

# THE POWER OF ONE.

UNLEASHING THE POWER  
OF TRANSFORMATION



BY  
THE  
HAND  
CLUB  
FOR  
KIDS

By The Hand Club For Kids  
2022 Annual Report



# THE POWER OF ONE.

**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 Chicago's most under-resourced neighborhoods, By The Hand helps kids have abundant life.

## Letter from the Founder and Executive Director



**Thank you.** This year revealed the undeniable Power of One in the lives of our students. One connection, one act of kindness, one prayer, one meal, one intentional word, one smile. Each of these things seems simple, but even simple, single moments can start a movement of goodness that can't be undone.

After all, By The Hand was birthed in 2001 as the result of one vision. And look what God has done. For more than 20 years we've watched that one vision, which took root in Cabrini-Green, multiply into a flourishing multi-location, multi-generational, multi-faceted force for transformation and new life. It's humbling to remember that we had 16 kids when By The Hand initially launched, and in 2022 we served 1,396 children through our programming and various support services.

During this past school year we focused on helping our children move forward from COVID. While the threat of severe illness has waned, the devastating effects of the global pandemic have lingered. The tumult of schools opening and closing, ongoing loss and financial strain, has created a chaotic backdrop for our students' lives. All of these factors understandably contribute to an uptick in depression, loneliness and anxiety. It's difficult to stay motivated and engaged when things feel hopeless.

Which is exactly why our mission never stopped during COVID. In fact, it was more dynamic than ever. Because our children and families needed us more than ever.

In January, when the Chicago Teachers Union again shut down Chicago Public Schools, By The Hand Club kept our doors open all day long so parents could go to work and kids could have a safe place to learn and thrive. As a result of moments just like these, our mission to support our students persevered despite ongoing obstacles. While other kids in our city suffered learning loss, kids in our reading program remained on track in their reading growth.

Another challenge—the staffing shortage—took us quite by surprise (along with the rest of America). While we added dozens of new staff members last year, we continue searching for highly qualified candidates to join our team. Staff recruitment and retention is a major focus for the 2023 school year. We've assembled an internal team as part of a Talent Advancement Group (TAG) to plan and implement strategies that will make By The Hand an even more amazing place to work. Our goal is to be fully staffed this year. We can't wait to see what God will do as our reach stretches further.

As we look ahead, our mission continues to multiply. By The Hand Club – Moving Everest added an eighth-grade class this year, which brings this site to capacity. And we're thrilled to be opening our sixth club, located in North Austin, in spring 2023. This club will give 400 more kids, from kindergarten through twelfth grade, the opportunity to experience abundant life in Christ. By The Hand Club – North Austin partners with both Intentional Sports and Grace & Peace Church to create a community center that will increase the impact on our kids. Plus, operating costs for the facility will be offset by fees from late-night sports teams and leagues. We believe this space will be a refuge for our students and a blessing to the community.

We're also pleased to announce that our Englewood site has a new home! The Salvation Army Adele and Robert Stern Red Shield Center is a trusted, well-established force for good situated in a premier location in the heart of Englewood. In partnership with the Salvation Army, we will be able to offer wraparound services for the families of the children we serve in this beautiful, safe space.

After two successful seasons as a pop-up location, Austin Harvest is getting a permanent home. Already a staple of the community, Austin Harvest will continue to provide fresh produce and flowers to this West Side neighborhood. One labor of love, started by students, will leave a lasting effect for generations.

We're excited to celebrate the opening of the Gil and Marlene Bowen Fresh Food and Nutrition Center in Altgeld-Murray. This will help students develop entrepreneurial skills while they learn about nutrition through growing, cooking and eating fresh produce that they can bring home to their families.

Thank you for trusting us as we innovate ways to create even greater impact for our children and their families. Financial responsibility, transparency and accountability are key to our sustainability as an organization. We've worked hard to keep our overhead low and have now completed 21 consecutive years in the black. We're honored to have received a rare 100% rating from Charity Navigator, placing By The Hand in the top one percent of nonprofits they rate. We're able to do the work we do because of the ongoing generosity of people like you: people who believe in the Power of One.

The good we reveal and unleash now can't help but create a powerful compounded effect now and for eternity. We will stop at nothing to care for our students—mind, body and soul—so that they can find their own Power of One and sow their own seeds of faith into the world.

Thank you for standing with us this last year and for moving with us into a bright new year.

Sincerely,

A handwritten signature in black ink, appearing to be 'Donnita Travis', with a long horizontal line extending to the right.

Donnita Travis

# One thing

## **The Power of One**

We continue to marvel at all that God has done in the lives of students and families through By The Hand. It is an honor and a privilege to participate in the holy work of redemption and restoration in the city of Chicago. We know the actions we take, the gifts we give, the prayers we raise and the words we speak have immense power. We want to use that power for good, to bring abundant life and hope. Whether we impact an entire life or a single moment, we get to play an important part. At By The Hand, we have watched this play out time and time again: as one willing person says a faithful yes to meet a specific need with the unique gift they have to offer, goodness begins to unfold.

In 2001, one vision became a dynamic organization. Over time, one location became five (soon to be six) campuses. Now, one mission has captured the hearts of hundreds of volunteers and donors. And one generation of students is changing their futures, impacting their families, giving back to their communities and creating a new legacy. These extraordinary stories of blessing and transformation come back to the Power of One.

One thing can change everything.

can change everything.

# Lyla

**Grade 8** / Cabrini-Green

Lyla loves By The Hand. It's provided her safety and security: "It's a family. I feel so welcomed and wanted." Lyla doesn't take this for granted. She sees other kids without the same support and explains, "It's sad. It can make them lose hope."

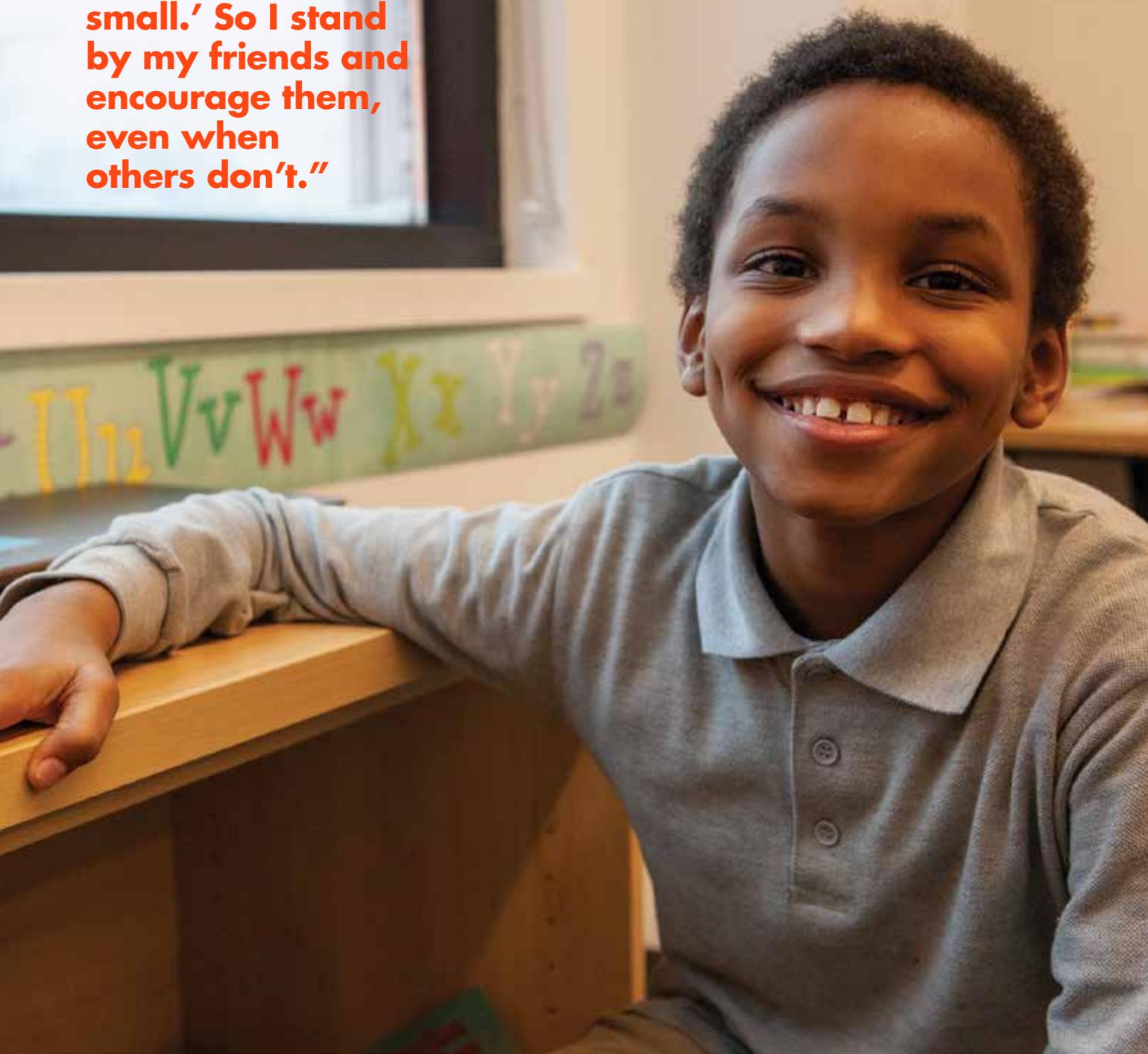
She knows, though, what hope looks like. To this eighth grader, hope looks like Ms. Keturah. "My team leader, Ms. Keturah, is like a mom figure. She's relaxed, she stays calm, and she goes out of her way." Literally. During COVID, Ms. Keturah saw that Lyla was having a hard time with online school, so she regularly checked in on Lyla's progress and offered support. To help motivate Lyla and the other eighth-grade girls in her group to push forward on their homework and grades, Ms. Keturah set up games and challenges with rewards. She would then hand-deliver the prizes to the girls' homes. Lyla lived much further away than the other girls. But the distance didn't stop Ms. Keturah. She was happy to go out of her way to spread love and hope. Lyla said, "I was a 30-minute drive for her. But she still came to me. She brought me snacks and treats. Just to make me feel loved. She was genuine because her actions matched her words. It made me feel really good."

