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

By The Hand Club For Kids
2018 Annual Report
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 thief comes only to steal and kill and destroy. I came that they may have life and have it abundantly.”

JOHN 10:10

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JOHN 10:10
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.
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.

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

“My QUEST is to stop the violence in Cabrini-Green.”

“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—Cabrini-Green

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.

“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.

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

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.
187,333
safe passages to and from our clubs on school buses

1,067
eye exams

1,141
dental exams

1,067
kids provided with counseling for anger, trauma and grief

3,107
lunches served during our summer learning program

110
kids provided with counseling for anger, trauma and grief

3,236
home visits and school visits to check in with families and teachers

40,342
student hours in chapel and Bible study

101,489
hot, nutritious meals served during the school year
2.76
fourth quarter GPA

84%
of kids had all passing grades

89%
college/technical school enrollment rate among graduating seniors

41%
of students enrolled in college/technical school or have graduated

230
new professions of faith, for a total of 83% of our kids

63%
of kids with all ABCs

43%
of kids making honor roll

100%
high school graduation rate
“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
- Receive regular dental and eye exams and, if necessary, follow-up treatment
- Receive professional counseling, as needed

**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

**SOUL**
- Profess faith in Christ
- Attend church

### MIND
- Passed all of their classes: 84% (Q1-Q4)
- Made all ABCs: 63% (Q1-Q4)
- Average GPA (out of 4.0): 2.76

### BODY
- Offered a hot, nutritious meal every day: 100%
- Received dental checkups and cleaning: 100%
- Received eye exams: 100%

### SOUL
- Professed faith: 83% (Q4-Q4)
- Attended church: 31% (Q4-Q4)

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**MATRICULATION RATES**

<table>
<thead>
<tr>
<th>High school freshmen who graduated from high school</th>
</tr>
</thead>
<tbody>
<tr>
<td>BTH Matriculation Rates: 2018</td>
</tr>
<tr>
<td>High school graduation: 100%</td>
</tr>
<tr>
<td>College freshman enrollment rate*: 80%</td>
</tr>
<tr>
<td>Attending or has graduated from college: 41%</td>
</tr>
</tbody>
</table>

### TECHNOLOGY-ENABLED, BLENDED LEARNING PROGRAM

- **(Lexia Reading Core5) 2017–2018**
  - BTH (K-5th grade)
  - BTH/ME (6th-8th grade)

### POTENTIAL SOCIETAL IMPACT: ROI PER CHILD

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

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Consistent with our 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.

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- Have a regular physical and immunizations
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**SOUL**
- Profess faith in Christ
- Attend church
**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.

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**SEPTEMBER 2017 - AUGUST 2018 ALLOCATIONS**

**UNRESTRICTED REVENUE BY SOURCE**

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>62%</td>
</tr>
<tr>
<td>Government</td>
<td>6%</td>
</tr>
<tr>
<td>Rent</td>
<td>4%</td>
</tr>
<tr>
<td>Churches</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
</tr>
<tr>
<td>Foundations and Corporations</td>
<td>14%</td>
</tr>
<tr>
<td>Release From Restrictions</td>
<td>11%</td>
</tr>
<tr>
<td>General and Administrative</td>
<td>12%</td>
</tr>
</tbody>
</table>

**FUNCTIONAL EXPENSES**

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Services</td>
<td>80%</td>
</tr>
<tr>
<td>Fundraising</td>
<td>12%</td>
</tr>
<tr>
<td>General and Administrative Expenses</td>
<td>8%</td>
</tr>
<tr>
<td>Government</td>
<td>6%</td>
</tr>
<tr>
<td>Rent</td>
<td>4%</td>
</tr>
<tr>
<td>Churches</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
</tr>
</tbody>
</table>

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**BY THE HAND CURRENT LOCATIONS**

- CABRINI-GREEN (MARCH 2001)
- ALTGELD-MURRAY (SEPTEMBER 2005)
- AUSTIN (SEPTEMBER 2007)
- ENGLEWOOD (OCTOBER 2008)
- ME/AUSTIN* (AUGUST 2015)
- ME/NORTH AUSTIN* (AUGUST 2020)

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

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**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.

