



Lend a Hand...Change a Life

Hand in Hand Ministries, Inc.  
Independent Auditors' Report  
And Financial Statements  
For the Years Ended  
December 31, 2018 and 2017

## Contents

	Page
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6

## Independent Auditors' Report

To the Board of Directors  
Hand in Hand Ministries, Inc.

We have audited the accompanying financial statements of Hand in Hand Ministries, Inc., (a not-for-profit organization) which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 Hand in Hand Ministries, Inc. as of December 31, 2018 and 2017 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.

*Baldwin CPAs, PLLC*

Louisville, Kentucky  
May 5, 2019

Hand in Hand Ministries, Inc.  
 Statements of Financial Position  
 December 31, 2018 and 2017

	2018	2017
<b>Assets</b>		
Cash	\$ 469,079	\$ 418,713
Miscellaneous receivables, net	2,773	139
Promises to give, net	651,708	566,707
Prepaid expenses	22,311	17,897
Inventory	58,623	5,404
Land, buildings and equipment, net	1,187,580	1,154,912
<b>Total Assets</b>	<b>\$ 2,392,074</b>	<b>\$ 2,163,772</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 73,866	\$ 78,158
Deferred revenue	169,636	136,769
Notes payable	-	113,846
<b>Total Liabilities</b>	243,502	328,773
<b>Net Assets</b>		
Without donor restrictions	1,430,474	1,243,226
With donor restrictions	718,098	591,773
<b>Total Net Assets</b>	2,148,572	1,834,999
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,392,074</b>	<b>\$ 2,163,772</b>

Hand in Hand Ministries, Inc.  
Statements of Activities  
For the Years Ended December 31, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support:</b>						
Contributions and grants	\$ 936,149	\$ 550,746	\$ 1,486,895	\$ 687,362	\$ 306,769	\$ 994,131
Immersion trip and other program income	750,117	-	750,117	815,680	-	815,680
Charitable gaming	357,070	-	357,070	289,073	-	289,073
Less direct expenses	(182,323)	-	(182,323)	(155,186)	-	(155,186)
Interest and other income	1,666	-	1,666	2,521	-	2,521
Gain (loss) on the sale of assets	(97)	-	(97)	(3,434)	-	(3,434)
<b>Total Revenue and Support</b>	<b>1,862,582</b>	<b>550,746</b>	<b>2,413,328</b>	<b>1,636,016</b>	<b>306,769</b>	<b>1,942,785</b>
<b>Net Assets Released from Restrictions:</b>						
Restrictions satisfied by payments	424,421	(424,421)	-	558,096	(558,096)	-
<b>Total Revenue, Support and Reclassifications</b>	<b>2,287,003</b>	<b>126,325</b>	<b>2,413,328</b>	<b>2,194,112</b>	<b>(251,327)</b>	<b>1,942,785</b>
<b>Expenses:</b>						
Program services	1,791,021	-	1,791,021	1,810,375	-	1,810,375
Management and general	148,040	-	148,040	176,942	-	176,942
Fund raising	160,694	-	160,694	173,014	-	173,014
<b>Total Expenses</b>	<b>2,099,755</b>	<b>-</b>	<b>2,099,755</b>	<b>2,160,331</b>	<b>-</b>	<b>2,160,331</b>
<b>Change in Net Assets</b>	<b>187,248</b>	<b>126,325</b>	<b>313,573</b>	<b>33,781</b>	<b>(251,327)</b>	<b>(217,546)</b>
Net Assets at Beginning of Year	1,243,226	591,773	1,834,999	1,209,445	843,100	2,052,545
<b>Net Assets at End of Year</b>	<b>\$ 1,430,474</b>	<b>\$ 718,098</b>	<b>\$ 2,148,572</b>	<b>\$ 1,243,226</b>	<b>\$ 591,773</b>	<b>\$ 1,834,999</b>

The accompanying notes are an integral part of these financial statements.

