

**Lighting the path. Leading the way.**  
Discovering the abundant life found in serving others.

# The Quest



**BY  
THE  
HAND  
CLUB  
FOR  
KIDS**

By The Hand Club For Kids  
2018 Annual Report

“The thief comes only to steal and kill and destroy. I came that they may have life and have it abundantly.”

JOHN 10:10



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, high-risk neighborhoods, By The Hand helps kids have abundant life.



Praise God! With God's blessings and the generosity of people like you, By The Hand is pursuing the vision of helping children who live in high-risk, inner-city neighborhoods have abundant life. During the 2017-2018 school year, we were privileged to love and serve 1,360 kids.

Our learning theme for the year was The QUEST, emphasizing the pursuit of a God-inspired, lofty and noble goal that determines the course of one's life. While we never quite complete our QUEST, we experience abundant life by serving others as we join in what God is doing in the world.

We continued to emphasize holistic child development, as we have since we began in 2001 with 16 kids from Cabrini-Green.

Our mission is to take kids by the hand and walk with them through college, helping them have abundant life—mind, body and soul. We provide a safe place to learn during the most dangerous time of day—the after-school hours when most crimes by and against youth are committed. And we meet their most pressing needs to break down barriers to learning and academic excellence.

During the 2017-2018 year, we served 101,489 hot, nutritious meals and provided for 1,067 eye and 1,141 dental exams—including eyeglasses and extra dental work when needed. And we enabled 110 kids to receive professional counseling for anger, trauma and grief. We also conducted 3,236 home visits and 2,959 school visits, working closely with school principals and parents.

We continued to emphasize literacy. Children from poor, minority neighborhoods are eight times more likely to drop out of high school if they can't read at grade level by the third grade, a risk factor for poverty and incarceration. To help all of our kids read at grade level after their first year with By The Hand, our kindergarten through eighth-grade students receive personalized instruction through our technology-enabled, blended learning program. As a result, they are improving their reading comprehension and language skills at an accelerated rate—sometimes as much as four grade levels in a year. For example, while 11 percent of our By The Hand Club—Moving Everest (ME) kindergarten students could not read at grade level at the beginning of the school year, 100 percent finished the year reading at grade level.

This helped our kids earn an average GPA of 2.76 during the 2017-2018 school year, with 63 percent earning all ABCs and 43 percent making the honor roll. Of our high school seniors, 100 percent graduated and 89 percent are pursuing a post-secondary education. And with 230 new professions of faith this year, 83 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.

To reach kids in critical need of intervention, we have five sites located in four of Chicago's most dangerous, under-resourced neighborhoods with the lowest-academic performing schools. Our most recent site, By The Hand—ME in Austin, opened in 2015 with 180 kindergarten and first-grade students. By adding a class of 90 each year, it was serving 450 kids in August 2018. Plans are underway to build a middle school at this location by 2020 to continue walking with our kids as they graduate from elementary school.

The By The Hand—ME model enables our kids to attend school in a safe, academically rigorous environment and—in the same building—learn about Jesus and benefit from By The Hand wrap-around services during the after-school hours. This model is so successful that we purchased property and are planning to open a second By The Hand Club—ME site in North Austin, starting with 180 kindergarten and first-grade students. At capacity, each By The Hand—ME club will be able to serve 810 kindergarten through eighth-grade students.

We are also excited about opening a high-quality, citywide enrichment center in downtown Chicago. The center will provide our high school students with enriching learning opportunities and worship gatherings. We have added a youth pastor to lead weekly discipleship and monthly worship and are developing our staff and a comprehensive curriculum.

Financially, we are grateful to have finished our 18th consecutive year in the black, ending the fiscal year with a fully funded operating budget of more than \$8M while enrolling 90 more kids. To make every dollar count, we kept our overhead low relative to programming and controlled expenses. And the rent we received from Moving Everest Charter School, a separate 501 (c)(3) charter school that leases our Austin facility, services our remaining debt.

All of these accomplishments were possible because of God's blessings and the faithful, generous support of people like you. We are not endowed. We can only serve as many children as the generosity of others allows.

As a part of our QUEST, thank you for joining what God is doing through By The Hand. You are lighting the path and leading the way for children to discover the abundant life found in serving others—a path that will affect generations to come.

Sincerely,



Donnita Travis  
Founder and Executive Director

## About The QUEST

To help our kids envision how significant their lives can be, the theme for our 2017-2018 learning project was The QUEST. Unlike the many adventures we may have in life, a QUEST is what our life is about. The QUEST refers to a God-inspired, lofty and noble pursuit that goes beyond our own dreams. Such a QUEST often begins with a life-defining decision that determines the course of our life and governs all our other decisions. And while we never quite complete a QUEST, as we join in what God is doing in the world, we discover the abundant life found in serving others.

During this year's learning project, our kids examined the lives of those who achieved greatness in pursuit of a QUEST. The kids noticed that many experienced a moment when they decided, "My life is going to be about this." For some, it was brought on by a dramatic event, like when Paul encountered Jesus on the road to Damascus. For others, it came quietly, like Dr. King's epiphany at his kitchen table in the middle of the night. Ultimately, the kids gleaned life principles about making moral decisions and wise choices, developing healthy disciplines and daily habits, and choosing positive friends. In essence, they learned about God lighting their path through His Word—and mentors He places in their lives.

## Lighting the path.

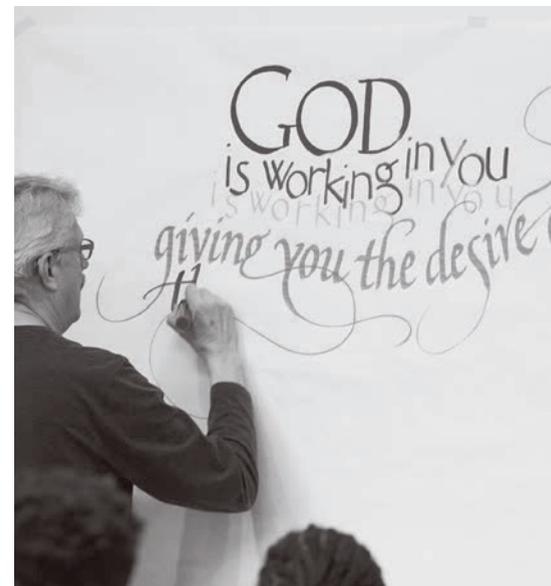
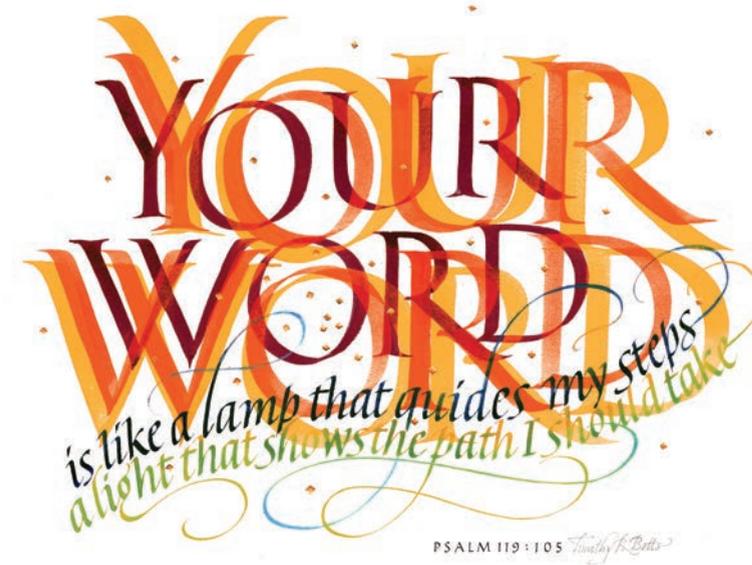
During the learning project, the kids considered what their QUEST might be at home, school and in their community—now and later in life. And what their role might be in lighting the path and leading the way for others. Using an Easy-to-Read Version (ERV) Bible, the students chose a guiding verse for their QUEST, conducting keyword searches with a Bible dictionary, searching a list of God’s promises and journaling the answers to thought-provoking questions about which verse would provide them with guidance, comfort or a godly perspective.