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**September 2017 - August 2018 Allocations**

**Unrestricted Revenue by Source**

- Individual: 62%
- Government: 6%
- Rent: 4%
- Churches: 2%
- Other: 1%
- Foundations and Corporations: 14%
- Release from Restrictions: 11%

**Functional Expenses**

- Program Services: 80%
- Fundraising: 12%
- General and Administrative: 8%
- Government: 6%
- Rent: 4%
- Churches: 2%
- Other: 1%
## Statements of Cash Flows

**Years ended August 31, 2018 and 2017**

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

### Supplemental disclosures of cash flow information:

- **Cash paid for interest**:
  - 2018: $122,341
  - 2017: $214,326

See accompanying notes to financial statements.

## Statements of Financial Position

**August 31, 2018 and 2017**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,273,599</td>
<td>$1,818,941</td>
</tr>
<tr>
<td>Prepaid expenses and other</td>
<td>173,782</td>
<td>113,597</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>2,449,381</td>
<td>1,932,538</td>
</tr>
<tr>
<td><strong>Property and equipment, net</strong></td>
<td>19,526,052</td>
<td>18,025,226</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$21,975,433</td>
<td>$19,957,764</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$253,299</td>
<td>$155,737</td>
</tr>
<tr>
<td>Accrued payroll expenses</td>
<td>151,834</td>
<td>120,293</td>
</tr>
<tr>
<td>Deferred income</td>
<td>58,750</td>
<td>51,000</td>
</tr>
<tr>
<td>Line of credit</td>
<td>—</td>
<td>321,160</td>
</tr>
<tr>
<td>Note payable, current portion</td>
<td>93,018</td>
<td>87,088</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>366,091</td>
<td>733,298</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>2,877,175</td>
<td>3,146,888</td>
</tr>
<tr>
<td><strong>Net assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>2,964,488</td>
<td>2,773,277</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>16,133,810</td>
<td>14,037,599</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>19,098,258</td>
<td>16,810,876</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$21,975,433</td>
<td>$19,957,764</td>
</tr>
</tbody>
</table>

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, func-
tional 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 dis-
ign, 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, whether due to fraud or error.

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 giving an opinion on the effectiveness of the entity’s internal control. Accord-
ningly, 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 evalu-
ing 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.

/s/ Paul J. Smit & Associates
Paul J. Smit & Associates
November 13, 2018
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 are recorded as deferred income on the statements of activities as net assets released from restrictions. Restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities inclusive 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.

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. As of August 31, 2018 there were no additional leases to be recorded. In order to refinance a construction promissory note prior to its expiration, a construction loan and Assignment of Rents to the lender on real property commonly known as 416 North Laramie Avenue, Chicago, Illinois, was renegotiated on December 15, 2017. The new loan terms are due in full on February 2021, and the note payable expires February 2021, and bears interest at a fixed rate of 4.75%. Principal and interest payments are payable monthly.

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

IN 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 $6,300,000 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.

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

<table>
<thead>
<tr>
<th>NOTES TO FINANCIAL STATEMENTS</th>
<th>August 31, 2018 and 2017</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>PROPERTY AND EQUIPMENT</th>
<th>Property and equipment at August 31, 2018 and 2017 constrained of the following:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Building and building improvements</td>
<td>$17,574,936</td>
</tr>
<tr>
<td>Land</td>
<td>1,394,010</td>
</tr>
<tr>
<td>Vehicles</td>
<td>112,243</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>796,864</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>1,835,555</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>21,731,505</td>
</tr>
</tbody>
</table>

**Less temporarily restricted accumulated depreciation**

|  | (2,005,554) | (1,461,620) |
| **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.

| NOTE 10 OF CONSENTS | By The Hand maintains a secured line of credit which expires February 2021. The line of credit had a borrowing limit of $1,500,000 through February 2018 at which time the borrowing limit was decreased to $1,000,000. 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 2.5% and 4.25%, respectively. Interest paid on the line during the years ended August 31, 2018 and 2017 was $3,852 and $37,081, respectively. |