Hand in Hand Ministries, Inc.  
 Statements of Functional Expenses  
 For the Years Ended December 31, 2018 and 2017

	2018				2017			
	Total	Program Services	Management and General	Fund Raising	Total	Program Services	Management and General	Fund Raising
Program expenses	\$ 559,634	\$ 559,634	\$ -	\$ -	\$ 584,168	\$ 584,168	\$ -	\$ -
Immersion trip expenses	219,195	219,195	-	-	280,177	280,177	-	-
Salaries	849,852	674,803	97,633	77,416	833,674	631,321	117,708	84,645
Payroll taxes and benefits	108,087	85,489	12,605	9,993	108,386	80,335	16,317	11,734
Office supplies and expenses	47,638	40,336	4,072	3,230	38,350	26,026	7,169	5,155
Printing	11,341	-	-	11,341	10,432	-	-	10,432
Postage	3,671	2,050	904	717	3,066	1,644	827	595
Telephone	9,210	8,026	660	524	12,825	10,362	1,433	1,030
Occupancy	44,109	41,921	1,220	968	75,313	65,571	5,667	4,075
Information technology	19,091	10,918	4,558	3,615	18,228	11,255	4,056	2,917
Travel and vehicle	33,264	31,333	1,077	854	20,396	18,967	831	598
Dues, subscriptions, training	2,803	1,702	614	487	3,936	2,349	923	664
Meetings	1,150	748	224	178	1,269	851	243	175
Repairs and maintenance	25,897	18,522	4,114	3,261	21,012	18,376	1,533	1,103
Contract work	8,750	6,030	1,517	1,203	-	-	-	-
Professional fees	11,691	-	11,691	-	11,303	-	11,303	-
Insurance	36,541	30,889	3,152	2,500	39,015	30,485	4,962	3,568
Marketing and donor relations	41,445	-	-	41,445	43,468	-	-	43,468
Interest expense	3,220	2,504	399	317	3,692	2,857	486	349
Depreciation	63,166	56,921	3,600	2,645	51,621	45,631	3,484	2,506
Charitable gaming direct costs	182,323	-	-	182,323	155,186	-	-	155,186
Total Expenses by Function	2,282,078	1,791,021	148,040	343,017	2,315,517	1,810,375	176,942	328,200
Less direct costs of charitable gaming	(182,323)	-	-	(182,323)	(155,186)	-	-	(155,186)
Total Expenses Included in Expense Section of Statement of Activities	<u>\$ 2,099,755</u>	<u>\$ 1,791,021</u>	<u>\$ 148,040</u>	<u>\$ 160,694</u>	<u>\$ 2,160,331</u>	<u>\$ 1,810,375</u>	<u>\$ 176,942</u>	<u>\$ 173,014</u>
Percent of Total	<u>100.00%</u>	<u>85.30%</u>	<u>7.05%</u>	<u>7.65%</u>	<u>100.00%</u>	<u>83.80%</u>	<u>8.19%</u>	<u>8.01%</u>

The accompanying notes are an integral part of these financial statements.

Hand in Hand Ministries, Inc.  
 Statements of Cash Flows  
 For the Years Ended December 31, 2018 and 2017

	2018	2017
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 313,573	\$ (217,546)
Adjustments to reconcile change in net assets to net cash provided (used) from operating activities:		
Depreciation	63,166	51,621
(Gain)/loss on disposal of assets	97	3,434
Increase (decrease) in operating assets:		
Prepaid expenses and miscellaneous receivables	(7,048)	(1,194)
Inventory	(53,219)	32,557
Promises to give, net	(85,001)	122,407
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(4,292)	(9,193)
Deferred revenue	32,867	(17,873)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>260,143</b>	<b>(35,787)</b>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sale of land, buildings, and equipment	3,207	3,202
Purchase of land, buildings and equipment	(99,138)	(517,951)
<b>Net Cash Used by Investing Activities</b>	<b>(95,931)</b>	<b>(514,749)</b>
<b>Cash Flows from Financing Activities:</b>		
Borrowings on notes payable	-	175,000
Payments on notes payable	(113,846)	(85,128)
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>(113,846)</b>	<b>89,872</b>
<b>Net Increase (Decrease) in Cash</b>	50,366	(460,664)
Cash at Beginning of Year	418,713	879,377
<b>Cash at End of Year</b>	<b>\$ 469,079</b>	<b>\$ 418,713</b>
<b>Supplemental Disclosures:</b>		
Interest paid	\$ 3,220	\$ 3,692