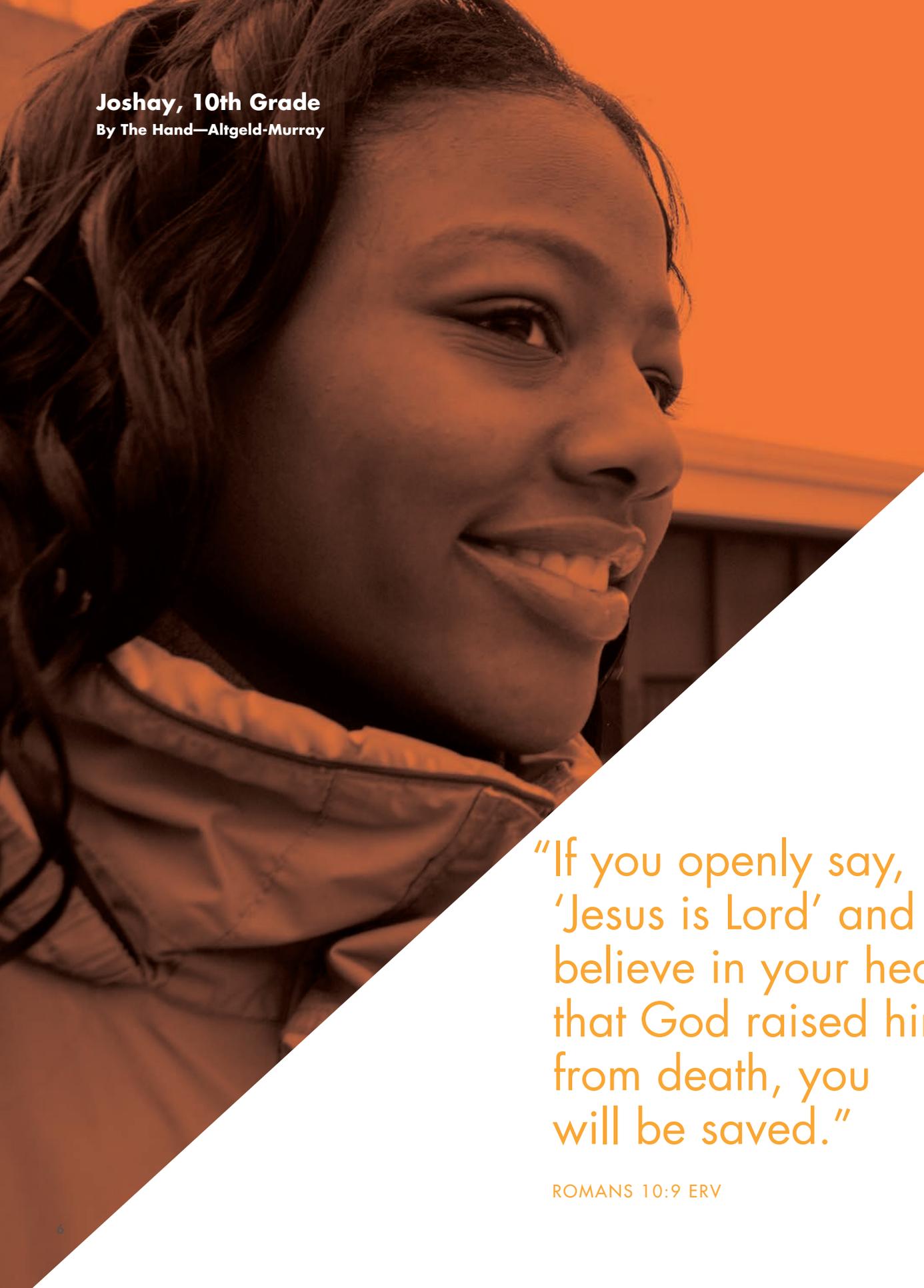
From conception to execution of the learning project, Timothy Botts—a renowned Chicago-based calligrapher and illustrator—provided invaluable input regarding the curriculum, final pieces and judging. He also gave a 30-minute demonstration, creating artwork based on this year’s theme—Psalm 119:105—before explaining what The QUEST really means during an inspirational talk.

## Leading the way.

Inspired by Timothy Botts, the kids created artwork of their life verse, expressing how God’s Word is lighting their path and helping them lead the way for others by example. Forty finalists gathered for an art project workday to transfer their works of calligraphy to canvas, working one-on-one with professional artists, designers, art professors and art students—some who are By The Hand staff or volunteers.

At the end of the workday, Botts along with five other judges evaluated the paintings on the basis of quality (amount of effort and execution), artistic expression (creativity and uniqueness) and oral expression (explanation of QUEST and of chosen verse). Winners received a framed print of Timothy Bott’s artwork. During our Spring Benefit, we showcased all of the 40 finalists’ artwork. The six first-place winners received special prizes. For example, the younger kids went on a field trip to the Bible League International to see a replica of the Gutenberg Press, historical artifacts and a Bible history exhibit, leaving with an ERV Bible from the Bible League. The older kids went to a special art camp and received a gift card to help with college expenses.





**Joshay, 10th Grade**

By The Hand—Altgeld-Murray

**“If you openly say,  
'Jesus is Lord' and  
believe in your heart  
that God raised him  
from death, you  
will be saved.”**

ROMANS 10:9 ERV

### **My QUEST in life is to feed the homeless.**

When I joined By The Hand Club, I was angry because my father was not part of my life. I got into fights almost every day at school, and I threw tables and chairs at By The Hand.

But in July 2016, By The Hand Club took me to camp. One night, our camp counselor read a verse from the book of Romans. “If you openly say, ‘Jesus is Lord’ and believe in your heart that God raised him from death, you will be saved.” She asked us to raise our hand if we wanted to be saved. There were nine girls in my cabin and I was the only girl who raised her hand that night. I knew Jesus was the father I longed for and that I wouldn’t ever be alone again.

Summer ended and on the first day of school, my reading teacher said, “So, Joshay, you’re not fighting today?” I told her “I’m not gonna fight anymore because I am a Christian.” I have not been in a fight since. Also, when I started By The Hand Club, I had a 1.2 grade point average with five Fs and one D. I now have a 2.83 grade point average with all ABCs.

**“At By The Hand Club, people come and help us.”**

### **My QUEST is to stop the violence in Cabrini-Green.**

In 2014, I saw kids at By The Hand Club getting ready to go to the Spring Benefit... getting fitted for their clothes and rehearsing their testimonies. When I asked the director if I could go, he said, "Sorry man, you've been too disrespectful." This was not the first time I had missed out. I wasn't allowed to go to the Cubs, White Sox, Bulls and the Blackhawks.

It made me look in the mirror and say to myself, "Yo, you gotta change." I faced the truth that when my grandfather died, I lost a part of me. He was the only father I knew, and I didn't know what to do with that grief. So I took it out on others—getting into fights at school and disrespecting adults at By The Hand Club.

That night, I began to change. I have not gotten into a fight since then, I have all ABCs on my report card and was a part of the Spring Benefit in 2017. I also finished the year with a 3.0 GPA. The biggest change came when a new man came into my life—Jesus. Since then I have been inducted into the National Society of High School Scholars and was baptized at my church.

**"At By The Hand in Cabrini-Green, we love each other and treat each other like family."**

**"Love your enemies."**

MATTHEW 5:44 ERV

**Aviance, College Freshman**  
By The Hand—Cabrin-Green



“He helps tired people be strong.  
He gives power to those without it.”

ISAIAH 40:29 ERV

**My QUEST is to prevent sexual abuse and harassment.**

I started By The Hand when I was in sixth grade, the year a crisis took my mom out of our lives. I was angry. I didn't care about anything and it showed, especially in school. I had a 1.67 grade point average with Fs in reading, writing, math, science and social studies.

In ninth grade, I woke up for school and heard my little sister crying. When I came home that night and I heard her still crying, I asked if it was because of Momma and she said, “Yes, Grandma said she was coming home, but we haven't heard from her.” That's when I decided to turn my life around and be a better help to my grandma and a better example for my little sister.

I finished the year with a 3.24 GPA and was accepted to six colleges. I am starting at a community college to get my general studies out of the way before going to a four-year college.

I still live with my grandmother, but I'm happy to say that my mom is back. It has helped that after giving my life to Jesus in 2015, I was able to let go of any bitterness and anger.

**“At By The Hand Club, everybody has known everybody for a long time, and we're like family.”**

## Leveling Up



### 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.



### 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.



### Homework assistance

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

## Technology-enabled, blended learning.

### Leading through reading.

It is critical for kids to become proficient readers at an early age. By the fourth grade, education shifts from learning to read to reading to learn. Children who can't read at grade level by the third grade are four times as likely to drop out of high school—eight times for minorities in under-resourced neighborhoods like the ones we serve. And children who drop out of high school make up 80 percent of the prison population, leading many states to use reading levels to predict how many prison cells will be needed in the future.

