

HIS HELPING HANDS, INC.

Financial Report

June 30, 2016 and 2015

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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, 2016 and 2015, 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, 2016 and 2015, 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 31, 2017
Wichita, Kansas

HIS HELPING HANDS, INC.
Statements of Financial Position
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 632,924	\$ 438,538
Inventory	160,567	267,689
Property and equipment, net	1,657,692	1,697,730
Total assets	\$ 2,451,183	\$ 2,403,957
LIABILITIES & NET ASSETS		
Liabilities		
Accounts payable - related party	\$ 16,528	\$ 15,550
Payroll and sales taxes payable	4,083	5,722
Total liabilities	20,611	21,272
Net Assets		
Unrestricted		
Undesignated	2,270,005	2,114,996
Designated in-kind	160,567	267,689
Total unrestricted net assets	2,430,572	2,382,685
Total net assets	2,430,572	2,382,685
Total liabilities and net assets	\$ 2,451,183	\$ 2,403,957

The accompanying notes are an integral part of the financial statements

HIS HELPING HANDS, INC.
Statements of Activities
Years Ended June 30, 2016 and 2015

	2016			2015		
	Unrestricted		Temporarily Restricted	Unrestricted		Temporarily Restricted
	Undesignated	Designated In-kind		Undesignated	Designated In-kind	
SUPPORT AND REVENUE						
General contributions	\$ 303,370	\$ -	\$ -	\$ 349,501	\$ -	\$ 349,501
Memorial contributions	16,088	-	-	10,515	-	10,515
In-kind donations	-	1,400,747	-	-	1,241,531	1,241,531
Grants	89,869	-	182,450	83,606	152,545	236,151
Contributions - related party	125,000	-	-	125,000	-	125,000
	534,327	1,400,747	182,450	568,622	152,545	1,962,698
Interest income	321	-	-	242	-	242
Sales of non-core items and other income	260,631	-	-	203,492	-	203,492
Total support and revenue	795,279	1,400,747	182,450	772,356	152,545	2,166,432
NET ASSETS RELEASED FROM RESTRICTION	182,450	-	(182,450)	189,463	(189,463)	-
EXPENSES						
Program services	650,570	1,507,869	-	626,777	1,265,959	1,892,736
Supporting services						
General & administrative	141,518	-	-	143,532	-	143,532
Fund-raising	30,632	-	-	33,730	-	33,730
	822,720	1,507,869	-	804,039	1,265,959	2,069,998
INCREASE (DECREASE) IN NET ASSETS	155,009	(107,122)	-	157,780	(24,428)	96,434
NET ASSETS-BEGINNING OF YEAR	2,114,996	267,689	-	1,957,216	292,117	2,286,251
NET ASSETS-END OF YEAR	\$ 2,270,005	\$ 160,567	\$ -	\$ 2,114,996	\$ 267,689	\$ 2,382,685

The accompanying notes are an integral part of the financial statements

HIS HELPING HANDS, INC.
Statements of Functional Expenses
Years Ended June 30, 2016 and 2015

	2016				2015			
	Supporting Services		Supporting Services		Supporting Services		Supporting Services	
	Program Services	Admini- strative	Fund- Raising	Total	Program Services	Admini- strative	Fund- Raising	Total
Employee costs	\$ 300,944		\$17,703	\$ 354,052	\$ 318,036	\$ 37,416	\$18,708	\$ 374,160
Benevolence	49,836	-	-	49,836	8,782	-	-	8,782
Other ministry	185,851	82,066	-	267,917	176,846	81,153	-	257,999
Property	55,689	4,641	1,547	61,877	58,051	4,736	1,579	64,366
Office	16,878	1,985	993	19,856	22,087	2,599	1,299	25,985
Communications	552	1,105	9,388	11,045	654	1,308	11,122	13,084
Administrative	-	13,313	-	13,313	-	13,254	-	13,254
Volunteer	4,786	-	-	4,786	5,521	-	-	5,521
Depreciation	36,034	3,003	1,001	40,038	36,800	3,066	1,022	40,888
	650,570	141,518	30,632	822,720	626,777	143,532	33,730	804,039
In-kind benevolence	1,507,869	-	-	1,507,869	1,265,959	-	-	1,265,959
	\$ 2,158,439	\$ 141,518	\$ 30,632	\$ 2,330,589	\$ 1,892,736	\$ 143,532	\$ 33,730	\$ 2,069,998

The accompanying notes are an integral part of the financial statements

HIS HELPING HANDS, INC.
Statements of Cash Flows
Years Ended June 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 47,887	\$ 96,434
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	40,038	40,888
Change in operating assets and liabilities:		
(Increase)/Decrease in accounts receivable - related party	-	30,369
(Increase)/Decrease in inventory	107,122	24,428
Increase/(Decrease) in accounts payable - related party	978	15,550
Increase/(Decrease) in payroll and sales taxes payable	(1,639)	1,884
Net cash provided by operating activities	194,386	209,553
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(85,757)
Net cash used by investing activities	-	(85,757)
Net increase in cash and cash equivalents	194,386	123,796
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	438,538	314,742
 CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 632,924	\$ 438,538

The accompanying notes are an integral part of the financial statements

HIS HELPING HANDS, INC.
Notes to Financial Statements
June 30, 2016 and 2015

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, 2016 and 2015 were \$1,400,747 and \$1,241,531, respectively. The distribution of in-kind benevolence was \$1,507,869 and \$1,265,959 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.

Basis of presentation

The financial statements are prepared in accordance with the provisions of Accounting Standards Codification 958 (ASC 958), “Not for Profit Entities.” Under ASC 958, HHH is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets.

HIS HELPING HANDS, INC.
Notes to Financial Statements
June 30, 2016 and 2015

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 the Organization's inventory has been donated for use in the Organization'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 the School 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 the School.

HIS HELPING HANDS, INC.
Notes to Financial Statements
June 30, 2016 and 2015

Note 1. Summary of Significant Accounting Policies (Continued)

Federal income taxes

The Organization 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). The Organization 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). The Organization 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. The Organization 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.. The activities of the Organization for most recent three years are subject to examination by the IRS and state taxing authorities.

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 60,000 and 63,000 hours were donated during the years ended June 30, 2016 and 2015, 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, 2016 and 2015

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. The Organization's property and equipment are as follows:

	<u>2016</u>	<u>2015</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	<u>(332,570)</u>	<u>(292,532)</u>
	<u>\$ 1,657,692</u>	<u>\$ 1,697,730</u>
Depreciation expense	<u>\$ 40,038</u>	<u>\$ 40,888</u>

Note 3. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30 are available for use in the Organization'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, 2016 and 2015 were \$0.

HIS HELPING HANDS, INC.
Notes to Financial Statements
June 30, 2016 and 2015

Note 4. Letter of Credit

The Organization 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 the Organization. The letter of credit expires on June 3, 2021, 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, 2016 or 2015.

Note 5. Retirement Plan

The Organization contributes to a defined contribution benefit plan based on 6% of eligible salaries and wages. Retirement plan expense for the years ended June 30, 2016 and 2015 was as follows:

	<u>2016</u>	<u>2015</u>
Retirement plan expense	<u>\$ 7,801</u>	<u>\$ 7,573</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, 2016 and 2015, HHH had \$16,528 and \$15,550, respectively, payable to CCC.

HHH received \$125,000 in contributions from Central Christian Church during each of the years ended June 30, 2016 and 2015.

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 31, 2017, which is the date the financial statements were available to be issued.