## **Note 1 – Nature of the Business and Summary of Significant Accounting Policies**

### Organization

Hand in Hand Ministries, Inc. (Hand in Hand Ministries) is a non-stock, not-for-profit corporation organized under the laws of the Commonwealth of Kentucky.

Hand in Hand Ministries seeks to make a difference in the world by building strong communities and transforming lives through cultural immersion, education, housing and health care. Hand in Hand Ministries makes its vision a reality through a number of programs in Louisville, Belize, Nicaragua and Eastern Kentucky. Hand in Hand Ministries does not proselytize, but instead lets its actions speak for them.

Hand in Hand Ministries' projects include building homes and operating an outreach center for children marginalized by poverty and disease in Belize. In Managua, Nicaragua Hand in Hand Ministries sponsor over 80 students enrolled in private schools (and assist their families) through their holistic scholarship program, Pathway to Change. Hand in Hand Ministries' efforts in Appalachia flow through The Auxier Center near Prestonsburg, KY. Hand in Hand Ministries also operates a home repair program, food pantry and provides educational support for families in need. In Louisville, Kentucky, Hand in Hand Ministries runs a home repair program and equips volunteers to do community impact projects.

A significant portion of Hand in Hand Ministries' service comes through the immersion trip volunteers in all four locations. Hand in Hand Ministries hopes that volunteers will return to their homes with a new understanding of themselves and the world and that they will join in Hand in Hand Ministries' efforts to serve the poor. If they do not join, Hand in Hand Ministries hopes their new-found knowledge will lead them to a life that includes service to others.

A significant portion of Hand in Hand Ministries' funding is from individual contributions.

### Basis of Accounting

Hand in Hand Ministries, Inc. prepares its financial statements under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

### Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) with regards to financial statements of not-for-profit organizations. Under this guidance, Hand in Hand Ministries is required to report information regarding its financial position and activities according to two classes of net assets. A description of the net asset categories follows:

Net assets without donor restrictions: expendable funds that are not subject to donor-imposed stipulations, are designated for specific purposes by the Board of Directors, or invested in land, building and equipment.

Net assets with donor restrictions: stipulated by donors for specific operating purposes or are restricted by time. These include donor restrictions requiring that the corpus to be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.



Hand in Hand Ministries, Inc.  
Notes to Financial Statements - Continued  
December 31, 2018 and 2017

**Note 1 – Nature of the Business and Summary of Significant Accounting Policies (Continued)**

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

For purposes of the statements of cash flows, Hand in Hand Ministries considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Hand in Hand Ministries is required to segregate cash held and used for charitable bingo purposes in a separate account, but the balance is combined with other cash held for presentation purposes. The balance in the bingo checking account as of December 31, 2018 and 2017 was \$63,905 and \$42,785, respectively.

Miscellaneous Receivables

Miscellaneous receivables consist of amounts due from clients who have purchased houses from Hand in Hand Ministries in Nicaragua. Management estimates the amount to be collected based upon historical experience and evaluation of outstanding receivables. There is an allowance of \$1,000 for uncollectible amounts at both December 31, 2018 and 2017. Hand in Hand Ministries writes off uncollectible receivables after the exhaustion of all collection efforts.