And that relationship has made space for other important truths to become reality. "The people at By The Hand show me more about who God is." Lyla explains it beautifully: "Before, I knew about God. But now, I know God." Lyla has experienced real hope and plans to hold onto it!



**“Before, I knew  
about God.  
But now,  
I know God.”**

**“It’s not big to  
make others feel  
small.’ So I stand  
by my friends and  
encourage them,  
even when  
others don’t.”**



Coby, a fourth grader who attends Moving Everest, is a mighty young man with a big heart. By The Hand helps him harness his curiosity and energy for good. With a quick mind and a quick wit, Coby is interested in almost everything—which is one reason he loves coming to By The Hand. “It is so fun here because we get to do so many activities.” One favorite moment was acting out a play. “I got to be David in the story of David and Goliath. Doing plays about the Bible helps me learn and remember the stories.” He’s discovering big truths about God’s character. “Now I know that anything is possible if you believe in God. Even things that seem impossible. God can do it.”

Coby also loves the opportunity to do hard work. “I am really smart and a fast learner. So I like when By The Hand lets me do sixth-grade work.” He adds with a grin, “Even though I’m only in fourth grade!” But it’s not just the activities and learning that are making a big difference in his life. He’s making good friends and he has leaders on whom he can depend. Coby explains, “Mr. Ryan always listens to me. When I’m upset, he’s patient. He asks good questions. He knows that I tell the truth, most of the time. So we trust each other.” Mr. Ryan has encouraged Coby to consider the impact he can have on others. “I learned this at By The Hand, and now I try to remind my friends: ‘It’s not big to make others feel small.’ So I stand by my friends and encourage them, even when others don’t.”

# Coby

**Grade 4** / Moving Everest

# Djeneba

**Alumna** / Austin

Djeneba, a brilliant college student with her eyes set on law school, could have slipped right through the cracks. In elementary school she had great potential but was struggling. As an immigrant, her mother spoke mostly French and very little English. She helped Djeneba as much as she could, but eventually, more help was needed.

Djeneba recalls, "When I first started By The Hand in fourth grade, I loved it. They helped me make new friends from other schools. It was a safe community. It was fun. They made me interested in something."

It was the perfect environment for her to thrive.

She remembers first being motivated to work hard because of the ABC parties. But then, "I noticed I liked how it felt to get good grades.

And now, I knew I could. It felt really good to not be getting yelled at for every report card, but to be celebrated." It was a feeling she wanted more of. She explains, "When it came to school-work, yes, they helped me improve my grades, but more than that, they helped me want it for myself."

**"...they helped me want it for myself."**

Beyond her improving academics, Djeneba loved By The Hand because she could tell they cared about her life. She laughs, "Ms. Jaclyn saw me through all my attitudes and sassiness. She helped keep me on that good path. She took me to church. She invited me to her house. She always had me around." She continues, "I kind of felt like, wherever she was, I wanted to be, too." It was a connection that helped her feel safe and important. It wasn't until years later that Djeneba realized the impact had been mutual: "Actually, I am the reason Ms. Jaclyn joined By The Hand. She had signed up to pray and eventually wanted to meet the student she'd been praying for. So she came and met me and signed up to volunteer!"







## One Force for Good: Past/Present/Future

Stories rarely change course on their own. It's the introduction of an outside force—a person, an organization, an unexpected circumstance, a consequence, a new calling—that leads to change. And nothing is more powerful than a transformed story. We don't want anything to deter us from positively influencing the stories unfolding before us—and we know that our impact is possible because of the faithful stories already behind us.

Over 20 years ago, By The Hand Club was born, becoming a singular force for good in an otherwise weary storyline. Countless competing outside forces tried to write stories of fear, hopelessness and despair over the most under-resourced neighborhoods in Chicago. But God had different plans, and By The Hand Club wanted to participate in turning those plans into reality. We invited hope to intersect the lives of our students through support, care and words that would ultimately bring life.

And not just life, but abundant life. For all our students. One after another, stories began to change. The sustained impact of over 20 years of work has yielded goodness and success. Students are thriving in their classrooms, in their homes and in their relationships. They are imagining new futures and telling new stories with their one and only lives.

This change continues to stretch out into families and communities. We get to see children who are cared for and invested in become extraordinary adults who care for and invest in those around them. As we look to a bright future with exciting new projects and opportunities to serve, we hold on to hope for what God can do.



## Rebuilding & Restoring Through COVID

By God's grace and through the faithfulness of our supporters, we were strategically poised to help our students carry the burdens of COVID. Even still, there was loss. Loss of family members, friends, work and obviously, school. Our students faced so many obstacles.

While some organizations struggled to meet the moment, By The Hand remained steadfast. In fact, instead of looking at the shifting landscape of needs as a problem, we allowed it to guide us toward areas still aching for care. We wanted no doubt in the minds of our children that goodness was meant for them. Thankfully, they have responded to the care and consistency of By The Hand and we've begun to see very positive results.

Our By The Hand staff members have spent countless hours helping our students move forward from these past two years. Our intentional focus on social emotional learning and the recruitment of more staff to increase our impact remain our top priorities.

### **Social Emotional Learning**

While we continue to provide help with food, finances, academics and faith, we have seen an increased need for counseling with our kids. Pandemic-related mental health struggles have become a national emergency, with youth of color being disproportionately impacted. This stress has led some students to act out and others to withdraw, while some even deal with suicidal ideation. To help care for our students and equip our team, we increased our social emotional learning (SEL) staff, enhanced our SEL training and added tools and time for SEL activities in the classroom. Beyond that, we provided extra mental health services to our students and families. All of this allows us to create a holistic approach to our students'

well-being as we take the stigma out of struggling. We're able to give children access to much-needed resources to help them make sense of their experiences, process through trauma and practice emotional regulation.