<table>
<thead>
<tr>
<th>(6) TEMPORARILY RESTRICTED NET ASSETS</th>
<th>Temporarily restricted net assets are available for the following purposes at August 31, 2018:</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 31, 2018</td>
<td>Contributions</td>
</tr>
<tr>
<td>College scholarships</td>
<td>$ 44,355</td>
</tr>
<tr>
<td>Capital - loan</td>
<td>5,142,086</td>
</tr>
<tr>
<td>Capital - loan - AU K5</td>
<td>8,794,311</td>
</tr>
<tr>
<td>Capital - loan - ME Expansion</td>
<td>—</td>
</tr>
<tr>
<td>Capital - loan - North Austin</td>
<td>1,145,066</td>
</tr>
<tr>
<td>Line of Credit</td>
<td>321,160</td>
</tr>
<tr>
<td>Land to the Lord Fund</td>
<td>6,846</td>
</tr>
<tr>
<td>Lord Fund</td>
<td>45,925</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$14,037,599</td>
</tr>
</tbody>
</table>

August 31, 2017 and 2016 was $118,489 and $187,245, respectively. During the year ended August 31, 2017, the line of credit was increased to $1,500,000. 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 2.5% and 4.25%, respectively. Interest paid on the line during the years ended August 31, 2018 and 2017 was $3,852 and $37,081, respectively. Interest paid on the line during the years ended August 31, 2018 and 2017 was $3,852 and $37,081, respectively.

August 31, 2017 and 2016 was $118,489 and $187,245, respectively. During the year ended August 31, 2017, the line of credit was increased to $1,500,000. 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 2.5% and 4.25%, respectively. Interest paid on the line during the years ended August 31, 2018 and 2017 was $3,852 and $37,081, respectively.

Interest expense incurred under the note payable for the years ended August 31, 2018 and 2017 was $118,489 and $187,245, respectively. During the year ended August 31, 2017, the line of credit was increased to $1,500,000. 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. Interest paid on the line during the years ended August 31, 2018 and 2017 was $3,852 and $37,081, respectively.
Notes to Financial Statements: August 31, 2018 and 2017

(7) CONCENTRATIONS
During the year 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 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 nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

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, the resolution of such proceedings and litigation will not have a material adverse effect on the financial position of 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:

<table>
<thead>
<tr>
<th>Years Ending August 31</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$343,125</td>
</tr>
<tr>
<td>2020</td>
<td>371,250</td>
</tr>
</tbody>
</table>

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 non-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 $23,000 and $61,475, respectively.

(10) RETIREMENT PLAN
By The Hand participates in a tax deferral 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 $30,753 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 $31,200 for each of the years ending August 31, 2019, 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, 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 Stempel, Vice Chairman
Attorney, Carol Stempel Law Office
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
Principal, Gomez Insurance Agency
Nancy Hansai
Teacher (Retired)
Sharon Helvey-Kazak
Founder and Owner of Lincoln Park Preschool & Kindergartens
Peggy Lin
Teacher (Former)
Brian Messo
Managing Partner, Promus Capital
Ray Patterson
Special Assistant to the President for Community Relations, Moody Bible Institute
Keith Sauries
Owner and Founder, Urban GIS
Julius Wilson
Manager, Analytics (Retired)

By The Hand Leadership Staff
Bethany Anwar
Director of College and Career Support
Bernadette Ballenger
Director of By The Hand—Austin
Rebecca Bogdan
Director of College and Career Readiness
Hanny Goss
Director of Fund Development
Michelle Hustrulid
Senior Director of Learning
Omolosho “Oli” Olowolade
Director of Human Resources and Volunteer Development
Sarah James
Senior Director of K-6 Programs
Dezirae Jones
Director of By The Hand—Calston-Green
Alex Kekos
Senior Director of Finance
Jamie Martin-Bernt
Director of By The Hand—Algebra-Murray
David Pahlka
Director of Communications
Miguel Rodriguez
Director of Facilities
Sueann Knowlton
Executive Director
Tom Sawyer, Chairman
Senior Director of College and Career Support
Christine Parker, Secretary
Attorney, Law Office of Christine A. Parker

For more information or to schedule a visit:
Contact Domonick Travis at 312.305.2422 or domonick.travis@bythehand.org
Visit www.bythehand.org

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Photography: Ingram Photography
Copywriting: Maurer Media/WordSlingers for Hire
Helping children who live in high-risk, inner-city neighborhoods have abundant life