Because many of our children cannot read at grade level when they join By The Hand, we enroll all of our kindergarten to eighth-grade students in our technology-enabled, blended learning program. On average, the personalized instruction they receive has helped them advance their reading more than one grade per school year, with some improving as much as four levels. 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 students enroll in our blended learning program, they are assessed to determine their appropriate learning level. We then divide them into two groups according to their learning level. Three to four times a week, each group rotates between two stations for 20 to 30 minutes, providing them with 100 hours of personalized instruction at their learning level.

At station one, students work individually at their own pace on computers. At station two, they receive homework assistance from team leaders and volunteers, including one-on-one instruction for improving reading skills.

Throughout the process, personalized data is correlated with Common Core State Standards in real time. This information lets By The Hand know how each child is doing and whether he or she needs additional help. Students are encouraged to set weekly goals and track their progress. The ongoing feedback not only lets them know how they are doing, it helps to motivate them and enables us to celebrate their successes.





## By The Hand Club—Moving Everest (ME)

### Working together.

As of August 2018, By The Hand—ME is serving 450 kids—90 more than last year. It is the fourth year that we partner 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 align their learning emphasis and initiatives to accomplish more than either could alone. The school-plus-after-school model enables kids to learn in a rigorous, safe school environment during the day. Then, at the same location, they can learn about Jesus and receive our wraparound service during after-school hours, the most dangerous time of day for kids, when most crimes are committed by and against youth.

### Nurturing each child—all day long.

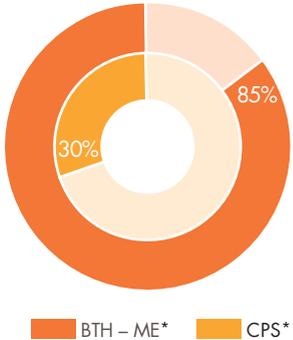
Kids receive personalized, holistic and strategically focused attention from 7:30 a.m. to 6:30 p.m., five days a week. As a result, they are developing their God-given potential at a much faster rate. During the 2017-2018 school year, 85 percent of kids at By The Hand—ME finished the year reading at or above grade level—a dramatic increase from 37 percent at the beginning of the year. Our goal is for every child to be reading at or above grade level by the end of his or her first school year with us.

### Preparing kids to excel.

By enrolling kindergartners in By The Hand, we can provide 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. As By The Hand—ME elementary students begin to matriculate to middle school in August 2020, the addition of a Moving Everest Charter middle school becomes mission critical to serving them through eighth grade.

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

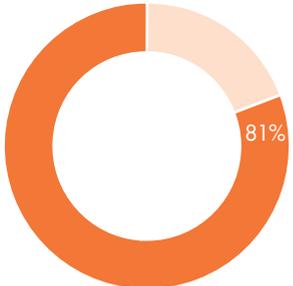
Percent of kids reading at or above grade level



\*Based on Lexia Reading Core5 at the end of the school year—up from 37 percent at the beginning of the school year

\*\*Based on average most recent CPS PARCC score for 3rd to 8th grade students

Percent of Moving Everest kids enrolled in BTH



81 percent of Moving Everest parents enrolled their students in By The Hand for after-school support, and only four of the students’ parents opted their kids out of religious training.