### **Recruitment**

The nation's staffing shortage has made finding highly qualified staff difficult, yet we know that to increase the number of students we serve as we open a new site in North Austin, we must increase staff. To help recruitment, we're investing in a big hiring push. This includes adding staff, increasing social media presence and offering a referral program to cultivate connections to strong candidates. We will do whatever it takes to extend our reach as far as possible.





## **One New Campus, Countless Opportunities: By The Hand Club – North Austin**

We can't wait to celebrate the opening of our sixth site! By The Hand – North Austin, designed for students in grades K–12, will occupy 40,000 square feet of the beautiful new 150,000-square-foot building. At full capacity, this state-of-the-art site will serve more than 400 Chicago Public School kids. This is a much-needed place of safety and support for students in critical need on the West Side.

The new site is part of an impressive, unparalleled 10-acre campus. As we considered our North Austin By The Hand Club, we believed that partnering with an organization already doing good work in the community would only increase the positive impact on our students. Grace & Peace Church, already well-known and trusted in the neighborhood, was a perfect fit.

Grace & Peace will offer wraparound services for our kids and families, while a new non-profit partner, Intentional Sports, will offer leagues, drop-in hours, and academy-level sports including basketball, soccer, volleyball and futsal.

The one-of-a-kind holistic campus will include Chicago's largest indoor FIFA-sized, multi-sport field, and will be home to the Chicago Fire Soccer Academy and the Jason Heyward Baseball Academy.

The North Austin Community Center, opening Spring 2023, will provide so many opportunities for fun, learning, mentoring and spiritual development in this safe, inviting campus. We can't wait to see what stories are impacted by its presence in North Austin.

## Continued Growth and Innovation at Our Current Clubs

By The Hand Club – Moving Everest is thrilled to have added 90 new students in grades K–8 this year. Moving Everest is now operating at full capacity, just as we dreamed. We celebrate seeing the classrooms in our new middle school completely filled and fully utilized!

And By The Hand Club – Englewood has a new home! We spent one year faithfully serving kids remotely while we searched for a new location that would be just right for our students and staff. And we found it. Our Englewood site now resides in the Salvation Army Adele and Robert Stern Red Shield Center. This is an ideal location in the heart of Englewood. The partnership with the Salvation Army means we are able to multiply our efforts and offer wraparound services for our families in this beautiful new home.

We can't wait to open the Gil and Marlene Bowen Fresh Food and Nutrition Center in the heart of our Altgeld-Murray community. This will

address food insecurity while giving students the chance to get hands-on experience growing, cooking and eating fresh produce, while learning valuable employment skills. This 500-square-foot state-of-the-art hydroponic freight farm is possible through multiple local partnerships, and will be an ongoing gift to the entire community—an oasis in the middle of one of the nation's largest food deserts.

This year we unveiled a brand-new Media Lab at our iCity location. The Media Lab is part of our cross-site enrichment center, giving our high school students more hands-on opportunities to explore their creativity. The lab features a professional studio for recording, editing and producing both music and video. Students will even get to use professional photography equipment to capture and edit photos. As they see their ideas come to life, they develop skills that prepare them for work and entrepreneurial opportunities in the future.





## **One Idea Becomes a Landmark of Hope: Austin Harvest**

What began as a single-season pop-up produce market, led by high school students from By The Hand, has blossomed into a successful, sustainable, long-term food solution. Austin Harvest has provided far more than fresh food and beautiful flowers. It has made way for leadership and entrepreneurship training, as well as invaluable employment skills for our students.

Austin Harvest's future permanent home has been made possible by donations from supporters all over the city. Thousands of people contributed after finding themselves moved and inspired by the students' story and plan during the "What About Chicago" Radiothon sponsored by 670 The Score.

While the permanent building will retain many of the elements of the pop-up market, significant additions will expand and upgrade what the students can offer.

Even during construction, our students continue serving through pop-up produce stands and by participating in community events. They know they've started something special, and they know that they've laid the groundwork for students to run Austin Harvest for many years to come, bringing hope to the Austin community through fresh food.

# Celebrating the Power of One— Mind, Body and Soul

## With Awe and Gratitude

We are in awe of all that has been accomplished this past year. And we anticipate with excitement all that is unfolding before us. We can't predict the future, but we hold firmly to the calling and mission placed on our hearts. We will strive to bring abundant life—mind, body and soul—to every child we can. We know that it's by God's grace and your partnership that we continue to thrive.

By The Hand has always emphasized a holistic approach to child development, with measurable academic, physical and spiritual growth goals. After 21 years, our mission and goals continue to grow stronger with each new year.

### By The Hand Program Goals

#### Mind

- Read at grade level
- Pass all classes, preferably making all ABCs

#### Body

- Eat a healthy and nutritious dinner
- Receive regular dental and eye exams and, if necessary, follow-up treatment
- Receive professional counseling, as needed

#### Soul

- Profess faith in Christ
- Attend church—virtually or in person
- Participate in chapel and Bible study

# Mind, Body & Soul

# Student Impact 2021–2022

**116,817**  
safe passages to and from  
our clubs on school buses

**38,711**  
student hours in chapel  
and Bible study

**84**  
kids given counseling for  
anger, trauma and grief

**8,693**  
student or parent  
wellness checks

## Mind



- **91%** Passed all of their classes
- **70%** Made all ABCs
- **3.07** Average GPA (out of 4.0)

## Body

**66,975**  
Hot, nutritious  
meals served to  
our students

**787**  
Students received dental  
checkups and cleaning  
(163 received additional  
dental care)

**554**  
Students received  
eye exams  
(171 received glasses)

## Soul

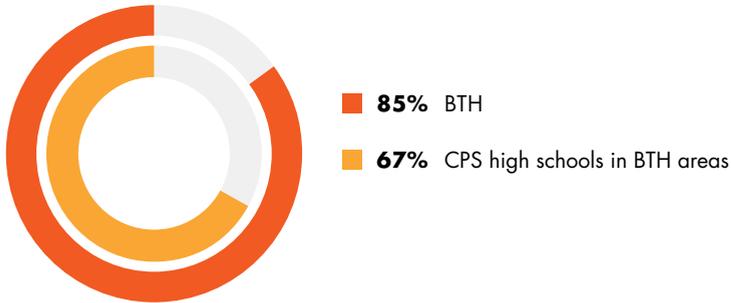


- **84%** Professed faith (Q4 to Q4)
- **29%** Attended church (Q4 to Q4)\*

\*Students enrolled at least 1 year

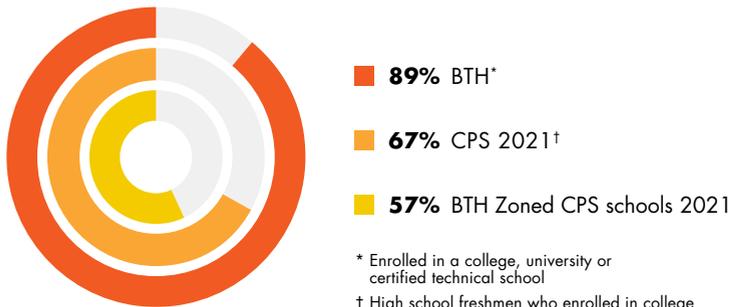
### High school freshmen who graduate from high school

High school graduation rates since BTH first had graduates (2008-2021)



### High school graduates who enroll in college and technical school

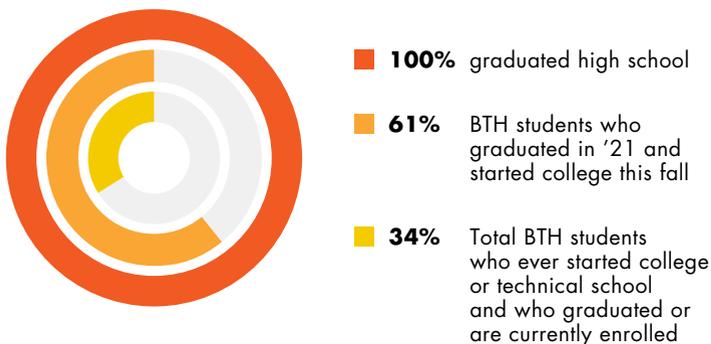
Matriculation rates since BTH first had college students (2008-2022)



