

HIS HELPING HANDS, INC.

**Independent Auditors Reports
and
Financial Statements**

June 30, 2017 and 2016



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
His Helping Hands, Inc.
Wichita, Kansas

We have audited the accompanying financial statements of His Helping Hands, Inc. which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activity, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of His Helping Hands, Inc. as of June 30, 2017 and 2016, 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.

Regier Carr & Monroe, CPA

January 30, 2018
Wichita, Kansas

HIS HELPING HANDS, INC.
Statements of Financial Position
June 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 1,152,105	\$ 632,924
Inventory	162,285	160,567
Property and equipment, net	1,620,376	1,657,692
Total assets	\$ 2,934,766	\$ 2,451,183
LIABILITIES & NET ASSETS		
Liabilities		
Accounts payable - related party	\$ 1,267	\$ 16,528
Payroll and sales taxes payable	4,461	4,083
Total liabilities	5,728	20,611
Net Assets		
Unrestricted		
Undesignated	2,463,091	2,270,005
Designated in-kind	162,285	160,567
Total unrestricted net assets	2,625,376	2,430,572
Temporarily restricted net assets	303,662	-
Total net assets	2,929,038	2,430,572
Total liabilities and net assets	\$ 2,934,766	\$ 2,451,183

The accompanying notes are an integral part of the financial statements

HIS HELPING HANDS, INC.
Statements of Activities
Years Ended June 30, 2017 and 2016

	2017				2016			
	Unrestricted			Temporarily Restricted	Unrestricted			Temporarily Restricted
	Undesignated	Designated In-kind	Total		Undesignated	Designated In-kind	Total	
SUPPORT AND REVENUE								
General contributions	\$ 230,471	\$ -	\$ 343,643	\$ 574,114	\$ 303,370	\$ -	\$ -	\$ 303,370
Memorial contributions	4,524	-	-	4,524	16,088	-	-	16,088
In-kind donations	-	1,719,248	-	1,719,248	-	1,400,747	-	1,400,747
Grants	156,427	-	145,000	301,427	89,869	-	182,450	272,319
Contributions - related party	125,000	-	-	125,000	125,000	-	-	125,000
	516,422	1,719,248	488,643	2,724,313	534,327	1,400,747	182,450	2,117,524
Interest income	549	-	-	549	321	-	-	321
Sales of non-core items and other income	291,360	-	-	291,360	260,631	-	-	260,631
Total support and revenue	808,331	1,719,248	488,643	3,016,222	795,279	1,400,747	182,450	2,378,476
NET ASSETS RELEASED FROM RESTRICTION	184,981	-	(184,981)	-	182,450	-	(182,450)	-
EXPENSES								
Program services	618,802	1,717,530	-	2,336,332	650,570	1,507,869	-	2,158,439
Supporting services								
General & administrative	147,954	-	-	147,954	141,518	-	-	141,518
Fund-raising	33,470	-	-	33,470	30,632	-	-	30,632
	800,226	1,717,530	-	2,517,756	822,720	1,507,869	-	2,330,589
INCREASE (DECREASE) IN NET ASSETS	193,086	1,718	303,662	498,466	155,009	(107,122)	-	47,887
NET ASSETS-BEGINNING OF YEAR	2,270,005	160,567	-	2,430,572	2,114,996	267,689	-	2,382,685
NET ASSETS-END OF YEAR	2,463,091	162,285	303,662	2,929,038	2,270,005	160,567	-	2,430,572

The accompanying notes are an integral part of the financial statements

HIS HELPING HANDS, INC.
Statements of Functional Expenses
Years Ended June 30, 2017 and 2016

	2017				2016			
	Supporting Services				Supporting Services			
	Program Services	General & Admini- strative	Fund- Raising	Total	Program Services	General & Admini- strative	Fund- Raising	Total
Employee costs	\$ 307,652	\$ 36,194	\$18,097	\$ 361,943	\$ 300,944	\$ 35,405	\$17,703	\$ 354,052
Benevolence	4,589	-	-	4,589	49,836	-	-	49,836
Other ministry	188,031	86,580	-	274,611	185,851	82,066	-	267,917
Property	57,777	4,815	1,605	64,197	55,689	4,641	1,547	61,877
Office	21,657	2,548	1,274	25,479	16,878	1,985	993	19,856
Communications	680	1,360	11,561	13,601	552	1,105	9,388	11,045
Administrative	-	13,658	-	13,658	-	13,313	-	13,313
Volunteer	4,832	-	-	4,832	4,786	-	-	4,786
Depreciation	33,584	2,799	933	37,316	36,034	3,003	1,001	40,038
	618,802	147,954	33,470	800,226	650,570	141,518	30,632	822,720
In-kind benevolence	1,717,530	-	-	1,717,530	1,507,869	-	-	1,507,869
	<u>\$ 2,336,332</u>	<u>\$ 147,954</u>	<u>\$ 33,470</u>	<u>\$ 2,517,756</u>	<u>\$ 2,158,439</u>	<u>\$ 141,518</u>	<u>\$ 30,632</u>	<u>\$ 2,330,589</u>