# 187,333

safe passages to and from  
our clubs on school buses



# 3,107

lunches served during our  
summer learning program



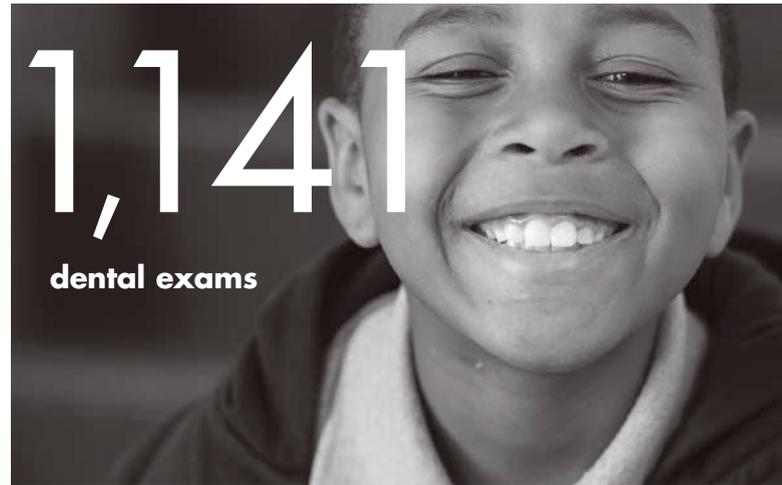
# 101,489

hot, nutritious meals served  
during the school year



# 1,067

eye exams



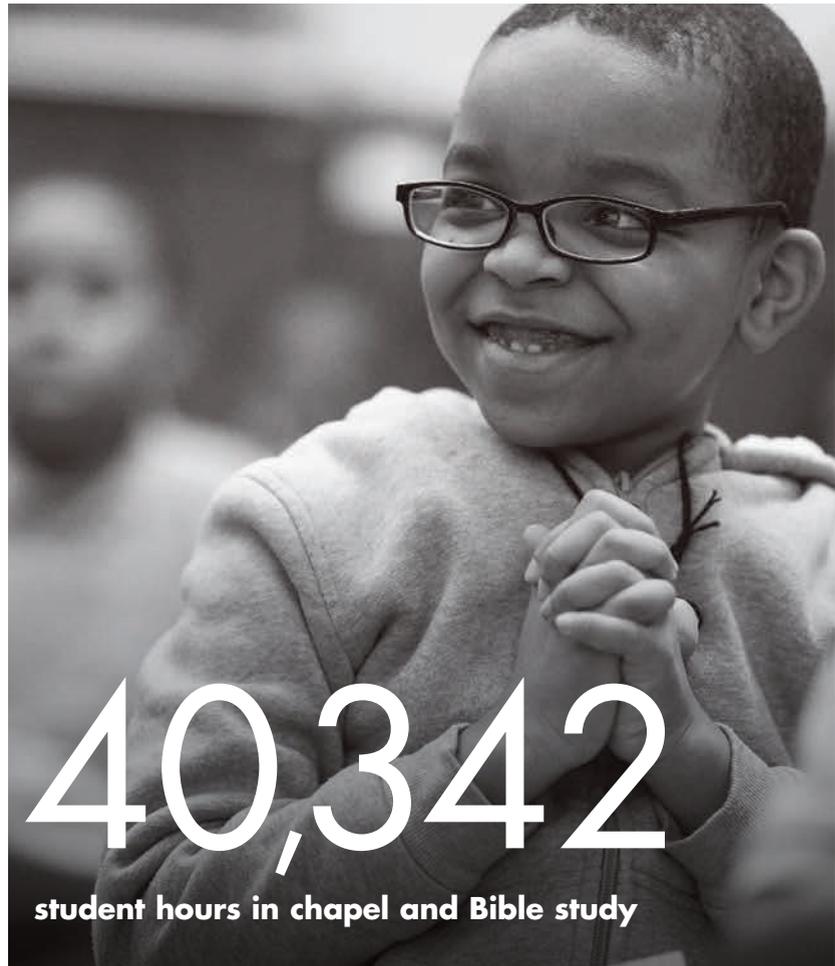
# 1,141

dental exams



# 110

kids provided with counseling  
for anger, trauma and grief



# 40,342

student hours in chapel and Bible study

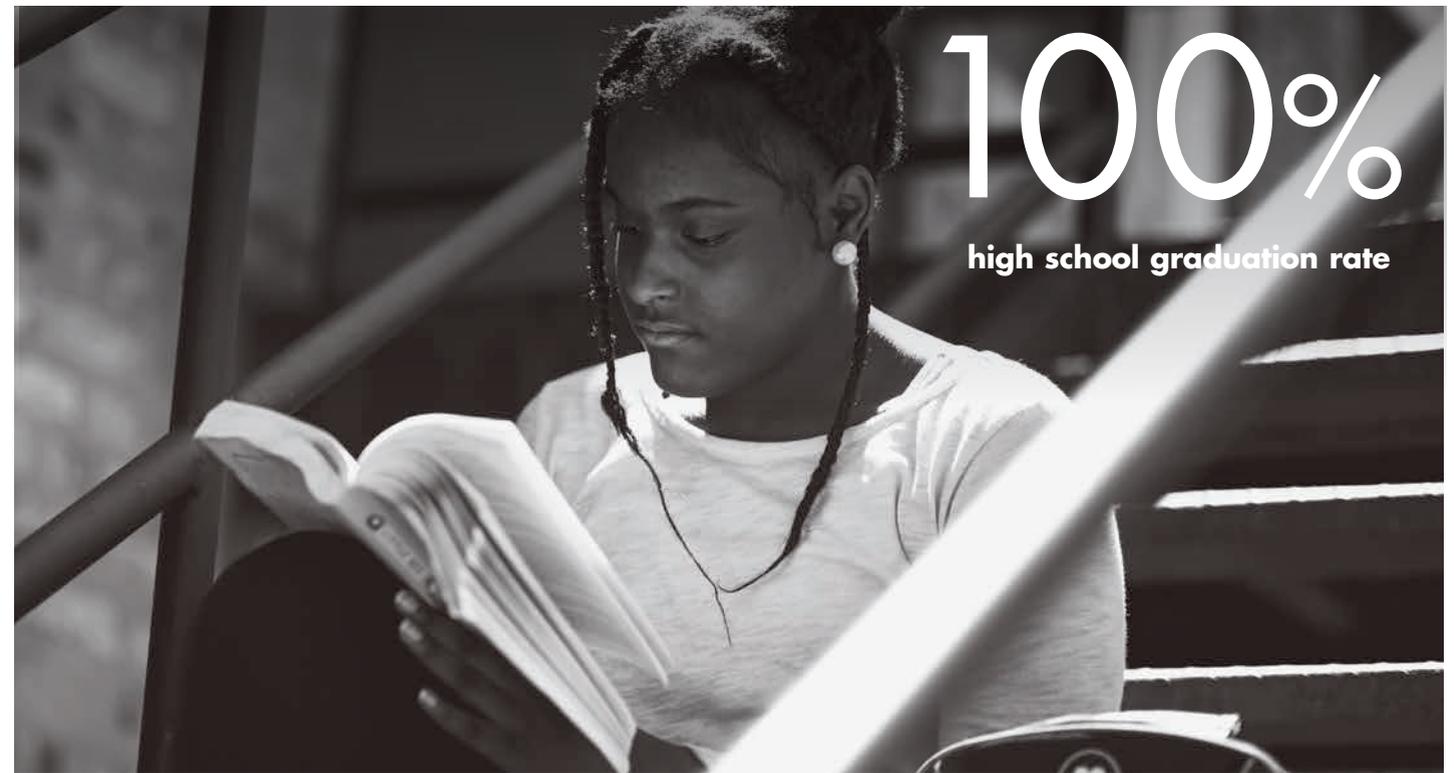
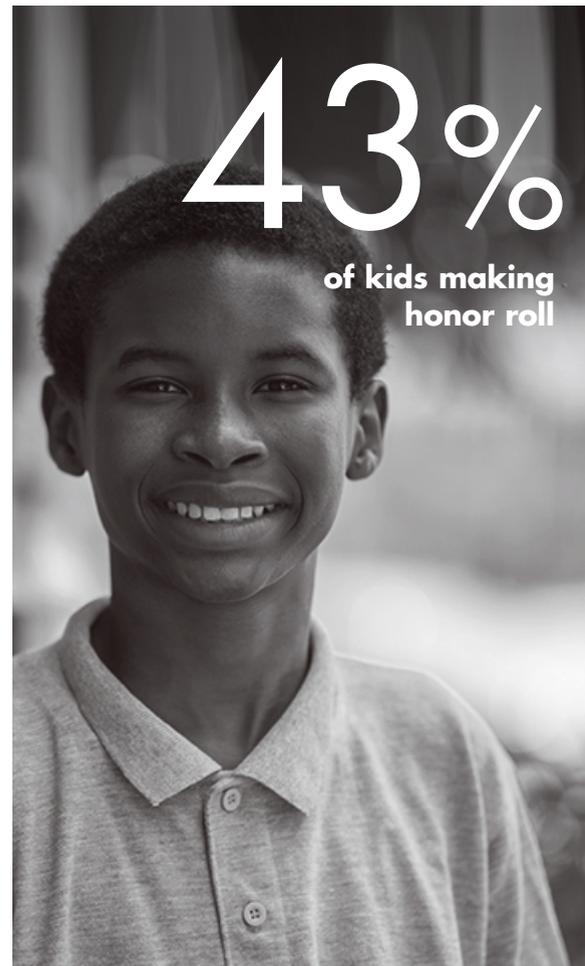
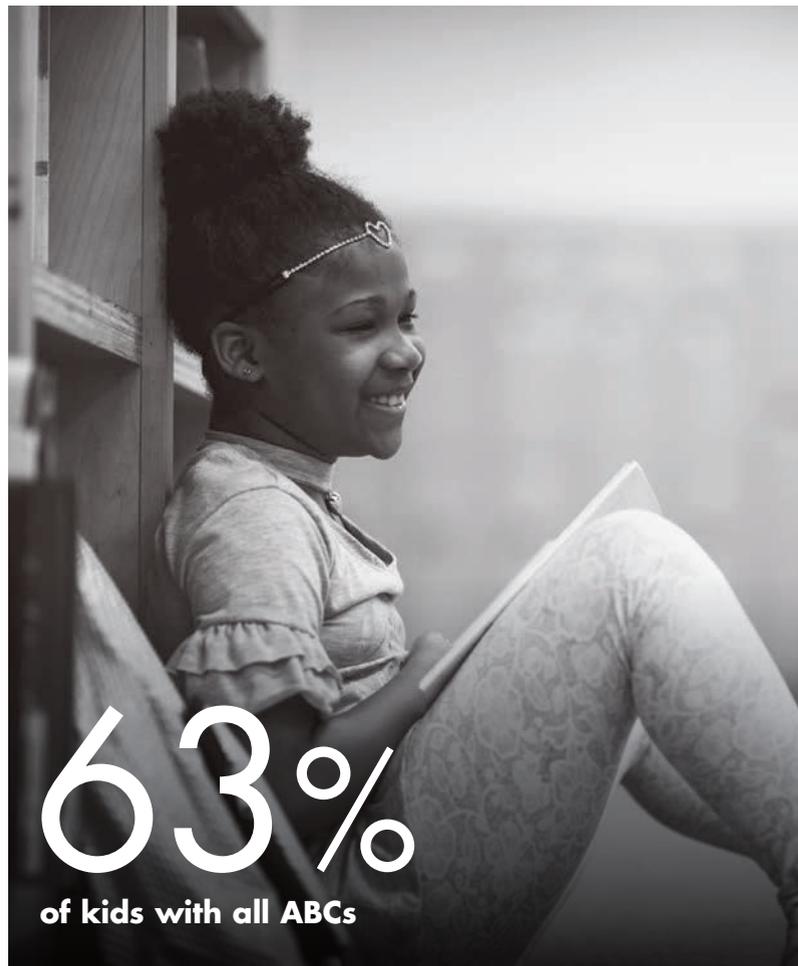
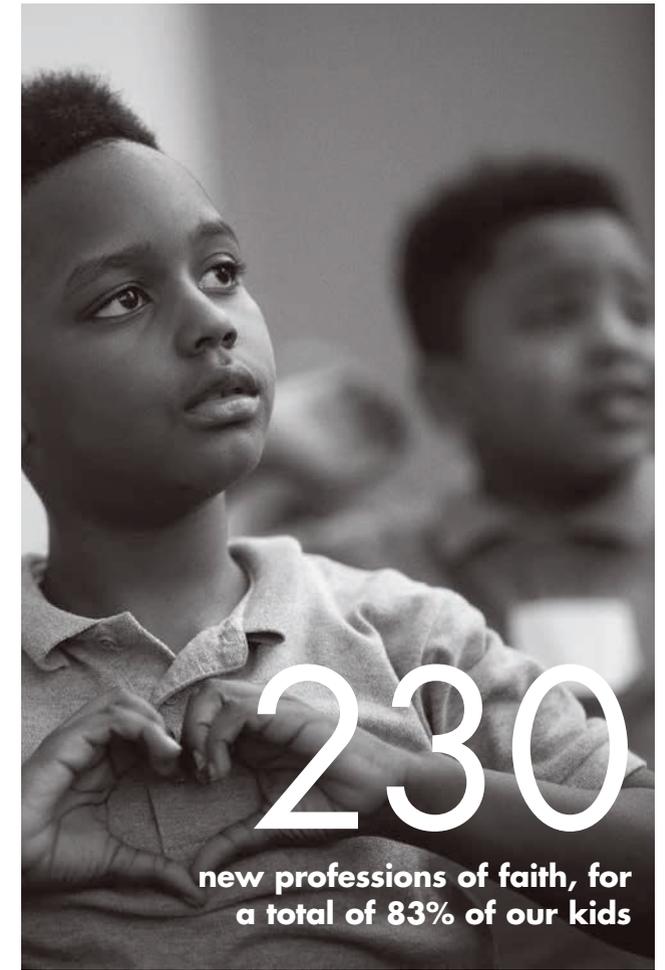
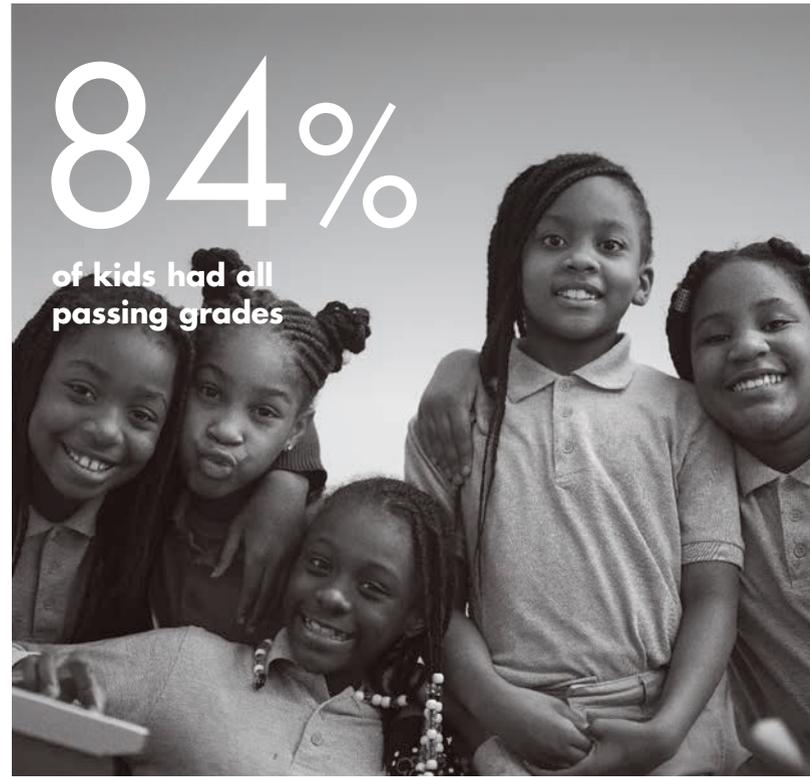
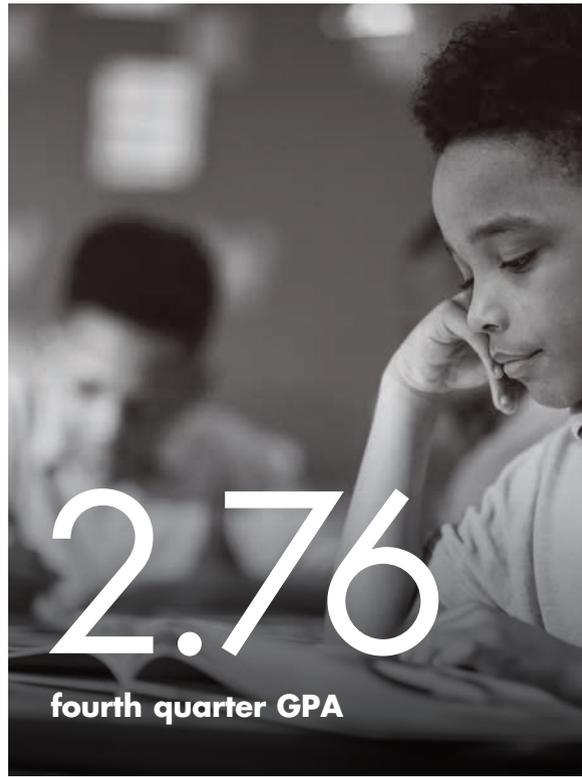