\* Enrolled in a college, university or certified technical school

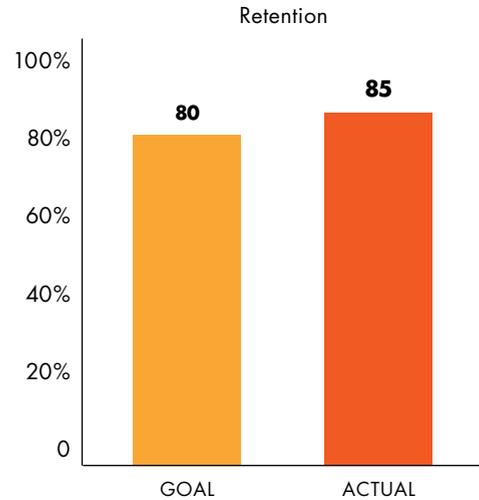
† High school freshmen who enrolled in college

### BTH high school graduation 2021-2022 and college persistence



### Club Retention

From Q1 to Q4

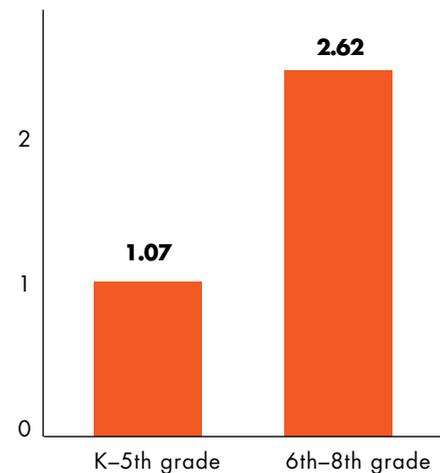


Reasons for Disenrollment: 42% attendance, 39% moved or transferred schools, 7% behavior, 12% all other reasons

### Technology-enabled blended learning program

(Lexia Core5 Reading or PowerUp) 2021-2022

Grade Level Growth\*



\*of those who used at least 1,000 minutes

# The Power of One: Unleashed Across A City

By The Hand continues to tell the story of unfolding transformation. We are committed to reaching kids in some of Chicago's most under-resourced neighborhoods. Our five (soon to be six) strategically positioned clubs, along with iCity our high school enrichment center, bring desperately-needed hope and help to students and families.

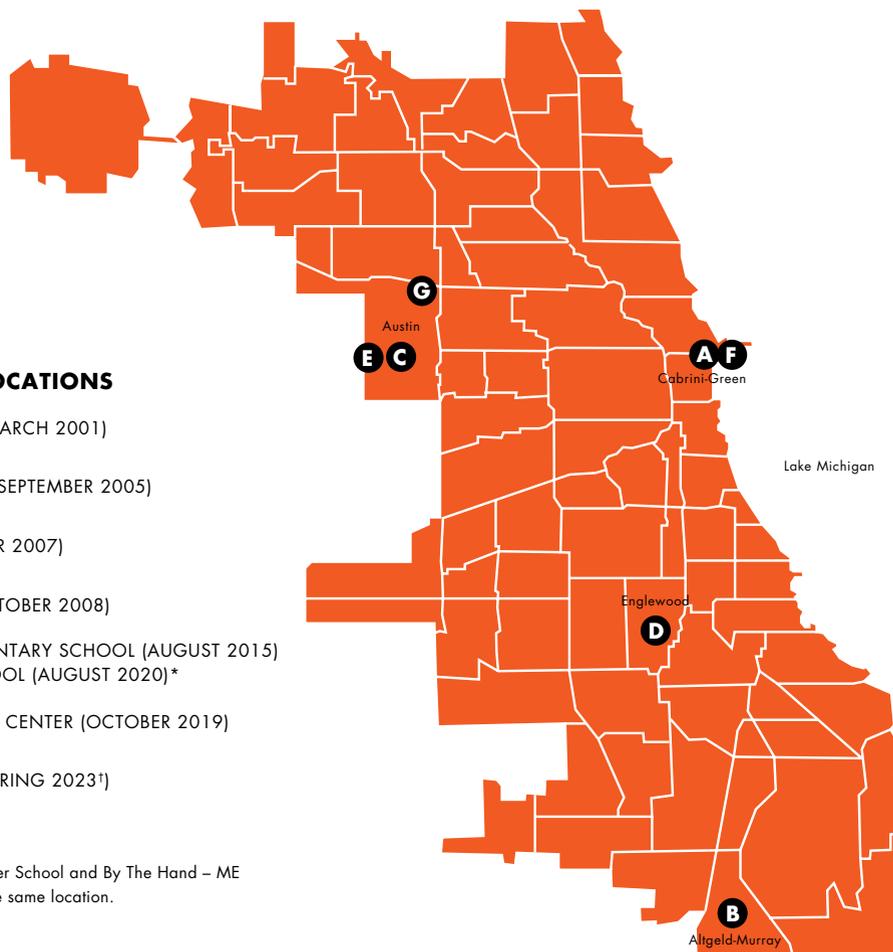
As we strive to meet needs in a holistic way, we're able to build relationships and trust with students and their parents and within communities. By The Hand – Moving Everest has added 90 students to their enrollment this year. And with the opening of our new North Austin club, we'll have the ability to serve an additional 400 kids from kindergarten through twelfth grade. By 2023, we hope to be serving 1,743 kids annually across all of our thriving club locations.

## BY THE HAND LOCATIONS

- A** CABRINI-GREEN (MARCH 2001)
- B** ALTGELD-MURRAY (SEPTEMBER 2005)
- C** AUSTIN (SEPTEMBER 2007)
- D** ENGLEWOOD (OCTOBER 2008)
- E** ME/AUSTIN ELEMENTARY SCHOOL (AUGUST 2015) AND MIDDLE SCHOOL (AUGUST 2020)\*
- F** ICITY ENRICHMENT CENTER (OCTOBER 2019)
- G** NORTH AUSTIN (SPRING 2023<sup>†</sup>)

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

<sup>†</sup> Projected

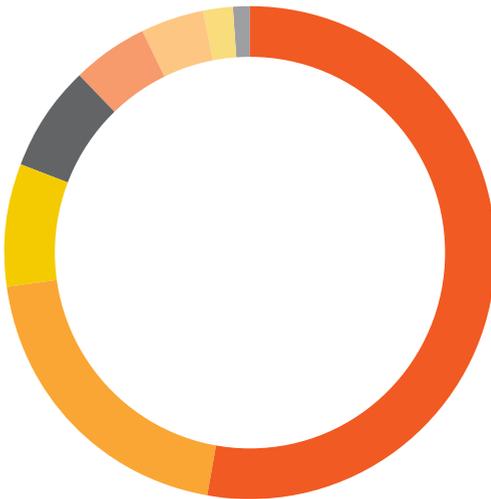


# 21 Years in the Black

By the grace of God and the generosity of people like you, we have completed our 21st consecutive fiscal year with a balanced budget (over \$12 million in 2021–2022). We're also proud to share that Charity Navigator awarded us a rare 100% trust rating for financial reporting and accountability. This places By The Hand in the top one percent of all nonprofits rated by them, and confirms that we are who we say we are. We continue to operate with the highest standards, finishing every year in the black while sustaining exponential growth.

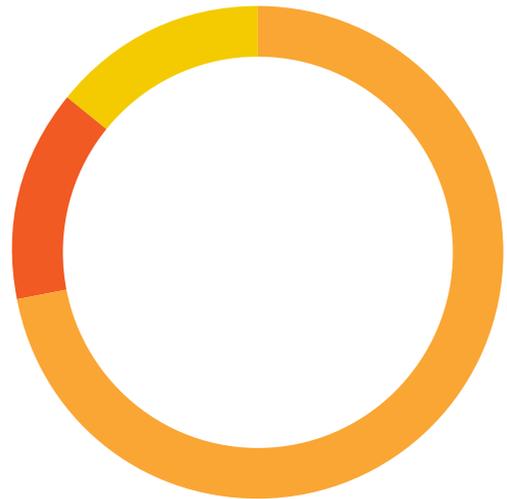
The truth is, as an independent 501(c)(3) nonprofit organization that is not endowed, we can only serve as many kids as allowed by the generosity of others. We are deeply grateful for each individual and each family that has given sacrificially throughout the year. God can use even the smallest thing—one gift, one investment, one faithful step—to change a story.

