14 CLASSIFICATIONS		
	Without donor restrictions	With donor restrictions	Total Net Assets
As previously presented:			
Unrestricted	\$ 2,964,448	—	\$ 2,964,448
Temporarily restricted	—	\$ 16,133,810	\$ 16,133,810
Net assets as previously presented	\$ 2,964,448	\$ 16,133,810	\$ 19,098,258
Reclassifications to implement ASU 2016-14:			
Capital gifts for construction	\$ 13,502,084	(13,502,084)	—
Total	\$ 16,466,532	\$ 2,631,726	\$ 19,098,258

(ii) Leases

In February 2016, FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires entities to recognize a liability to make lease payments (the

lease liability) and a right-of-use asset representing 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 standards and its potential impact on the financial statements of By The Hand.

(2) PROPERTY AND EQUIPMENT

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

	2019	2018
Building and building improvements	\$ 17,598,381	\$ 17,574,934
Land	2,433,055	1,394,010
Vehicles	128,134	112,243
Furniture and equipment	996,372	796,864
Construction in progress	1,981,896	1,853,555
	23,137,828	21,731,606
Less accumulated depreciation	(2,762,905)	(2,205,554)
Property and equipment, net	\$ 20,374,933	\$ 19,526,052

Depreciation expense was recorded in the amount of \$591,191 and \$543,933 for the years ended August 31, 2019 and 2018, respectively.

(3) LINES OF CREDIT

By The Hand maintains a secured line of credit which expires February 2020. The line of credit had a borrowing limit of \$1,500,000 through February 2018 at which time the borrowing limit was increased to \$2,000,000. At August 31, 2017, \$321,160 had been drawn and was outstanding on the line of credit. There were no additional borrowings under the line of credit, and the line was paid off during the year ended August 31, 2018. Interest on the line varies with an independent index which is the Wall Street Journal Prime Rate, and is payable monthly. As of August 31, 2019 and 2018, the interest rate on the line was 5.25%. Interest paid on the line of credit during the years ended August 31, 2019 and 2018 was \$0 and \$3,852, respectively.

The line of credit is secured by a Mortgage and Assignment of Rents to the lender on real property commonly known as 415 North Laramie Avenue, Chicago, Illinois.

During the year ended August 31, 2019, By The Hand borrowed funds under a short-term credit facility in connection with a 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.

(4) NOTE PAYABLE

In order to refinance a construction promissory note prior to its expiration, By The Hand signed a note payable in February 2016 for \$6,500,000 with a financial institution. The note payable expires February 2021, and bears interest at a fixed rate of 4.75%. Principal and interest payments are payable monthly.

Principal payments are due under the note payable as follows:

Year Ending August 31		
2020	\$	99,176
2021		2,224,525
Note payable	\$	2,323,701

(5) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at August 31, 2018 and 2019:

	AUGUST 31, 2018	CONTRIBUTIONS	NET ASSETS RELEASED FROM RESTRICTIONS	AUGUST 31, 2019
College student assistance	\$ 14,834	\$ 20,000	\$ (25,877)	\$ 8,957
Lend to the Lord Fund	11,276	43,223	(46,686)	7,813
Benevity Fund	—	768	(768)	—
Capital campaign – ME Expansion	1,105,616	1,300,000	(1,594)	2,404,022
Capital campaign – North Austin	1,500,000	—	—	1,500,000
	\$ 2,631,726	\$ 1,363,991	\$ (74,925)	\$ 3,920,792

(6) CONCENTRATIONS

During the years ended August 31, 2019 and 2018, By The Hand maintained deposits in excess of federally insured limits. Statement of Financial Accounting Standards No. 105 identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk was managed by maintaining all deposits in high quality financial institutions.

During fiscal year 2019, By The Hand received 44% of total contributions from 7 donors. During fiscal year 2018, By The Hand received 49% of total contributions from 7 donors. Contributions include both contributions without donor restrictions which were used for operations and line of credit repayment, and also include contributions with donor restrictions (Note 5), a significant amount of which were received in conjunction with capital campaigns.

(7) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of August 31, 2019, financial assets and liquidity resources available within one year for general expenditure, that is, without donor or other restriction limiting their use, are as follows:

Interest expense incurred under the note payable for the years ended August 31, 2019 and 2018 was \$114,273 and \$118,489, respectively.

The note is secured to the lender by a Mortgage and Assignment of Rents on real property commonly known as 416 North Laramie Avenue, Chicago, Illinois, and a Commercial Security Agreement and a Mortgage and Assignment of Rents to the lender on real property commonly known as 415 North Laramie Avenue, Chicago, Illinois, and a Commercial Security Agreement, all for collateral granted by By The Hand Club.

Financial assets:	
Cash and cash equivalents	\$ 1,644,223
Prepaid expenses and other assets	287,986
Total financial assets available within one year	1,932,209

Liquidity resources:	
Bank line of credit	2,000,000
Total financial assets and liquidity resources available within one year	\$ 3,932,209

By The Hand's cash flows have seasonal variations during the year attributable to specific fundraising campaigns and donor appeals, and a concentration of contributions received at calendar and fiscal year-end. As described in Note 3, to manage liquidity, By The Hand maintains a line of credit that can be drawn upon as needed during the year to manage cash flows. As of August 31, 2019, there were no outstanding borrowings under this line of credit.

(8) 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 \$31,020 and \$84,065, respectively, and in turn remitted these amounts in full to By The Hand.

Chicago Education Partnership established Moving Everest 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 in 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 not-for-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.

(9) 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 rentals due under the terms of leases in effect at August 31, 2019 are \$371,250 for the year ended August 31, 2020. Rental income under the above lease for the years ended August 31, 2019 and 2018 totaled \$343,125 and \$275,625, respectively.

By The Hand had entered into operating lease agreements with two not-

for-profit organizations for use of certain classroom, conference room and common area spaces at By The Hand facilities. Rental income under these leases for the year ended August 31, 2018 totaled \$25,000. These leases expired during the year ended August 31, 2018.

(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 \$68,414 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 amounts 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 base 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 of or disclosure in the financial statements.

Leading by serving

BY THE HAND BOARD OF DIRECTORS

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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

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Moody Bible Institute

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Anwar Smith
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Founder & Executive Director

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Director of By The Hand—ME/Austin

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Director of By The Hand—Englewood

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www.bythehand.org

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



*A higher standard.
A higher purpose.*