# 3,236

home visits and

# 2,959

school visits to check in with  
families and teachers





“Our high-energy, fast-paced summer Reading Playoffs are just one of the many ways we are teaching kids that reading is fun!”

## 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 63 percent of our students earned all ABCs—the most ever—with an overall GPA of 2.76 and 43 percent of our students making the honor roll. Of our high school seniors, 100 percent graduated and 89 percent are pursuing a post-secondary education. We are especially grateful that 83 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

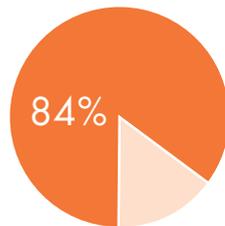
### BODY

- 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

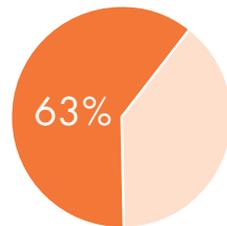
### SOUL

- Profess faith in Christ
- Attend church

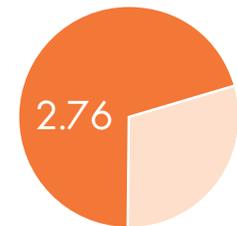
### MIND



Passed all of their classes  
1% decrease from 85%  
(Q1-Q4)



Made all ABCs  
2% increase from 61%  
(Q1-Q4)



Average GPA (out of 4.0)  
Less than 1% decrease from 2.77  
(Q1-Q4)

### BODY



Offered a hot, nutritious meal every day

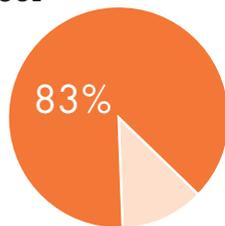


Received dental checkups and cleaning  
(410 received additional dental care)

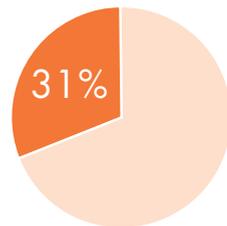


Received eye exams  
(483 received eyeglasses)

### SOUL



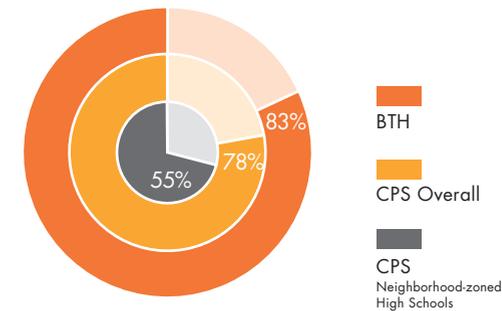
Professed faith  
(Q4-Q4)



Attended church  
(Q4-Q4)

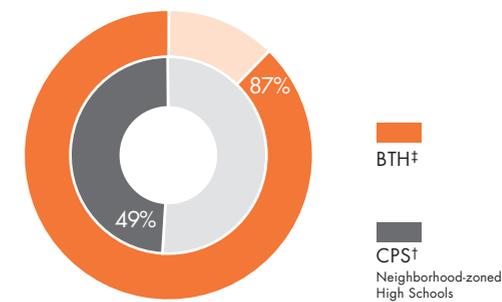
## MATRICULATION RATES

### High school freshmen who graduated from high school



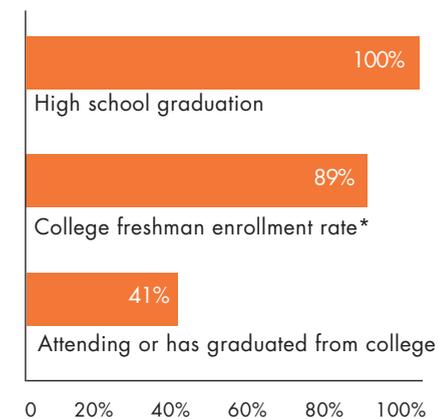
### High school graduates who enrolled in college

Matriculation rates since By The Hand first had college students (2008\*–2018)



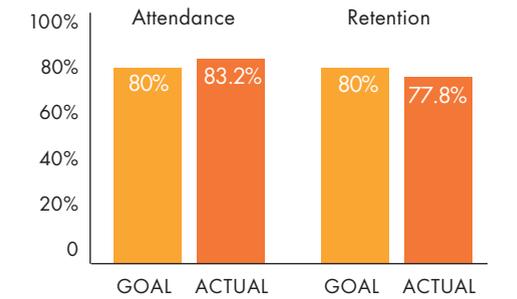
\* First year By The Hand students matriculated to college  
‡ Enrolled in a college, university or certified technical school  
† High school freshmen who enrolled in college

### BTH MATRICULATION RATES: 2018



\*2018 high school graduates who enrolled or are in the process of enrolling in a college, university or certified technical school