**UNRESTRICTED OPERATING REVENUE BY SOURCE**



- 53% INDIVIDUALS
- 20% GOVERNMENT
- 8% CORPORATIONS
- 7% FOUNDATIONS
- 5% RENT
- 4% RELEASE FROM RESTRICTIONS (MULTIPLE SOURCES)
- 2% CHURCHES
- 1% OTHER

**FUNCTIONAL EXPENSES**



- 72% PROGRAM SERVICES
- 14% FUNDRAISING
- 14% GENERAL AND ADMINISTRATIVE

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
By The Hand Club For Kids:

**Opinion**

We have audited the accompanying financial statements of By The Hand Club For Kids (a nonprofit organization), which comprise the statements of financial position as of August 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of By The Hand Club For Kids as of August 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of By The Hand Club For Kids and meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about By The Hand Club For Kids' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of By The Hand Club For Kids' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about By The Hand Club For Kids' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Paul J. Smit & Associates*

Lansing, Illinois  
November 11, 2022

Clock Tower Plaza, Suite 204 • 3330 181st Place • Lansing, Illinois 60438

*Member of the American Institute of Certified Public Accountants and the Illinois CPA Society*

**Statements of Financial Position** August 31, 2022 and 2021

	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 8,409,906	\$ 4,856,404
Prepaid expenses and other	335,140	222,164
Other receivable - NACC (note 7)	416,291	—
Loan receivable - NACC (note 3)	1,900,000	—
Other asset - NALL, LLC (note 4)	15,602,705	—
Property and equipment, net (note 5)	29,451,263	34,141,554
<b>Total assets</b>	<b>\$ 56,115,305</b>	<b>\$ 39,220,122</b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 320,789	\$ 231,230
Accrued payroll expenses	304,306	246,735
Deferred revenue	145,735	126,100
Notes payable (note 7)	16,598,694	2,161,378
<b>Total liabilities</b>	<b>17,369,524</b>	<b>2,765,443</b>
Net assets:		
Without donor restrictions	35,634,401	29,373,629
With donor restrictions (note 10)	3,111,380	7,081,050
<b>Total net assets</b>	<b>38,745,781</b>	<b>36,454,679</b>
<b>Total liabilities and net assets</b>	<b>\$ 56,115,305</b>	<b>\$ 39,220,122</b>

**Statements of Activities** Years ended August 31, 2022 and 2021

	2022	2021
Changes in net assets without donor restrictions:		
Operating:		
Revenue:		
Contributions	\$ 10,491,210	\$ 9,280,293
Donated services	100,000	100,000
Government grant - Employee Retention Credit Program (note 8)	2,549,674	—
Other government grants	410,228	154,496
Rental income	778,418	666,300
Investment income from NALL, LLC (note 4)	129,427	—
Other income	645,909	683,264
Net assets released from restrictions	595,937	546,672
<b>Total operating revenue</b>	<b>15,700,803</b>	<b>11,431,025</b>
Expenses:		
Program services	8,673,846	8,143,614
General and administrative	1,660,905	1,062,661
Fundraising	1,734,759	1,497,381
<b>Total operating expenses</b>	<b>12,069,510</b>	<b>10,703,656</b>
<b>Excess of operating revenue over expenses</b>	<b>3,631,293</b>	<b>727,369</b>
Nonoperating changes in net assets without donor restrictions:		
Net assets released from restrictions	8,971,706	6,241,948
Contributions to North Austin Community Center	(5,751,087)	—
Amortization of capital gifts used to construct long-lived assets	(591,140)	(660,116)
<b>Nonoperating changes in net assets without donor restrictions</b>	<b>2,629,479</b>	<b>5,581,832</b>
<b>Increase in net assets without donor restrictions</b>	<b>6,260,772</b>	<b>6,309,201</b>
Changes in net assets with donor restrictions:		
Contributions	5,597,973	10,157,5281
Net assets released from restrictions	(9,567,643)	(6,788,620)
<b>Increase (decrease) in net assets with donor restrictions</b>	<b>(3,969,670)</b>	<b>3,368,908</b>
<b>Increase in net assets</b>	<b>2,291,102</b>	<b>9,678,109</b>
Net assets at beginning of year	36,454,679	26,776,570
<b>Net assets at end of year</b>	<b>\$ 38,745,781</b>	<b>\$ 36,454,679</b>

See accompanying notes to financial statements.

**Statement of Functional Expenses** Year ended August 31, 2022

	SUPPORTING SERVICES			TOTAL 2022
	PROGRAM SERVICES	GENERAL & ADMINISTRATIVE	FUNDRAISING	
Compensation, benefits and taxes				
Salaries and wages	\$ 3,957,828	\$ 537,539	\$ 886,418	\$ 5,381,785
Benefits	367,124	27,403	90,500	485,027
Payroll taxes	281,464	33,624	62,059	377,147
Total salaries and wages, benefits and payroll taxes	4,606,416	598,566	1,038,977	6,243,959
Insurance	118,456	—	—	118,456
Printing	28,096	20,672	24,307	73,075
Telephone and internet	123,675	8,694	9,227	141,596
Supplies	26,271	3,377	7,257	36,905
Building and equipment repair and maintenance	750,027	1,811	—	751,838
Utilities	268,093	7,362	—	275,455
Training	174,322	33,878	5,370	213,570
Transportation	506,509	3,519	7,337	517,365
Non-capital equipment and software	93,589	2,604	33,080	129,273
Rent	45,135	30,577	—	75,712
Meals - students	227,692	—	—	227,692
Meals - staff	4,546	451	6,807	11,804
Curriculum	18,890	—	—	18,890
Benevolence	83,433	—	—	83,433
Academic evaluation	16,517	—	—	16,517
Publicity	1,502	1,810	27,838	31,150
Children's and other special events	125,643	14,810	157,829	298,282
Memberships	2,772	897	4,845	8,514
Postage	855	2,786	3,378	7,019
Legal fees	—	29,075	2,310	31,385
Professional fees	281,652	372,414	380,065	1,034,131
Employee Retention Credit fees	—	379,369	—	379,369
Bank charges	584	38,312	78	38,974
Volunteer support	8,193	42,131	3,711	54,035
Travel	15,491	668	21,402	37,561
College scholarships	21,632	—	—	21,632
School and college resources	54,703	—	191	54,894
Interest	84,511	—	—	84,511
Other	49,554	67,122	750	117,426
Depreciation	935,087	—	—	935,087
Total expenses	\$ 8,673,846	\$ 1,660,905	\$ 1,734,759	\$ 12,069,510

See accompanying notes to financial statements.

**Statement of Functional Expenses** Year ended August 31, 2021

	SUPPORTING SERVICES			TOTAL 2021
	PROGRAM SERVICES	GENERAL & ADMINISTRATIVE	FUNDRAISING	
Compensation, benefits and taxes				
Salaries and wages	\$ 3,647,067	\$ 368,779	\$ 822,008	\$ 4,837,854
Benefits	347,337	23,507	84,264	455,108
Payroll taxes	240,663	12,377	57,378	310,418
<b>Total salaries and wages, benefits and payroll taxes</b>	<b>4,235,067</b>	<b>404,663</b>	<b>963,650</b>	<b>5,603,380</b>
Insurance	116,852	24	—	116,876
Printing	37,036	21,791	22,404	81,231
Telephone and internet	107,531	8,247	8,280	124,058
Supplies	13,449	2,727	5,195	21,371
Building and equipment repair and maintenance	497,449	4,517	—	501,966
Utilities	237,803	19,413	—	257,216
Training	108,229	15,021	1,344	124,594
Transportation	387,849	696	4,416	392,961
Non-capital equipment and software	193,762	2,260	31,071	227,093
Rent	120,165	8,737	—	128,902
Meals - students	100,002	—	—	100,002
Meals - staff	5,242	55	2,261	7,558
Curriculum	4,797	—	—	4,797
Benevolence	150,669	—	—	150,669
Academic evaluation	19,405	—	—	19,405
Publicity	24,610	21,032	31,962	77,604
Children's and other special events	136,558	28,341	74,765	239,664
Memberships	445	—	3,395	3,840
Postage	398	6,420	1,987	8,805
Legal fees	944	73,044	—	73,988
Professional fees	306,739	362,118	318,803	987,660
Bank charges	550	46,480	91	47,121
Volunteer support	4,099	4,873	24	8,996
Travel	5,086	—	3,093	8,179
College scholarships	33,532	—	—	33,532
School and college resources	43,031	446	446	43,923
Interest	233,576	—	—	233,576
Other	97,418	31,756	24,194	153,368
Depreciation	921,321	—	—	921,321
<b>Total expenses</b>	<b>\$ 8,143,614</b>	<b>\$ 1,062,661</b>	<b>\$ 1,497,381</b>	<b>\$ 10,703,656</b>

See accompanying notes to financial statements.