Inventory

Inventory consists of the following and is valued at its estimated fair value when received:

	<u>2018</u>	<u>2017</u>
Building materials	\$ 55,315	\$ -
Computers, clothing and supplies	<u>3,308</u>	<u>5,404</u>
	<u>\$ 58,623</u>	<u>\$ 5,404</u>

Promises to Give

Promises to give are recognized when the donor makes a promise to give to Hand in Hand Ministries that is, in substance, unconditional. Promises to give becoming due in the next year are recorded at net realizable value. Promises to give due in subsequent years are reported at the present value of their net realizable value, using risk free interest rates applicable to the years in which the promises are received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Land, Buildings and Equipment

Hand in Hand Ministries capitalizes all expenditures for land, buildings and equipment including improvements and renewals in excess of \$500. Maintenance and repairs are charged to operations when incurred. Purchased land, buildings and equipment are carried at cost.

Hand in Hand Ministries, Inc.  
Notes to Financial Statements - Continued  
December 31, 2018 and 2017

**Note 1 – Nature of the Business and Summary of Significant Accounting Policies (Continued)**

Land, Buildings and Equipment (Continued)

Donated land, buildings and equipment are recorded as support at their estimated fair value. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Land, buildings, and equipment are depreciated using the straight-line method over the estimated useful life of the respective assets (5-40 years).

Deferred Revenue

Deferred revenue consists of program revenue received for immersion trips planned in the next year.

Contributions

Contributions received are recorded as increases to net assets with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

In-Kind Contributions

Hand in Hand Ministries records various types of in-kind support, including food, materials and other tangible assets. Contributed in-kind support is recognized in accordance with the Statement of Financial Accounting Standards in its Accounting Standards Codification 958-605-25, which governs the presentation of financial statements of not-for-profit organizations. This pronouncement requires recognition of professional services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Most of the services received by Hand in Hand Ministries do not meet these criteria. No amounts were recognized 2018 or 2017.

The value of donated space has been recorded as income and expense in the statements of activities.

Expense Allocation

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, costs have been allocated among the program and supporting services benefited. Most expenses are allocated on the basis of estimates of time and effort, with exception to program expenses, immersion trip expenses, printing, professional fees, and fundraising expenses.

Income Tax Status

Hand in Hand Ministries is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Hand in Hand Ministries qualified for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

**Note 1 – Nature of the Business and Summary of Significant Accounting Policies (Continued)**

Income Tax Status (Continued)

Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of FASB ASC 740-10 would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the statements of activities or accrued in the statements of financial position.

Recently Issued Accounting Standards

During the year ended December 31, 2018, Hand in Hand Ministries adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 – *Not-for-profits (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification, deficiencies in formation about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. Additionally, a new disclosure was added to increase the transparency about the liquidity and the availability of financial resources to spend in the following year.

**Note 2 – Concentration of Credit Risk**

Cash – Hand in Hand Ministries maintains its cash balances and marketable securities in several financial institutions in Kentucky, Belize, and Nicaragua. The cash balances in the United States are insured by the Federal Deposit Insurance Corporation. At various times during the year, the cash balances exceed amounts federally insured. At December 31, 2018, and 2017, uninsured amounts totaled \$82,363 and \$25,080. The risk is managed by maintaining all deposits in high quality financial institutions. Risk on cash balances outside of the United States is managed by the use of high quality financial institutions, and maintaining only reserves sufficient to fund two to three months of operations.

Promises to Give - Concentrations of credit risk with respect to promises to give are limited due to the large number of contributors comprising Hand in Hand Ministries' contributor base and their dispersion across different industries and geographic areas.

Hand in Hand Ministries, Inc.  
Notes to Financial Statements - Continued  
December 31, 2018 and 2017

**Note 3 – Promises to Give**

The balance of promises to give consists of the following:

	<u>2018</u>	<u>2017</u>
Programs	<u>\$ 739,192</u>	<u>\$ 641,597</u>
Receivable in less than one year	\$ 294,086	\$ 287,661
Receivable in one to five years	445,106	352,686
Receivable in five or more years	<u>-</u>	<u>1,250</u>
Total promises to give	739,192	641,597
Less discounts to net present value	(23,484)	(17,890)
Less allowance for uncollectible promises	<u>(64,000)</u>	<u>(57,000)</u>
Net promises to give	<u>\$ 651,708</u>	<u>\$ 566,707</u>

Promises to give receivable in more than one year are discounted to present value, using annual rates ranging from 3 to 5% over the term of the promises.