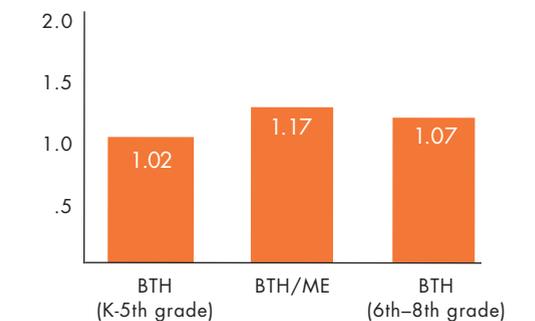
## CLUB ATTENDANCE AND RETENTION FROM Q1 TO Q4



Reasons for disenrollment: Low attendance, 37%; moved or changed schools, 24%; behavior, 10%; all other reasons, 29%

## TECHNOLOGY-ENABLED, BLENDED LEARNING PROGRAM

(Lexia Reading Core5) 2017–2018



## 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

## Following The QUEST.

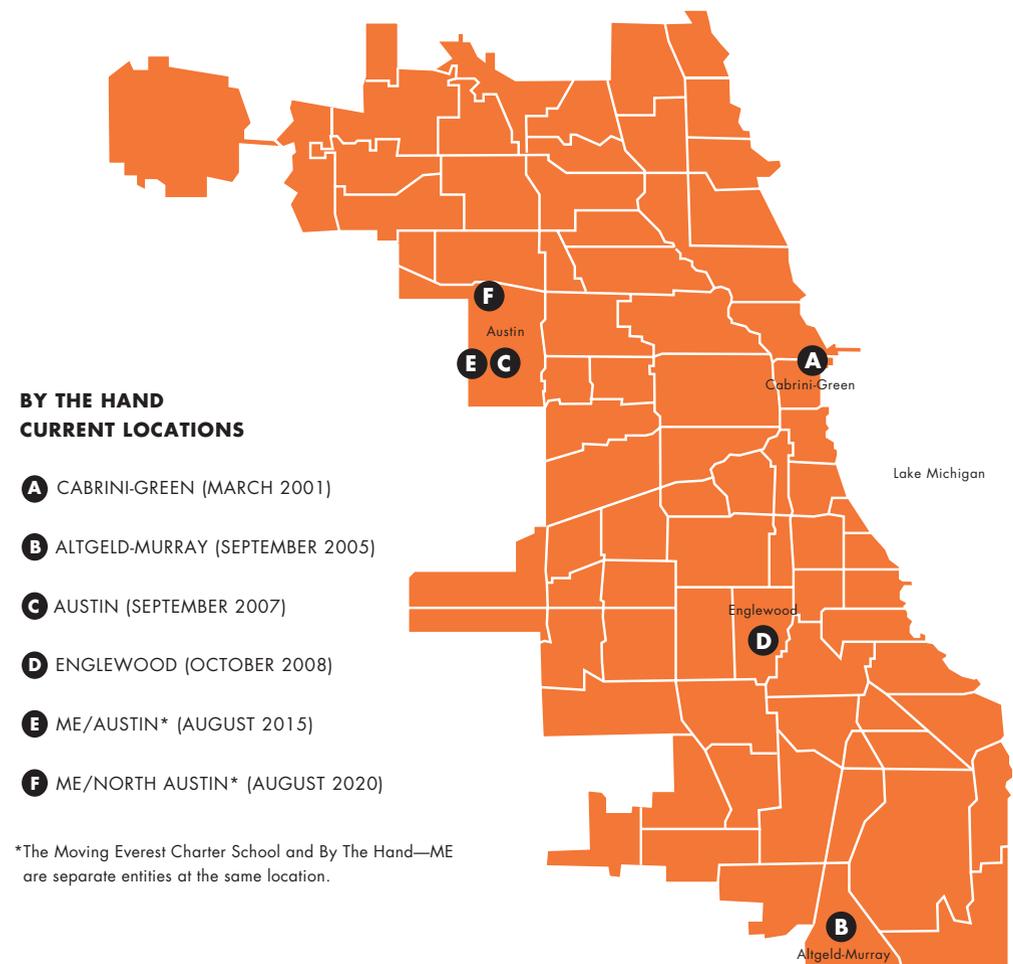
As of August 2018, By The Hand is serving more than 1,500 kids, including our college students. Having begun with 16 kids from Cabrini-Green, we have grown to five locations in Chicago's most under-resourced, lowest-academic-performing neighborhoods.

Of these, the Altgeld-Murray, Austin, Cabrini-Green and Englewood sites serve kids grades one through 12. Our Moving Everest (ME) location in Austin is currently serving students from kindergarten through fourth grade.

We look forward to opening our next By The Hand—ME site at 1830 North LeClaire Avenue, North Austin. This club will enroll 90 kindergarten and 90 first-grade students during its first year and add a grade of 90 students each year. At capacity, it will serve 810 kindergarten through eighth-grade students.

We are grateful for every child and family that God brings our way and for your enabling us to take our kids by the hand and walk with them from the time they enroll all the way through college. We can only reach as many kids in critical need of intervention as allowed through the generosity of people like you.

God willing, we hope to add a third school-plus-after-school location by 2026, enabling us to serve 3,000 kids that year.



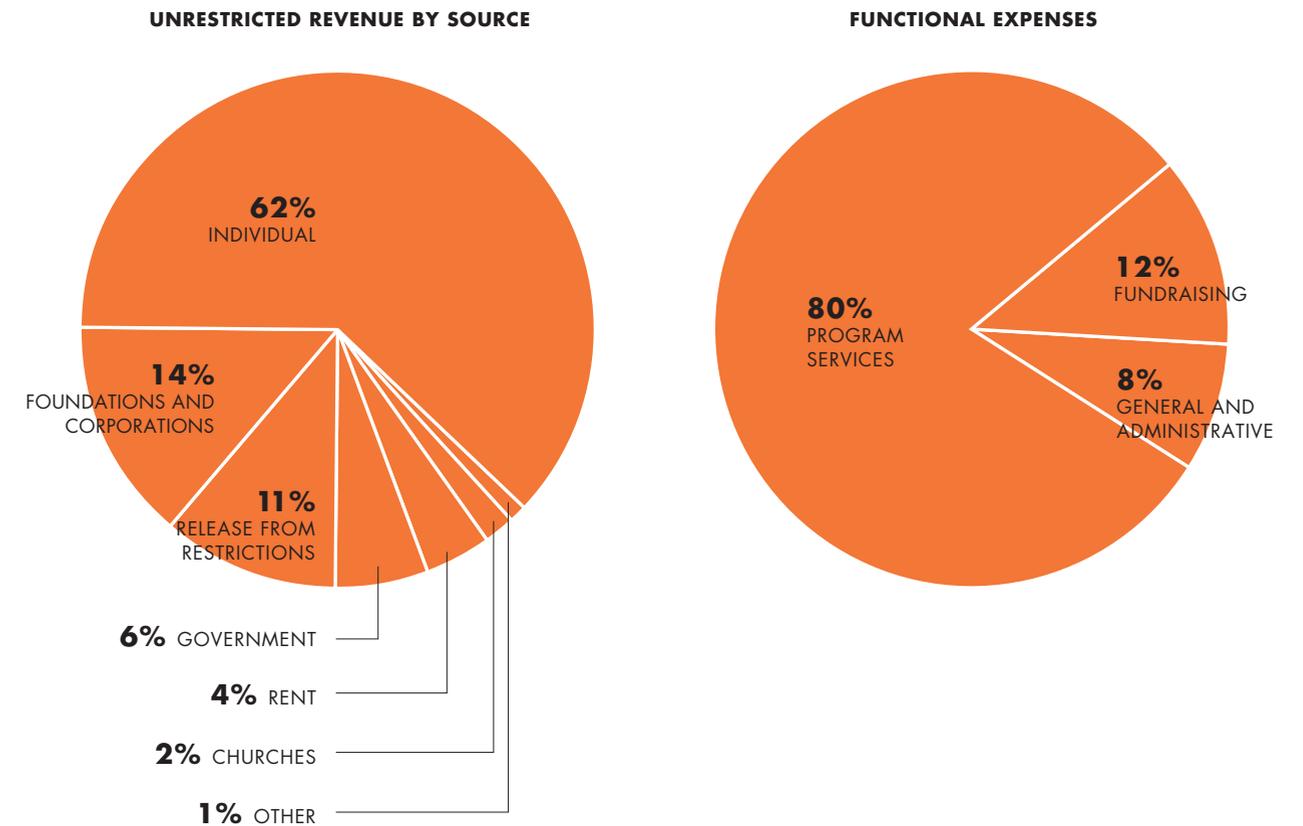
## Supporting The QUEST.

Praise the Lord! In August 2018, we finished our 18th consecutive year with a fully funded operating budget while serving 90 more kids. We are not endowed. 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.