**Statements of Cash Flows** Years ended August 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 2,291,102	\$ 9,678,109
Adjustments to reconcile change in net assets to net cash provided by operating activities–		
Depreciation	935,087	921,321
Contributions restricted for long-term investment	(4,652,887)	(2,266,027)
Contributions of property	4,733,532	–
Net investment income - NALL, LLC (note 4)	(129,427)	–
Changes in operating assets and liabilities:		
Prepaid expenses and other	(112,976)	(27,414)
Other receivables	(416,291)	–
Accounts payable	89,559	(847,208)
Accrued payroll expenses	57,571	11,298
Deferred revenue	19,635	18,600
<b>Net cash provided by operating activities</b>	<b>2,814,905</b>	<b>7,488,679</b>
Cash flows used in investing activities:		
Capital contribution to NALL, LLC (note 4)	(16,320,718)	–
Return of capital received from NALL, LLC (note 4)	847,440	–
Cash used for loan receivable (note 3)	(1,900,000)	–
Cash paid for property and equipment	(978,328)	(4,156,584)
<b>Net cash used in investing activities</b>	<b>(18,351,606)</b>	<b>(4,156,584)</b>
Cash flows provided by financing activities:		
Proceeds from contributions restricted for long-term investment	4,652,887	2,266,027
Proceeds from note payable (note 7)	15,000,000	–
Payments on construction loan	–	(295,457)
Payments on notes payable	(562,684)	(6,096,871)
<b>Net cash provided by (used in) financing activities</b>	<b>19,090,203</b>	<b>(4,126,301)</b>
Net increase (decrease) in cash and cash equivalents	3,553,502	(794,206)
Cash and cash equivalents at beginning of year	4,856,404	5,650,610
<b>Cash and cash equivalents at end of year</b>	<b>\$ 8,409,906</b>	<b>\$ 4,856,404</b>
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 84,511	\$ 263,203
Unrelated business income taxes	7,930	8,217

See accompanying notes to financial statements.

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

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

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

**(B) BASIS OF PRESENTATION**

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

- Without Donor Restrictions – net assets that are not subject to donor-imposed restrictions. Items that affect this category principally consist of contributions not subject to donor-imposed restrictions and all expenses incurred in connection with the activities of By The Hand. In addition, changes in this category of net assets include investment income whose use is unrestricted, restricted contributions whose donor-imposed restrictions were met during the fiscal year, as well as previously restricted gifts for buildings and equipment that have been placed in service.
- With Donor Restrictions – net assets subject to donor-imposed restrictions that will be met either by actions of By The Hand or the passage of time. Items that affect this category are contributions for which donor-imposed restrictions have not been met in the year of receipt, including gifts for buildings and equipment not yet placed in service. Expirations of restrictions on net assets with donor restrictions, including reclassification of restricted gifts for buildings and equipment when the associated long-lived asset is placed in service, are reported as net assets released from restrictions.

Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by By The Hand. Items that affect this category include contributions wherein donors stipulate that the corpus of the gift be held in perpetuity and only the income be made available for program operations. By The Hand currently does not have any net assets where the corpus of the donor gift is required by the donor to be held in perpetuity.

**(C) OPERATIONS**

Operating results in the statements of activities reflect all transactions increasing or decreasing net assets without donor restrictions except those items associated with long-term investment, unamortized capital gifts associated with the acquisition or construction of long-lived assets placed in service, releases of restrictions on donor gifts restricted for debt repayment, releases of restrictions on donor gifts restricted for the North Austin Community Center (NACC) and related contributions of these gifts by By The Hand to NACC in connection with its participation in the New Markets Tax Credits program described in Note 2, and other infrequent transactions. Operating results also include a reclassification associated with amortization of capital gifts placed in service, as described below.

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

Capital gifts to acquire or construct a long-lived asset are recorded as a donor restricted gift until the related asset is placed in service, at which time the capital gift is released from net assets with donor restrictions to net assets without donor restrictions and subsequently amortized into operations over the estimated useful life of the acquired or constructed asset. This amortization, which amounted to \$591,140 and \$660,116 in fiscal years 2022 and 2021, respectively, is recorded as a reclassification between the non-operating and operating sections of the change in net assets without donor restrictions in the statements of activities as other income and amortization of capital gifts used to construct long-lived assets.

**(E) CONTRIBUTIONS AND GRANTS**

Contributions are recognized in the appropriate category of net assets in the period received. Contributions received without donor stipulations are reported as increases in net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Contributions received with a donor stipulation that limits their use are reported as increases in net assets with donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue from government grants, which are generally considered non-exchange transactions, is recognized when qualifying expenditures are incurred and conditions under the agreements are met. Payments received in advance of conditions being met are recorded as deferred revenue on the statements of financial position.

**(F) RENTAL INCOME**

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

**(G) CONTRIBUTED SERVICES**

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

**(H) FUNCTIONAL ALLOCATION OF EXPENSES**

Expenses are recorded when the obligation is incurred. The costs of providing various program and supporting activities have been summarized on a functional basis in the accompanying statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as estimates of time and effort.

**(I) FAIR VALUE**

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

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

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

(i) Cash and Cash Equivalents

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

(ii) Property and Equipment

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

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

(iii) Notes Payable

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

(iv) All Other Assets and Liabilities

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

**(J) INCOME TAXES**

By The Hand is a not-for-profit organization. By The Hand has received a determination letter from the Internal Revenue Service indicating that it is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986, except for income taxes pertaining to unrelated business income. A provision of approximately \$8,000 and \$8,200 has been made for income taxes in the accompanying financial statements for the years ended August 31, 2022 and 2021, respectively, related to certain unrelated business activities.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of August 31, 2022 and 2021, 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, 2021, and believes it is no longer subject to income tax examination for years prior to the year ended August 31, 2018.

**(K) USE OF ESTIMATES**

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

**(L) COVID-19 RISKS**

In December 2019, a novel strain of coronavirus (COVID-19) surfaced resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020 and characterized as a pandemic in March 2020. The extent to which the coronavirus may impact By The Hand's business activity or financial results will depend on future developments.

**(M) RECENT ACCOUNTING PRONOUNCEMENTS**

In February 2016, the 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. The effective date for this standard has been delayed for nonpublic business entities to annual reporting periods beginning after December 15, 2021. The requirements of this statement are effective for By The Hand for the year ending August 31, 2023. Management is currently evaluating this new accounting standards and its potential impact on the financial statements of By The Hand.

**(2) NORTH AUSTIN EXPANSION**

Beginning in fiscal 2019, By The Hand joined with other Chicago-area nonprofit organizations to plan the development of a community center in the Chicago neighborhood of North Austin. This community center will be owned, operated and utilized by organizations distinct from By The Hand, and will ultimately house a new By The Hand after school District Club. Construction of the community center began in September 2021 and is anticipated to be completed in December 2022. By The Hand's new District Club is scheduled for opening in March 2023.