The accompanying notes are an integral part of the financial statements

HIS HELPING HANDS, INC.
Statements of Cash Flows
Years Ended June 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 498,466	\$ 47,887
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	37,316	40,038
Contributions restricted for Fresh Hope building	(250,000)	-
Change in operating assets and liabilities:		
(Increase)/Decrease in inventory	(1,718)	107,122
Increase/(Decrease) in accounts payable - related party	(15,261)	978
Increase/(Decrease) in payroll and sales taxes payable	378	(1,639)
Net cash provided by operating activities	269,181	194,386
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for Fresh Hope building	250,000	-
Net increase in cash and cash equivalents	519,181	194,386
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	632,924	438,538
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,152,105	\$ 632,924

The accompanying notes are an integral part of the financial statements

HIS HELPING HANDS, INC.
Notes to Financial Statements
June 30, 2017 and 2016

Note 1. Summary of Significant Accounting Policies

Nature of Operations

His Helping Hands, Inc. (HHH) is a Christ-centered, benevolent ministry set up to assist families and individuals, primarily in the local Wichita area, who are facing insufferable hardships, for the purpose of helping and encouraging those who are in the Body of Christ, and, helping and evangelizing those who are not yet in the Body of Christ. By being the Hands of Christ in helping others, we show the love of Christ in a practical way, thus ministering both to the clients and the donors by helping people help people.

A resource center has been established which serves as the home base for the HHH ministry. From this location, HHH staff and volunteers manage and coordinate the necessary resources and activities in order that assistance can be given to people in the local community who struggle with basic physical, spiritual and life needs, including the elderly, the widowed, single parents, children, people suffering from physical or mental disabilities, victims of natural disasters, families suffering through the consequences of major illnesses, families living below the poverty line and those families generally considered to be “at risk”.

Referrals of needs come from the local churches, various local agencies and through direct calls to the HHH staff and volunteers. The ministry center is the collection point to receive, primarily from members of the Body of Christ, quality donations of core items including; clothing, beds, bedding, blankets, sofas, living room furniture, dining tables and chairs, plates, cups, silverware, kitchen cookware and utensils, dish towels, bath towels, wash cloths, small and large appliances, and other various household items. These donated core items are then given, free of charge, directly to those in the community who have needs. The non-core items that HHH receives from donors are also given to clients, free of charge, if appropriate. Otherwise, the non-core items are converted into resources that can be used for the HHH ministry. In-kind donations of such items received during the years ended June 30, 2017 and 2016 were \$1,719,248 and \$1,400,747, respectively. The distribution of in-kind benevolence was \$1,720,530 and \$1,507,869 for the years ended June 30, 2016 and 2015, respectively.

Throughout the process, the gospel of Jesus Christ is proclaimed through actions and words so that the families and individuals that HHH serves can receive spiritual help in addition to the physical help.

HIS HELPING HANDS, INC.
Notes to Financial Statements
June 30, 2017 and 2016

Note 1. Summary of Significant Accounting Policies (Continued)

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.

Inventory

Most of HHH's inventory has been donated for use in HHH's programs. Inventories are stated at the estimated fair value at the date of donation.

Property and equipment

Acquisitions of property and equipment and expenditures for repairs, maintenance, or improvements that significantly prolong the useful lives of the assets are capitalized. Purchases of property and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value at date of gift. Property and equipment are depreciated using the straight line method over the estimated useful life of assets.

The class lives of the more significant items within each property classification are as follows:

Building and improvements	15-40 years
Furniture and equipment	5-10 years
Computers and copiers	5 years

Financial Statement Presentation

For accounting and reporting purposes resources are classified into three net asset categories according to external (donor) restrictions. The categories are:

- Unrestricted net assets - The part of the net assets that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations, and include amounts designated for specific purpose(s) by the Board of Directors.
- Temporarily restricted net assets - The part of the net assets resulting from contributions, grants, and other inflows of assets whose use is limited by donor imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of HHH pursuant to those stipulations.
- Permanently restricted net assets - The part of the net assets resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of HHH.