By minimizing our fund development and administrative expenses, we were able to maintain an annual cost of \$6,300 per child, investing 80 cents of every dollar into programming.

With God's leading and provision, we plan to open a second By The Hand—ME site in North Austin. We have already purchased the property for its construction. This will allow us to reach even more kids who are in critical need of intervention.

SEPTEMBER 2017 - AUGUST 2018 ALLOCATIONS



**Statements of Activities** Years ended August 31, 2018 and 2017

	2018	2017
Changes in unrestricted activities:		
Revenue and support:		
Contributions	\$ 4,404,000	\$ 3,401,933
Donated goods and services	100,000	100,000
Special events, net of direct costs of \$197,381 in 2018 and \$232,256 in 2017	2,113,253	2,429,937
Government grants	516,413	385,623
Rental income	317,988	269,625
Other	37,658	9,521
Net assets released from restrictions:		
Satisfaction of time and purpose restrictions	919,970	1,474,116
<b>Total revenue and support</b>	<b>8,409,282</b>	<b>8,070,755</b>
Expenses:		
Program services	6,538,555	6,421,318
General and administrative	675,861	458,209
Fundraising	1,003,695	758,150
<b>Total expenses</b>	<b>8,218,111</b>	<b>7,637,677</b>
Change in unrestricted net assets	191,171	433,078
Changes in temporarily restricted activities:		
Contributions	3,016,181	2,842,523
Net assets released from restrictions:		
Satisfaction of time and purpose restrictions	(919,970)	(1,474,116)
Change in temporarily restricted net assets	2,096,211	1,368,407
Change in net assets	2,287,382	1,801,485
Net assets at beginning of year	16,810,876	15,009,391
<b>Net assets at end of year</b>	<b>\$ 19,098,258</b>	<b>\$ 16,810,876</b>

See accompanying notes to financial statements.

**Statements of Financial Position** August 31, 2018 and 2017

	2018	2017
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,273,599	\$ 1,818,941
Prepaid expenses and other	175,782	113,597
<b>Total current assets</b>	<b>2,449,381</b>	<b>1,932,538</b>
Property and equipment, net	19,526,052	18,025,226
<b>Total assets</b>	<b>\$ 21,975,433</b>	<b>\$ 19,957,764</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 253,299	\$ 155,757
Accrued payroll expenses	151,834	120,293
Deferred income	58,750	51,000
Line of credit	—	321,160
Note payable, current portion	93,018	87,088
<b>Total current liabilities</b>	<b>556,901</b>	<b>735,298</b>
Note payable	2,320,274	2,411,590
<b>Total liabilities</b>	<b>2,877,175</b>	<b>3,146,888</b>
Net assets:		
Unrestricted	2,964,488	2,773,277
Temporarily restricted	16,133,810	14,037,599
<b>Total net assets</b>	<b>19,098,258</b>	<b>16,810,876</b>
<b>Total liabilities and net assets</b>	<b>\$ 21,975,433</b>	<b>\$ 19,957,764</b>

See accompanying notes to financial statements.

**Statements of Cash Flows** Years ended August 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 2,287,382	\$ 1,801,485
Adjustments to reconcile change in net assets to net cash provided by operating activities—		
Depreciation	543,933	523,857
Contributions restricted for long-term investment	(2,645,066)	(1,840,000)
Changes in operating assets and liabilities:		
Prepaid expenses and other	(62,185)	(30,037)
Accounts payable	97,542	76,799
Accrued payroll expenses	31,541	37,082
Deferred income	7,750	11,750
<b>Net cash provided by operating activities</b>	<b>260,897</b>	<b>580,936</b>
Cash flows used in investing activities:		
Cash paid for property and equipment	(2,044,759)	(172,666)
<b>Net cash used in investing activities</b>	<b>(2,044,759)</b>	<b>(172,666)</b>
Cash flows provided by financing activities:		
Proceeds from contributions restricted for long-term investment	2,645,066	1,840,000
Payments on note payable	(85,386)	(3,902,943)
Proceeds from line of credit	—	300,000
Payments on line of credit	(321,160)	(930,000)
<b>Net cash provided by (used in) financing activities</b>	<b>(2,238,520)</b>	<b>(2,692,943)</b>
Net increase (decrease) in cash and cash equivalents	454,658	(2,284,673)
Cash and cash equivalents at beginning of year	1,818,941	4,103,614
<b>Cash and cash equivalents at end of year</b>	<b>\$ 2,273,599</b>	<b>\$ 1,818,941</b>
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 122,341	\$ 214,326

See accompanying notes to financial statements.

**Statement of Functional Expenses** Year ended August 31, 2018 (with comparative amounts for 2017)

	SUPPORTING SERVICES			TOTAL 2018	TOTAL 2017
	PROGRAM SERVICES	GENERAL & ADMINISTRATIVE	FUNDRAISING		
Compensation, benefits and taxes					
Salaries and wages	\$ 2,852,874	\$ 272,220	\$ 528,316	\$ 3,653,410	\$ 3,612,153
Benefits	288,056	23,789	51,614	363,459	315,055
Payroll taxes	205,577	17,374	36,020	258,971	260,293
Total salaries and wages, benefits and payroll taxes	3,346,507	313,383	615,950	4,275,840	4,187,501
Insurance	85,527	—	—	85,527	80,689
Printing	12,704	242	67,806	80,752	50,719
Telephone	71,307	2,253	5,815	79,375	67,643
Supplies	12,774	8,640	2,483	23,897	24,925
Building and equipment repair and maintenance	365,210	—	—	365,210	326,283
Utilities	217,649	—	—	217,649	162,284
Training	106,000	465	8,889	115,354	102,944
Transportation	688,221	457	7,168	695,846	524,125
Non-capital equipment and software	99,420	—	6,660	106,080	133,871
Rent	79,914	—	—	79,914	78,741
Meals - students	331,186	—	—	331,186	299,936
Meals - staff	1,728	2,259	934	4,921	2,816
Curriculum	623	—	—	623	2,287
Benevolence	61,903	—	—	61,903	58,059
Academic evaluation	30,944	—	—	30,944	25,944
Children's and other special events	89,306	—	7,199	96,505	82,764
Publicity	—	—	40,477	40,477	24,831
Memberships	960	4,999	—	5,959	5,327
Postage	2,240	1,558	6,716	10,514	9,090
Legal fees	99	91,033	—	91,132	31,586
Professional fees	180,531	174,483	228,190	583,204	479,522
Bank charges	39	30,488	976	31,503	28,701
Volunteer support	5,397	1,110	—	6,507	14,000
Travel	11,606	2,710	3,831	18,147	16,758
College scholarships	29,751	—	—	29,751	18,993
School and college resources	34,941	—	—	34,941	17,334
Other	6,410	41,550	216	48,176	41,821
Interest	121,725	231	385	122,341	214,326
Depreciation	543,933	—	—	543,933	523,857
Total expenses	\$ 6,538,555	\$ 675,861	\$ 1,003,695	\$ 8,218,111	\$ 7,637,677

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, 2018 and 2017, 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, 2018 and 2017, 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.

*Paul J. Smit & Associates*

Paul J. Smit & Associates  
November 13, 2018

**Notes to Financial Statements:** August 31, 2018 and 2017

**(1) 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.

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of By The Hand have been prepared on the accrual basis of accounting; consequently, revenues are recognized when earned and expenses when the obligation is incurred. The significant accounting policies followed are described in the paragraphs that follow to enhance the usefulness of the financial statements to the reader.

**BASIS OF PRESENTATION**

By The Hand maintains its accounts in accordance with the requirements of the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA), *Audit and Accounting Guide for Not-for-Profit Organizations*, 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 three classes of net assets – unrestricted, temporarily restricted, and permanently restricted. Descriptions of the three net asset categories and the types of transactions affecting each category follow:

- Unrestricted – net assets that are not subject to donor-imposed restrictions. Items that affect this category principally consist of unrestricted contributions 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 restricted contributions for buildings and equipment that have been amortized over the useful life of the assets acquired or constructed.
- Temporarily restricted – 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, including those for buildings and equipment, for which donor-imposed restrictions have not been met. Expirations of restrictions on temporarily restricted net assets, including amortization of restricted contributions for buildings and equipment, are reported as net assets released from restrictions.
- Permanently restricted – 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 be held in perpetuity and only income be made available for program operations. By The Hand currently does not have any permanently restricted net assets.