During the past four fiscal years, By The Hand has been raising funds through restricted donations to be contributed, along with acquired land, to North Austin Community Center (NACC), a nonprofit organization, which will own the building and property. Certain of these funds have been used in the payment of predevelopment expenses of the community center during the last three fiscal years, totaling approximately \$4.6 million. In September 2021, By The Hand contributed approximately \$2.6 million of remaining net restricted gifts to NACC and Intentional Sports, an unrelated nonprofit occupant of the community center, which will be used primarily to fund construction. In addition, as discussed in note 3, By The Hand loaned \$1.9 million to NACC in September 2021. The loan has a seven-year term and bears interest at an annual rate of 1.25%.

As discussed in note 7, By The Hand entered into a debt agreement with its external lender whereby it borrowed \$15 million on September 27, 2021 to assist in the funding of the community center construction through participation in the New Markets Tax Credits program, as discussed below. The debt has an interest rate of 4.125%, a 30-year amortization and a 5-year term. NACC and North Austin Leverage Lender (NALL – see below) will each make payments to By The Hand which will be used to make principal and interest payments on this debt. The debt is secured by property owned by By The Hand at, and adjacent to, 415, 416, and 500-510 North Laramie Avenue, Chicago.

The development of NACC is funded in part by New Markets Tax Credits (NMTC), a federal and state program developed to attract investment in lower income communities. The NMTC arrangement will provide \$23.1M to NACC, consisting of \$6.6M from the NMTC Investor (an independent financial institution) and \$16.5M from NALL, a membership agreement between By The Hand and NACC. The members' contributions to NALL are sourced from loans and donations received by the partners, including \$12.6 million of the previously mentioned By The Hand debt borrowing. A portion of the remaining development costs will be funded by the \$1.9 million direct loan from By The Hand to NACC. See further discussion of NALL in Note 4.

The NMTC arrangement requires By The Hand, NACC and Intentional Sports to make certain to make certain performance and compliance guarantees: use the NMTC proceeds as intended for construction, continue operating the facility as a community center, avoid bankruptcy, and not commit fraud or bad acts. Violations of these guarantees would trigger a recapture event, which could result in repayment of as much as the NMTC proceeds of \$6.6 million.

**(3) LOAN RECEIVABLE**

The On September 30, 2021, By The Hand made a loan to NACC for \$1,900,000 in connection with its purchase of land from By The Hand in the amount of \$1,000,000 and \$900,000 in connection with the NMTC arrangement. The promissory note reflects an annual interest rate of 1.25% and a maturity date of September 30, 2028. The loan is interest only until December 5, 2022, at which time monthly payments of principal and interest in the amount \$28,159 shall be due and payable until the loan fully amortizes upon the maturity date.

**(4) OTHER ASSET – INVESTMENT IN NORTH AUSTIN LEVERAGE LENDER, LLC (NALL)**

As stated in Note 2, By the Hand and NACC are the two members of NALL. As defined in the limited liability company operating agreement, By the Hand serves as manager of the day-to-day operations of NALL. As of August 31, 2022, By The Hand has a 95% economic interest in NALL; however, NACC has substantive participating rights in NALL. Therefore, in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-810-25, By the Hand's investment in NALL is being accounted for under the equity method of accounting and is stated at cost.

The members' contributions to NALL are sourced from loans and donations received by each member. Upon the formation of NALL, By The Hand and NACC contributed \$16,320,717 and \$129,539, respectively, to NALL. This "capital" received by NALL, less allowable fees, was loaned to a NMTC Investment Fund, and was "leveraged" by equity contributions from third-party NMTC investors. Hence, NALL is known as the Leverage Lender. Using the combined funds, the NMTC Investment Fund made loans to Community Development Entities (CDE) who in turn made loans to the Qualified Active Low Income Community Businesses (QALICBs), which are NACC and Intentional Sports.

Upon the formation of NALL on September 30, 2021, By The Hand had an economic interest in NALL of 99% and NACC had an economic interest in NALL of 1%. Each member's economic interest at any time represents the total cash contributed to NALL by each member, plus the member's share of NALL net income, less distributions received from NALL by each member.

During the year ended August 31, 2022, By The Hand's member capital account received distributions of \$847,439 from NALL and was credited \$129,427 in net interest income, resulting in an ending member capital account balance of \$15,602,705 at August 31, 2022. NACC's capital account balance in NALL was \$847,943 at August 31, 2022. As of August 31, 2022, the capital balances of each member reflect a 95% economic interest for By The Hand and a 5% economic interest for NACC.

By the Hand's economic interest percentage in NALL will decline over time as it receives distributions of its member capital balance in accordance with the terms of the operating agreement, eventually equaling 7%. Likewise, NACC's economic interest percentage in NALL will increase over time as it makes capital contributions in accordance with the terms of the operating agreement, eventually equaling 93%.

**(5) PROPERTY AND EQUIPMENT**

Property and equipment at August 31, 2022 and 2021 consisted of the following:

	2022	2021
Building and building improvements	\$ 27,609,779	\$ 27,609,779
Land	4,232,419	4,131,864
Vehicles	121,671	121,671
Furniture and equipment	2,223,580	1,632,598
Construction in progress	528,081	400,179
Other property and equipment	—	4,574,643
	<u>34,715,530</u>	<u>38,470,734</u>
Less accumulated depreciation	(5,264,267)	(4,329,180)
Property and equipment, net	<u>\$ 29,451,263</u>	<u>\$ 34,141,554</u>

Amounts reported above as other property and equipment consist of assets acquired by By The Hand which were contributed to NACC during the year ended August 31, 2021, as described in Note 2.

**(6) LINE OF CREDIT**

By The Hand maintains a secured line of credit which expires February 28, 2024. The line of credit has a borrowing limit of \$2,000,000. 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, 2022 and 2021, the interest rate on the line was 3.75% and 3.25%, respectively. There were no borrowings under the line of credit and no interest paid during the years ended August 31, 2022 and 2021. 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.

**(7) NOTES 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 bore interest at a fixed rate of 4.75%, required monthly principal and interest payments, and expired on February 23, 2021. Upon its expiration, the note was converted at its then current balance of \$2,232,327 for a five-year term mortgage with a twenty-year amortization and a fixed interest rate of 3.95%. Principal and interest payments are payable monthly.

Principal payments are due under the note payable as follows:

Years ended August 31:

2023	\$	118,460
2024		123,225
2025		128,181
2026		1,678,508
Total	\$	2,048,374

Interest expense incurred under the note payable for the years ended August 31, 2022 and 2021 was \$84,511 and \$97,993, respectively.

The original and converted 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.

As discussed in Note 2, By The Hand signed a note payable on September 27, 2021 for \$15,000,000 with a financial institution. The note payable bears interest at a fixed rate of 4.125%, requires monthly payments, and expires on September 27, 2026.

Principal payments are due under the note payable as follows:  
Years ended August 31:

2023	\$	518,140
2024		539,922
2025		562,620
2026		586,271
2027		12,343,367
Total	\$	14,550,320

Under an agreement with NACC, interest expense paid by By The Hand under the above note payable is to be reimbursed by NACC. Of the total interest incurred of \$566,291, \$150,000 was reimbursed, leaving a balance due of \$416,291, which is reflected as other receivables in the accompanying statement of financial position as of August 31, 2022.

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, 416, and 500-510 North Laramie Avenue, Chicago, and a Commercial Security Agreement, all for collateral granted by By The Hand Club.

In addition to the above notes payable, By the Hand also incurred interest of \$135,583 during the year ended August 31, 2021 on a previous promissory note that was paid off during that fiscal year.

**(8) GOVERNMENT GRANT – EMPLOYEE RETENTION CREDIT PROGRAM**

During the year ended August 31, 2022, By the Hand applied for and received refundable payroll tax credits totaling \$2,549,674 under the Employee Retention Credit Program. The amount is included in government grants revenue in the accompanying statements of activities.

**(9) CONCENTRATIONS**

During the years ended August 31, 2022 and 2021, 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. As of August 31, 2022 and 2021, cash deposits exceeded federally insured limits by \$7,606,718 and \$3,918,900, respectively. The risk was managed by maintaining all deposits in high quality financial institutions.