HIS HELPING HANDS, INC.
Notes to Financial Statements
June 30, 2017 and 2016

Note 1. Summary of Significant Accounting Policies (Continued)

Federal income taxes

HHH is organized as Kansas nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). HHH is qualified to receive deductible charitable contributions under Section 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under Sections 509(a)(1) and (3). HHH is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. HHH has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Temporarily restricted contributions that are received and expended within the same fiscal year are reported as unrestricted resources.

Contributed Services

HHH receives a substantial amount of services donated by members of the community in carrying out its ministry. Over 64,000 and 60,000 hours were donated during the years ended June 30, 2017 and 2016, respectively. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under generally accepted accounting principles.

HIS HELPING HANDS, INC.
Notes to Financial Statements
June 30, 2017 and 2016

Note 1. Summary of Significant Accounting Policies (Continued)

Donated Property

Donations of property are recorded as contributions at their estimated fair value at the date of donation. Such donations are recorded as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Allocations of wages and related costs are based on management's estimates of the percentage of time personnel perform program and supporting services. Certain other costs are allocated based on total personnel expenses allocated to program and administrative services. Occupancy costs such as utilities, insurance, and maintenance have been allocated based on management's estimate of square footage used in program and supportive services.

Note 2. Property and equipment

Land and building were acquired through donations and a capital campaign without the occurrence of debt. HHH's property and equipment are as follows:

	<u>2017</u>	<u>2016</u>
Land	\$ 681,926	\$ 681,926
Building and improvements	1,201,130	1,201,130
Furniture and equipment	55,212	55,212
Computers and copiers	51,994	51,994
	<u>1,990,262</u>	<u>1,990,262</u>
Less accumulated depreciation	(369,886)	(332,570)
	<u>\$ 1,620,376</u>	<u>\$ 1,657,692</u>
Depreciation expense	<u>\$ 37,316</u>	<u>\$ 40,038</u>

Note 3. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30 are available for use in HHH's Fresh Start program, which is a program designed for assisting single mothers out of poverty, providing an all-encompassing program and support system allowing them to become self-sufficient. The balance of temporarily restricted net assets at June 30, 2017 and 2016 were \$303,662 and \$0, respectively. \$250,000 of this amount at June 30, 2017 is restricted to be used for the construction of a new building to house the Fresh Start program.

HIS HELPING HANDS, INC.
Notes to Financial Statements
June 30, 2017 and 2016

Note 4. Letter of Credit

HHH has a letter of credit with \$192,000 available. The letter of credit was secured in the name of Central Christian Church (Note 6), but has been designated for use by HHH. The letter of credit expires on June 27, 2018, bears an interest rate of 5% and is secured by real estate. There is no outstanding balance on the letter of credit at June 30, 2017 or 2016.

Note 5. Retirement Plan

HHH contributes to a defined contribution benefit plan based on 6% of eligible salaries and wages. Retirement plan expense for the years ended June 30, 2017 and 2016 was as follows:

	<u>2017</u>	<u>2016</u>
Retirement plan expense	<u>\$ 7,898</u>	<u>\$ 7,801</u>

Note 6. Related Parties

Central Christian Church

HHH originated as a mission program of Central Christian Church (CCC), a non-denominational church located in Wichita, Kansas.

At June 30, 2017 and 2016, HHH had \$1,267 and \$16,528, respectively, payable to CCC.

HHH received \$125,000 in contributions from Central Christian Church during each of the years ended June 30, 2017 and 2016.

Note 7. Significant Estimates

In-kind donations of property to HHH, in-kind benevolence given from HHH and the related carrying value of donated inventory on hand are reflected in the financial statements at their estimated fair value at the date of the donation. These estimates are based upon the estimated value that similar items might be sold at a thrift store. Changes in the estimate of the carrying value of inventory will be reported in the statement of activities of the years in which they occur. These estimates are significant to the financial statements.

Note 8. Subsequent Events

Subsequent events were evaluated through January 30, 2018, which is the date the financial statements were available to be issued.

EL DORADO	PO BOX 847	EL DORADO, KS 67042-0847	316-321-1150
McALESTER	101 S. 2ND. STE. B	McALESTER, OK 74501-5345	918-426-1234
TUCSON	4801 E. BROADWAY BLVD., STE. 501	TUCSON, AZ 85711-3648	520-624-8229
TULSA	4200 E. SKELLY DR., STE. 560	TULSA, OK 74135-3209	918-494-8700
WAGONER	611-D W. CHEROKEE ST.	WAGONER, OK 74467-4618	918-485-5531
WICHITA	300 W. DOUGLAS AVE., STE. 900	WICHITA, KS 67202-2914	316-264-2335