**Note 4 – Land, Buildings and Equipment**

Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over the estimated useful lives on a straight-line basis. At December 31, 2018 and 2017, the cost and accumulated depreciation of such assets were as follows:

	<u>2018</u>	<u>2017</u>
Land	\$ 158,777	\$ 159,128
Land improvements	26,064	-
Buildings	1,144,560	1,087,810
Vehicles	146,089	146,090
Furniture and equipment	<u>135,158</u>	<u>148,984</u>
	1,610,648	1,542,012
Less accumulated depreciation	<u>(433,759)</u>	<u>(387,100)</u>
	1,176,889	1,154,912
Construction in progress	<u>10,691</u>	<u>-</u>
Land, buildings and equipment, net	<u>\$ 1,187,580</u>	<u>\$ 1,154,912</u>
Depreciation expense	<u>\$ 63,166</u>	<u>\$ 51,621</u>

Hand in Hand Ministries, Inc.  
Notes to Financial Statements - Continued  
December 31, 2018 and 2017

**Note 5 – Line of Credit**

Hand in Hand Ministries has available a \$125,000 line of credit. Interest is payable monthly at a rate of prime plus 0.5%, with a floor of 4.25% (6% on December 31, 2018). The credit line expires August 27, 2020. There was no balance outstanding at December 31, 2018 or 2017.

**Note 6 – Notes Payable**

Notes payable consist of the following:

	2018	2017
Equipment note, zero interest, secured by office equipment, payable in monthly payments of \$171, due December 31, 2018.	\$ -	\$ 1,880
Mortgage, 4.17% interest \$1,082 monthly payment, due June 5, 2027 secured by office building	-	111,966
	\$ -	\$ 113,846

**Note 7 – Net Assets with Donor Restrictions**

Net assets are restricted for the following purposes:

	2018	2017
Subject to specified purpose or passage of time:		
Program activities	\$ 677,082	\$ 591,773
Building and equipment	41,016	-
	\$ 718,098	\$ 591,773

**Note 8 - Leases**

During 2015, Hand in Hand Ministries entered into an agreement to pay \$1,800 per month for 36 months and \$2,000 per month for 24 months for office space in El Crucero, Nicaragua under an operating lease expiring January 1, 2020. However, the terms and details of the lease have since been renegotiated due to political turmoil within the country. The lessor has agreed to reduce the rent for specified periods and donated the space rent free from September 2018 through January 2019. Hand in Hand Ministries also rents a bingo hall on Fridays and Mondays; bingo hall rental expenses are recorded as direct gaming expenses. The minimum future rental payments under non-cancelable operating leases are as follows:

2019	\$ 86,760
2020	13,780
	\$ 100,540

Total lease expense was \$78,330 and \$83,660 for 2018 and 2017, respectively.

Hand in Hand Ministries, Inc.  
Notes to Financial Statements – Continued  
December 31, 2018 and 2017

**Note 8 – Leases (Continued)**

Hand in Hand Ministries also leased office space in Louisville, Kentucky for \$1 per year through June 18, 2017. The fair market value of the lease was \$0 and \$12,000, for the years ended December 31, 2018 and 2017 respectively and was recorded as contributions and occupancy expense in the statements of activities.

**Note 9 – In-Kind Donations**

Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or assets. In 2018 and 2017, \$257,333 and \$161,680 were recognized, respectively. Included in these amounts in 2018 and 2017 were \$0 and \$0, respectively for donated land, buildings and equipment.