During fiscal year 2022, By The Hand received 35% of total contributions from 9 donors. During fiscal year 2021, By The Hand received 28% of total contributions from 6 donors. Contributions include both contributions without donor restrictions which were used for operations and contributions with donor restrictions (Note 10), a significant amount of which

**(10) NET ASSETS WITH DONOR RESTRICTIONS**

Changes in net assets with donor restrictions during the year ended August 31, 2022 were as follows:

	AUGUST 31, 2021	CONTRIBUTIONS	NET ASSETS RELEASED FROM RESTRICTIONS	AUGUST 31, 2022
College student assistance	\$ 3,578	\$ 30,000	\$ (21,087)	\$ 12,491
Lend to the Lord Fund	5,523	45,663	(43,677)	7,509
Benevity Fund	—	30,103	(30,103)	—
COVID-19 grants	33,917	—	(15,470)	18,447
Special projects	13,913	16,600	(25,579)	4,934
RestOp Fund	—	332,605	(214,259)	118,346
Time restricted – future operations	500,000	—	(150,000)	350,000
Bowen Fresh Food Center	—	438,900	(95,762)	343,138
Capital campaign – North Austin	5,733,257	3,238,449	(8,971,706)	—
Capital campaign – North Austin Club	140,862	411,304	—	552,166
Capital campaign – NXT Austin Harvest	650,000	51,215	—	701,215
Capital campaign – Austin//HQ	—	1,003,134	—	1,003,134
	<b>\$ 7,081,050</b>	<b>\$ 5,597,973</b>	<b>\$ (9,567,643)</b>	<b>\$ 3,111,380</b>

Changes in net assets with donor restrictions during the year ended August 31, 2021 were as follows:

	AUGUST 31, 2020	CONTRIBUTIONS	NET ASSETS RELEASED FROM RESTRICTIONS	AUGUST 31, 2021
College student assistance	\$ 20,505	\$ 16,500	\$ (33,427)	\$ 3,578
Lend to the Lord Fund	4,793	34,366	(33,636)	5,523
Benevity Fund	7,175	37,272	(44,447)	—
COVID-19 grants	29,669	19,021	(14,773)	33,917
Special projects	—	311,394	(297,481)	13,913
Debt repayment	—	5,891,948	(5,891,948)	—
BET grant	—	75,000	(75,000)	—
Time restricted – future operations	—	500,000	—	500,000
Capital campaign – ME Expansion	—	350,000	(350,000)	—
Capital campaign – North Austin	3,650,000	2,125,165	(41,908)	5,733,257
Capital campaign – North Austin Club	—	140,862	—	140,862
Capital campaign – NXT Pop-up Fresh Market	—	656,000	(6,000)	650,000
	<b>\$ 3,712,142</b>	<b>\$ 10,157,528</b>	<b>\$ (6,788,620)</b>	<b>\$ 7,081,050</b>

## Notes to Financial Statements: August 31, 2022 and 2021

were received in conjunction with capital campaigns and debt repayment.

### (11) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of August 31, 2022 and 2021, financial assets and liquidity resources available within one year for general expenditure, that is, without donor or other restriction limiting their use, are as follows:

Financial assets:	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 5,890,409	\$ 2,355,576
Prepaid expenses and other assets	248,697	106,908
Total financial assets available within one year	6,139,106	2,462,484
Liquidity resources:		
Bank line of credit	2,000,000	2,000,000
Total financial assets and liquidity resources available within one year	\$8,139,106	\$ 4,462,484

By The Hand's cash flows have seasonal variations during the year attributable to specific fundraising campaigns and donor appeals, and a concentration of contributions received at calendar and fiscal year-ends. As described in Note 6, to manage liquidity, By The Hand maintains a line of credit that can be drawn upon as needed during the year to manage cash flows. As of August 31, 2022 and 2021, there were no outstanding borrowings under this line of credit.

### (12) RELATED PARTY ACTIVITY

During each of the years ended August 31, 2022 and 2021, 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, 2022 and 2021, The Moody Church received gifts designated for By The Hand of \$186,975 and \$35,411 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 13, By The Hand has an operating lease agreement with Chicago Education Partnership for a building owned by By The Hand. During the years ended August 31, 2022 and 2021, Chicago Education Partnership incurred technology costs of \$13,418 and \$12,420, respectively, which were reimbursed by By The Hand during each respective fiscal year.

As discussed in Notes 2 and 4, By The Hand is one of two members in NALL, LLC. During the year ended August 31, 2022, By The Hand made capital contributions of \$16,320,717 to, and received return of capital distributions of \$847,440 from, NALL, LLC.

During the year ended August 31, 2022, By The Hand made contributions of cash and property totaling \$5,751,087 to NACC. The Executive Director of By The Hand is a member of the Board of Directors of NACC.

### (13) OPERATING LEASES

As discussed in Note 12, By The Hand leases space in a building owned by By The Hand to Chicago Education Partnership. The property being leased is a three-story building with a gymnasium located at 416 North Laramie Avenue, Chicago, Illinois. During the year ended August 31, 2020, By The Hand completed an expansion of the property which increased its square footage from approximately 48,000 to 85,000 square feet of space. The original lease, which ran from August 2015 to July 2020, was renewed for an additional five-year period beginning August 2020, commensurate with the building expansion. The tenant, Chicago Education Partnership, has the right and option to renew for one additional five year term.

Future minimum rentals due under the terms of leases in effect at August 31 are as follows:

Years ended August 31:

2023	\$	859,410
2024		885,330
2025		912,060
Total	\$	3,656,800

Rental income under the above leases for the years ended August 31, 2022 and 2021 totaled \$751,418 and \$639,300, respectively.

### (14) 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, 2022 and 2021 were \$86,247 and \$83,271, respectively.

### (15) 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 \$75,712 and \$128,902 for the years ended August 31, 2022 and 2021, respectively. Future minimum base rental payments required under these operating leases are \$30,508 for the year ending August 31, 2023, and \$1,200 for each of the years ending August 31, 2024 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.

### (16) SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to August 31, 2022, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended August 31, 2022. Management has performed their analysis through November, 11, 2022, the date the financial statements were available to be issued. Activities subsequent to this date have not been evaluated by management.

# Leading by Serving

## BY THE HAND BOARD OF DIRECTORS

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Attorney (Retired)

Carol Simpson, Vice Chairman  
Attorney, Carol Simpson Law Offices

Christine Parker, Secretary  
Attorney, Law Office of Christine A. Parker

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James Fellowes  
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Keith Searles  
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Travis Smith  
Resident Director for Men,  
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## BY THE HAND STRATEGIC LEADERSHIP TEAM

Felicia Bullock  
Senior Director of Finance

Alex Ferguson  
Managing Director of Operations

Rachel Gamarra  
Chief Development Officer

Michele Hoekstra  
Senior Director of Learning

Omokhosen "Osen" Imoukhuede  
Director of Volunteer Development

Sarah James  
Senior Director of Programming Operations

Nicholas Rivera  
Managing Director of Programming

Valonda Smith  
Director of NXT

Marco Tinor  
Special Assistant to Executive Director

Donnita Travis  
Founder & Executive Director

Lamont Washington  
Director of By The Hand – Moving Everest

## DIRECTORS OF CLUBS

LaKimbra Arrington  
Director of By The Hand – Altgeld-Murray

Bernadette Ballenger  
Director of By The Hand – Austin

Dezsiree Jones  
Director of By The Hand – Cabrini-Green

Yasenia Roman  
Director of By The Hand – North Austin

Lamont Washington  
Director of By The Hand – Moving Everest

Eddie Wilson  
Director of By The Hand – Englewood

**For more information or to schedule  
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**Visit [bythehand.org](http://bythehand.org)**

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**By The Hand—Englewood**

945 W. 69th Street  
Chicago, IL 60621

**By The Hand—ME/Austin**

416 N. Laramie Avenue  
Chicago, IL 60644

**By The Hand—North Austin**

1841 N. Laramie Avenue  
Chicago, IL 60639

**iCity Enrichment Center**

312 W. Walton Street  
Chicago, IL 60610

By The Hand is an after-school program that emphasizes academic excellence while nurturing the whole child—mind, body and soul. Our vision is to help children who live in under-resourced neighborhoods have abundant and eternal life.

**[Bythehand.org](http://Bythehand.org)**



Enhancing Trust

