

**HANDS TOGETHER, INC.**  
SPRINGFIELD, MASSACHUSETTS  
AUDITED FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

BARDAGLIO, HART & SHUMAN, LLC

*Certified Public Accountants*

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**INDEPENDENT AUDITOR'S REPORT**

To the Officers and Trustees  
Hands Together, Inc.  
Springfield, Massachusetts

We have audited the accompanying financial statements of Hands Together, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016 and 2015, and the related statements of activities 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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.

## INDEPENDENT AUDITOR'S REPORT (Continued)

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hands Together, 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.

### Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules to Statement of Activities on pages 11-13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Bardaglio, Hart & Shuman, LLC*

Bardaglio, Hart & Shuman, LLC

Windsor Locks, Connecticut  
October 5, 2016

**HANDS TOGETHER, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2016 AND 2015**

**ASSETS**

	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 944,403	\$ 349,874
Investments (Note 2)	2,852,735	3,026,262
Prepaid expenses	28,839	20,151
Loan receivable	<u>-</u>	<u>50,000</u>
<b>TOTAL CURRENT ASSETS</b>	3,825,977	3,446,287
<b>PROPERTY AND EQUIPMENT, NET (NOTE 4)</b>	<u>111,736</u>	<u>103,242</u>
	<u>\$ 3,937,713</u>	<u>\$ 3,549,529</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,948	\$ 4,888
<b>NET ASSETS</b>		
Unrestricted	<u>3,935,765</u>	<u>3,544,641</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,937,713</u>	<u>\$ 3,549,529</u>

See independent auditors' report and accompanying notes to financial statements.

# HANDS TOGETHER, INC.

## STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
REVENUE		
Contributions	\$ 3,685,713	\$ 1,860,484
Donated goods and supplies (Note 5)	9,548	6,985
Foundation / grant contributions	207,754	100,135
Fund-raising	1,751,520	2,226,903
Investment income (Note 2)	27,171	36,570
Gain (loss) on dollar exchange	(19,176)	(10,016)
Unrealized gain on investments (Note 2)	<u>13,673</u>	<u>28,228</u>
TOTAL REVENUE	<u>5,676,203</u>	<u>4,249,289</u>
EXPENSES		
Program services:		
Assistance projects/programs	4,483,342	5,829,345
Volunteer programs	<u>41,889</u>	<u>5,200</u>
TOTAL PROGRAM SERVICES	<u>4,525,231</u>	<u>5,834,545</u>
Support services:		
General and administrative	565,804	438,298
Fund-raising	<u>194,044</u>	<u>232,622</u>
TOTAL SUPPORT SERVICES	<u>759,848</u>	<u>670,920</u>
TOTAL EXPENSES	<u>5,285,079</u>	<u>6,505,465</u>
CHANGE IN NET ASSETS	391,124	(2,256,176)
NET ASSETS, BEGINNING	<u>3,544,641</u>	<u>5,800,817</u>
NET ASSETS, ENDING	<u>\$ 3,935,765</u>	<u>\$ 3,544,641</u>

See independent auditors' report and accompanying notes to financial statements.

## HANDS TOGETHER, INC.

### STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in net assets	\$ 391,124	\$ (2,256,176)
Adjustments to reconcile in net assets to net cash provided by operating activities:		
Noncash contributions of assets	(55,131)	(193,011)
Depreciation	3,571	5,447
Realized (gains) losses on investments	650	(726)
Unrealized (gains) losses on investments	(13,673)	(28,228)
(Increase) Decrease in prepaid expenses	(8,688)	(18,109)
(Increase) Decrease in loan receivable	50,000	(50,000)
Increase (Decrease) in accounts payable	(2,940)	(4,019)
Increase (Decrease) in other liabilities	-	(182)
	<u>364,913</u>	<u>(2,545,004)</u>
<b>NET CASH PROVIDED FROM (USED BY) OPERATING ACTIVITIES</b>		
	<u>364,913</u>	<u>(2,545,004)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(12,065)	(4,512)
Purchases of long-term investments	(1,464,799)	(1,978,714)
Proceeds from sales of long-term investments	1,706,480	3,353,295
	<u>229,616</u>	<u>1,370,069</u>
<b>NET CASH PROVIDED FROM (USED BY) INVESTING ACTIVITIES</b>		
	<u>229,616</u>	<u>1,370,069</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>NET CASH PROVIDED FROM (USED BY) FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	594,529	(1,174,935)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>349,874</u>	<u>1,524,809</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 944,403</u>	<u>\$ 349,874</u>

See independent auditor's report and accompanying notes to financial statements.

# HANDS TOGETHER, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Activities

Hands Together, Inc. is a nonprofit organization, incorporated in 1989, which is devoted to providing various forms of assistance to the poor and disadvantaged, particularly in Haiti. Hands Together, Inc. sends many volunteers to Haiti each year and organizes and operates schools, orphanages, medical clinics and many other development and relief projects. The organization's support includes contributions received from the general public and from appeals, other fund raising activities and investment income.

#### Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

#### Revenue Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. Hands Together, Inc. had no temporarily or permanently restricted net assets in the years ended June 30, 2016 and 2015.

Generally, contributions are recorded when received. However, annual mission appeals are recorded in the period in which related fund-raising efforts are made.

Contributions of donated non-cash assets are recorded at their fair values in the period received.

#### Income Taxes

The Organization is tax exempt under Section 501(c)(3) of the Internal Revenue Code. As such, no provision is made for federal or state income taxes in these financial statements.

The Organization's tax returns are subject to possible examination by taxing authorities. For federal income tax purposes, the Organization's tax years for the fiscal years ended June 30, 2013 through 2015 remains open for possible examination by the Internal Revenue Service.

#### Use of 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.



# HANDS TOGETHER, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Property and Equipment

Property and equipment are capitalized at cost and are being depreciated over their estimated useful lives of five to forty years using primarily the straight-line method.

#### Investments

Investments are composed of marketable securities with readily determinable fair values and are carried at fair value on the statement of financial position. Unrealized gains and losses are included in the change in net assets.

#### Cash and Cash Equivalents

Cash and cash equivalents include all moneys 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.

### NOTE 2 - INVESTMENTS

Investments are stated at fair value and consist of mutual funds and certificates of deposit with maturities over three months. Fair values and unrealized gains (losses) at June 30, 2016 and 2015 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
<u>2016</u>			
Mutual funds	\$ 423,370	\$ 719,844	\$ 296,474
Certificates of deposit	<u>2,125,000</u>	<u>2,132,891</u>	<u>7,891</u>
	<u>\$2,548,370</u>	<u>\$2,852,735</u>	<u>\$ 304,365</u>
<u>2015</u>			
Mutual funds	\$ 408,570	\$ 692,474	\$ 283,904
Certificates of deposit	<u>2,327,000</u>	<u>2,333,788</u>	<u>6,788</u>
	<u>\$2,735,570</u>	<u>\$3,026,262</u>	<u>\$ 290,692</u>

# HANDS TOGETHER, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

### NOTE 2 - INVESTMENTS (Continued)

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Interest income	\$ 12,994	\$ 22,130
Dividend income	14,827	13,714
Gain (Loss) on sale of investments	<u>(650)</u>	<u>726</u>
Total investment income	27,171	36,570
Unrealized gains (losses)	<u>13,673</u>	<u>28,228</u>
Total investment return	<u>\$ 40,844</u>	<u>\$ 64,798</u>

### NOTE 3 - FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The June 30, 2016 and 2015 estimated fair values of investments of the Organization are based on level one valuation methods. The fair value of certificates of deposit and mutual funds are based on quoted prices in active markets for identical assets.

### NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2016 and 2015 consists of the following:

	<u>2016</u>	<u>2015</u>
Land and Buildings	\$ 95,453	\$ 95,453
Machinery and Equipment	209,870	209,870
Furniture and fixtures	23,560	13,495
Vehicles	<u>232,124</u>	<u>230,124</u>
	561,007	548,942
Less, accumulated depreciation	<u>449,271</u>	<u>445,700</u>
	<u>\$111,736</u>	<u>\$103,242</u>

# HANDS TOGETHER, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

### NOTE 4 - PROPERTY AND EQUIPMENT (Continued)

Depreciation expense aggregated \$3,571 and \$5,447 for the years ended June 30, 2016 and 2015, respectively. Depreciation expense of \$2,085 and \$4,523 is included in various programs in the Schedule of Program Services for each of the years ended June 30, 2016 and 2015, respectively.

### NOTE 5 - DONATED SERVICES, MATERIALS AND FACILITIES

The Organization receives a substantial amount of donated services from a variety of unpaid volunteers. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*.

During the years ended June 30, 2016 and 2015, investment securities with a fair market value of \$55,131 and \$191,711, respectively, at the time of the gift, were donated to Hands Together, Inc. and have been included in investments in the statements of financial position and in contributions in the statements of activities.

The Organization continually receives donated medical and educational goods and supplies which are used in its assistance programs. During the years ended June 30, 2016 and 2015, a total of \$9,548 and \$5,685, respectively, in such goods and supplies were received by Hands Together, Inc. and used in its assistance programs. These amounts have been included in contributions and in assistance projects / programs in the statements of activities. At June 30, 2016 and 2015, \$-0- in donated goods and supplies are on hand to provide for future assistance.

Through June 30, 2015, the Organization occupied offices in the Sacred Heart Convent in Springfield, Massachusetts under an agreement with the convent. No rent was paid by Hands Together, Inc. Management has estimated the approximate fair value of the rental to be \$7,200 for the year ended June 30, 2015 and it is included in contributions and general and administrative expenses in the statements of activities.