**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.

**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.

**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 unrestricted revenue and net assets. 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 temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor stipulations regarding how long the contributed assets must be used, By The Hand has adopted a policy of implying a time restriction on contributions of such assets that expires over the assets' useful lives. As a result, all contributions of property and equipment, and of assets contributed to acquire property and equipment, are recorded as restricted support that increases temporarily restricted net assets. As depreciation expense is recorded over the useful lives of these assets, temporarily restricted net assets are reclassified to unrestricted net assets 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.

**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.

**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.

**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 \$4,600 has been made for income taxes in the accompanying financial statements 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, 2018 and 2017, 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, 2017, and believes it is no longer subject to income tax examination for years prior to the year ended August 31, 2014.

**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.

**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 policy-making, 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.

**RECLASSIFICATIONS**

Certain amounts in the accompanying 2017 financial statements have been reclassified to conform to the 2018 presentation.

**NEW ACCOUNTING PRONOUNCEMENTS**

In August 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU 2016-14), *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 represents Phase 1 of FASB's Not-for-Profit financial reporting project and reduces the number of net asset classes from three to two which are based on the existence or absence of donor restrictions, requires expense presentation by functional and natural classification, requires quantitative and qualitative information in liquidity, retains the option to present the cash flow statement on a direct or indirect method as well as includes various other additional disclosure requirements. ASU 2016-14 is effective for annual reporting periods beginning after December 15, 2017 with retrospective application. The requirements of this statement are effective for By The Hand for the year ending August 31, 2019.

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 31, 2018. The requirements of this statement are effective for By The Hand for the year ending August 31, 2020.

Management is currently evaluating the new accounting standards above and their potential impact on the financial statements of By The Hand.

**(3) PROPERTY AND EQUIPMENT**

Property and equipment at August 31, 2018 and 2017 consisted of the following:

	2018	2017
Building and building improvements	\$ 17,574,934	\$ 17,573,435
Land	1,394,010	1,394,010
Vehicles	112,243	87,701
Furniture and equipment	796,864	631,700
Construction in progress	1,853,555	—
	21,731,606	19,686,846
Less accumulated depreciation	(2,205,554)	(1,661,620)
Property and equipment, net	\$ 19,526,052	\$ 18,025,226

Depreciation expense was recorded in the amount of \$543,933 and \$523,857 for the years ended August 31, 2018 and 2017, respectively.

**(4) LINE 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, 2018 and 2017, the interest rate on the line was 5.25% and 4.25%, respectively. Interest paid on the line of credit during the years ended August 31, 2018 and 2017 was \$3,852 and \$27,081, respectively.

**(6) TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes at August 31, 2018:

	AUGUST 31, 2017	CONTRIBUTIONS	NET ASSETS RELEASED FROM RESTRICTIONS	AUGUST 31, 2018
College scholarships	\$ 44,356	\$ —	\$ (29,522)	\$ 14,834
Capital campaign	5,142,086	—	(162,652)	4,979,434
Capital campaign – AU K-5	8,794,311	—	(271,661)	8,522,650
Capital campaign – ME Expansion	—	1,145,066	(39,450)	1,105,616
Capital campaign – North Austin	—	1,500,000	—	1,500,000
Line of Credit repayment	—	321,160	(321,160)	—
Lend to the Lord Fund	6,846	49,955	(45,525)	11,276
Evan's Life Fund	50,000	—	(50,000)	—
	\$ 14,037,599	\$ 3,016,181	\$ (919,970)	\$ 16,133,810

Temporarily restricted net assets are available for the following purposes at August 31, 2017:

	AUGUST 31, 2016	CONTRIBUTIONS	NET ASSETS RELEASED FROM RESTRICTIONS	AUGUST 31, 2017
College scholarships	\$ 35,269	\$ 28,000	\$ (18,913)	\$ 44,356
Capital campaign	5,304,682	—	(162,596)	5,142,086
Capital campaign – AU K-5	7,220,585	1,840,000	(266,274)	8,794,311
Line of Credit repayment	—	930,000	(930,000)	—
Lend to the Lord Fund	8,656	44,523	(46,333)	6,846
Evan's Life Fund	100,000	—	(50,000)	50,000
	\$ 12,669,192	\$ 2,842,523	\$ (1,474,116)	\$ 14,037,599

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.

**(5) 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:

YEARS ENDING AUGUST 31:	
2019	\$ 93,018
2020	95,749
2021	2,224,525
Total	2,413,292
Less current portion	(93,018)
Note payable, excluding current portion	\$ 2,320,274

Interest expense incurred under the note payable for the years ended August 31, 2018 and 2017 was \$118,489 and \$187,245, 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.

**(7) CONCENTRATIONS**

During the years ended August 31, 2018 and 2017, 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 2018, By The Hand received 49% of total contributions from 7 donors. During fiscal year 2017, By The Hand received 48% of total contributions from 6 donors. Contributions include both unrestricted contributions which are used for operations, and temporarily restricted contributions (Note 6), a significant amount of which were received in conjunction with capital campaigns and line of credit repayment.

**(8) RELATED PARTY ACTIVITY**

During each of the years ended August 31, 2018 and 2017, 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, 2018 and 2017, The Moody Church received gifts designated for By The Hand of \$84,065 and \$22,535, 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 entered into an operating lease agreement with Chicago Education Partnership for a building owned by By The Hand.

**(9) OPERATING LEASE**

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 owed 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 are as follows:

**YEARS ENDING AUGUST 31:**

2019	\$	343,125
2020		371,250
	\$	714,375

Rental income under the above lease for the years ended August 31, 2018 and 2017 totaled \$275,625 and \$208,125, respectively.

By The Hand has 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 years ended August 31, 2018 and 2017 totaled \$25,000 and \$61,475, respectively.

**(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, 2018 and 2017 were \$50,753 and \$51,196, 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 \$78,414 and \$78,741 for the years ended August 31, 2018 and 2017, respectively. Future minimum base rental payments required under these operating leases are \$51,200 for each of the years ending August 31, 2019 and 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, 2018, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended August 31, 2018. Management has performed their analysis through November 13, 2018, 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**

- 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 Fellowes  
Chairman, Fellowes, Inc.
- Jose Gomez  
Principle, Gomez Insurance Agency
- Nancy Hanson  
Teacher (Retired)
- Sharon Hickey-Kozek  
Founder and Owner of Lincoln Park  
Preschool & Kindergarten
- Peggy Lim  
Teacher (Former)
- Brian Musso  
Managing Partner, Promus Capital
- Roy Patterson  
Special Asst. to the President for Community  
Relations, Moody Bible Institute
- Keith Searles  
Owner and Founder, Urban GIS
- Julius Wilson  
Manager, Avaya (Retired)

**By The Hand Leadership Staff**

- Bethany Arvan  
Director of College and Career Support
- Bernadette Ballenger  
Director of By The Hand—Austin
- Rebecca Bognet  
Director of College and Career Readiness
- Nancy Good  
Director of Fund Development
- Michele Hoekstra  
Senior Director of Learning
- Omokhosen "Osen" Imoukhuede  
Director of Human Resources and  
Volunteer Development
- Sarah James  
Senior Director of K-8 Programs
- Dezsiree Jones  
Director of By The Hand—Cabrin-Green
- Marc Kole  
Senior Director of Finance
- Jamie Morriss-Benoit  
Director of By The Hand—Altgeld-Murray
- David Pohlmeier  
Director of Communications
- Miguel Rodriguez  
Director of Facilities
- Susannah Schwarcz Yount  
Senior Director of Fund Development
- Anwar Smith  
Managing Director of Club For Big Kids (CBK)  
and Program Operations
- Donnita Travis  
Founder & Executive Director
- Lamont 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:**

Contact Donnita Travis at 312.305.2622  
or donnita.travis@bythehand.org  
Visit [www.bythehand.org](http://www.bythehand.org)

**Contributors**

Design: Design360° Incorporated  
Photography: Ingram Photography  
Copywriting: Maurer Media/  
WordSlings For Hire



**BY  
THE  
HAND  
CLUB  
FOR  
KIDS**

**By The Hand—Cabrini-Green**

1000 N. Sedgwick Street  
Chicago, IL 60610

**By The Hand—Altgeld-Murray**

13015 S. Ellis Avenue  
Chicago, IL 60827

**By The Hand—Austin**

415 N. Laramie Avenue  
Chicago, IL 60644

**By The Hand—Englewood**

838 W. Marquette Road  
Chicago, IL 60621

**By The Hand—Moving Everest/Austin**

416 N. Laramie Avenue  
Chicago, IL 60644

**CBK Enrichment Center**

312 W. Walton Street  
Chicago, IL 60610

[www.bythehand.org](http://www.bythehand.org)

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



*A higher standard.  
A higher purpose.*