**Note 10 – Foreign Operations**

Hand in Hand Ministries has operations outside the United States including operations in Belize and Nicaragua. Foreign operations are subject to risks inherent in operating under different legal systems and various political and economic environments. Among the risks are changes in existing law, possible limitations on foreign investment and income repatriation, government price or foreign exchange controls, and restrictions on currency exchange. Net assets of foreign operations are approximately 27% and 29%, respectively, of Hand in Hand Ministries' total net assets as of December 31, 2018 and 2017. Total cash as of December 31, 2018 and 2017 is approximately \$108,500 and \$104,000, respectively. The risks of foreign currency translation losses are believed to be minimal. The actual gains or losses of translation in the years are insignificant. Account balances relating to foreign operations are reflected in the financial statements in United States dollars.

**Note 11 – Employee Benefit Plan**

Hand in Hand Ministries provides a SIMPLE IRA plan that allows employees to defer funds on a pre-tax basis for retirement. Beginning in July of 2013, a match was adopted to the participants' salary deferrals dollar for dollar, up to 3% of the employee's salary. Hand in Hand Ministries' expense related to the plan was \$11,454 and \$14,306 for the years ended December 31, 2018 and 2017, respectively.

**Note 12 – Program Expense**

A breakdown of the total program expense to individual programs is as follows:

	2018	2017
Belize programs	\$ 665,347	\$ 646,717
Nicaragua programs	296,900	442,455
Appalachia programs	379,676	363,153
Louisville programs	191,274	143,191
Gift in kind distribution value	164,387	158,377
Other programs	93,437	56,482
	\$ 1,791,021	\$ 1,810,375

Hand in Hand Ministries, Inc.  
Notes to Financial Statements – Continued  
December 31, 2018 and 2017

**Note 13 – Liquidity and Availability**

The following table reflects Hand in Hand Ministries' financial assets as of December 31, 2018, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	2018
Financial assets	
Cash	\$ 469,079
Miscellaneous receivables	2,773
Promises to give, net	651,708
Financial assets, at year end	1,123,560
Less those unavailable for general expenditure within one year	
Promises to give collectible beyond one year, net	(383,118)
Financial assets available to meet cash needs for general expenditure within one year	\$ 740,442

In addition to financial assets available to meet general expenditures over the year, Hand in Hand Ministries operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient program and other revenues, and by utilizing resources from current and prior year's gifts. As described in Note 5, Hand in Hand Ministries also has a \$125,000 line of credit, which it could draw upon in the event of an anticipated liquidity need.

**Note 14 - Accounting Standards Updates**

*Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606)*

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The core principle of ASU 2014-09 is to recognize revenues when a customer obtains control of a good or service, in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. The standard will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which deferred the effective date of ASU 2014-09 by one year. The updated standard will be effective for the year ending December 31, 2020. Hand in Hand Ministries has not yet selected a transition method and is currently evaluating the effect that the new standard will have on its financial statements.

**Note 14 - Accounting Standards Updates (Continued)**

*Accounting Standards Update 2016-02, Leases (Topic 842)*

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, requiring all leases to be recognized on the Hand in Hand Ministries' balance sheet as a right-of-use asset and a lease liability, unless the lease is a short term lease (generally a lease with a term of twelve months or less). At the commencement date of the lease, Hand in Hand Ministries will recognize: 1) a lease liability for Hand in Hand Ministries' obligation to make payments under the lease agreement, measured on a discounted basis; and 2) a right-of-use asset that represents Hand in Hand Ministries' right to use, or control the use of, the specified asset for the lease term. Upon adopting the ASU, Hand in Hand Ministries will be required to recognize and measure its leases at the beginning of the earliest period presented using a modified retrospective approach. ASU 2016-02 will be effective for Hand in Hand Ministries for the year ending December 31, 2021, with early adoption permitted. Hand in Hand Ministries is currently evaluating the effect that the new standard will have on its financial statements.

*Accounting Standards Update 2018-08, Not-for-Profit Entities*

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The ASU will be effective for Hand in Hand Ministries for the year ending December 31, 2019. Hand in Hand Ministries is currently evaluating the effect that the new standard will have on its financial statements.

**Note 15 – Subsequent Events**

Management has evaluated subsequent events for recognition or disclosure in the financial statements through May 5, 2019, which was the date at which the financial statements were available to be issued.