## HANDS TOGETHER, INC.

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

#### NOTE 6 - LEASE OBLIGATIONS

Effective September 1, 2015, the Organization entered into a one year agreement to lease its operating facilities at an annual rental of \$6,500 to be paid in a lump sum advance payment.

Effective September 1, 2016, the Organization has extended its current lease agreement for an additional two years, through August 31, 2018, at an annual rental of \$13,200 with the total rent for both years to be paid in a lump sum advance payment.

During the years ended December 31, 2016 and 2015, rental expense was \$5,467 and \$7,200 respectively.

Future obligations over the primary terms of the Organization's operating lease as of June 30, 2016 are as follow:

<u>Year Ended June 30,</u>	<u>Amount</u>
2017	\$ 13,200
2018	<u>13,200</u>
	<u>\$ 26,400</u>

#### NOTE 7 - RETIREMENT PLAN

The Organization sponsors a Simple IRA plan, which is available to all eligible employees. Employees may elect to make annual salary-reduction contributions up to the maximum amount allowed per IRS regulations. The Organization makes a matching contribution limited to the employee contribution or 3 percent of the employees' compensation, whichever is lower. Contributions by the Organization for the years ended June 30, 2016 and 2015 amounted to \$3,490 and \$5,018, respectively.

#### NOTE 8 - CONCENTRATIONS OF CREDIT RISK

Financial institutions can potentially subject the Organization to concentrations of credit risk. At times, cash in banks can exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit. The Organization maintains cash balances in several financial institutions. The balances at separate institutions are insured by the FDIC up to \$250,000. At June 30, 2016 and 2015, the Organization had \$-0- in uninsured cash balances.

#### NOTE 9 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date these financial statements were available to be issued – October 5, 2016.

**HANDS TOGETHER, INC.**

**SCHEDULES TO STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

<u>Schedules of Fund-Raising Activities</u>	<u>2016</u>	<u>2015</u>
<b>REVENUE</b>		
Mission appeals	\$ 402,727	\$ 655,048
Direct mail appeals	350,504	632,333
Golf classic	118,715	171,377
DeWine fundraisers	856,577	762,321
Other fundraisers	<u>22,997</u>	<u>5,824</u>
 Total fund-raising revenue	 <u>1,751,520</u>	 <u>2,226,903</u>
 <b>EXPENSES</b>		
Appeal travel	99,287	120,299
Golf classic	4,780	5,472
Other fund-raising events	4,704	10,481
Salaries and wages	32,861	34,585
Stipends	16,223	12,960
Employee health insurance	2,611	3,403
Payroll taxes	2,736	2,857
Telephone	11,688	21,129
Postage and shipping	5,454	8,344
Printing, publications and promotions	<u>13,700</u>	<u>13,092</u>
 Total fund-raising expenses	 <u>194,044</u>	 <u>232,622</u>
 CHANGE IN NET ASSETS FROM FUND-RAISING ACTIVITIES	 <u>\$ 1,557,476</u>	 <u>\$ 1,994,281</u>

See independent auditor's report and accompanying notes to financial statements.

## HANDS TOGETHER, INC.

### SCHEDULES TO STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>Schedules of Program Services</u>		
Assistance Projects/Programs:		
Arc De Siel orphanage	\$ 22,000	\$ -
Becky DeWine School construction & improvements	248,811	89,943
Becky DeWine School operations	443,495	514,305
Catholic center for agriculture and environment	78,800	85,718
Clarke agriculture project	110,588	402,503
Dismas work project	18,500	72,680
Emergency charity outreach	179,714	285,936
Employment and staff salaries	797,785	1,058,602
Feeding and nutrition	643,235	928,520
Fort Liberte Diocese support	50,000	118,071
Gonaives diocesan rural schools	362,113	497,662
Diocese of Gonaives support	292,084	15,693
Diocese of Cap Haitien support	119,000	-
Hands Together music school	50,939	166,153
Jones Day recreation field	36,660	400,865
Medical / health outreach	117,552	117,716
Oblate associate HT volunteers	11,000	36,900
Port-au-Prince diocese support	-	10,100
Radio boukman project	151,000	98,000
Security	40,196	44,083
Soleil elderly program	55,036	53,966
Water well program	21,790	259,130
HTG Gonaives development office	15,100	46,735
Headquarters and volunteer center	268,888	351,386
Transportation equipment and maintenance	242,892	118,337
Vocational training center	22,000	-
Warehousing & shipping	79,787	51,853
Other projects/costs	4,377	4,488
Total Assistance Projects/Programs	<u>4,483,342</u>	<u>5,829,345</u>
Volunteer Programs:		
Volunteer programs and special projects support	<u>41,889</u>	<u>5,200</u>
<b>TOTAL PROGRAM SERVICES</b>	<u>\$ 4,525,231</u>	<u>\$ 5,834,545</u>

See independent auditor's report and accompanying notes to financial statements.

# HANDS TOGETHER, INC.

## SCHEDULES TO STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>Schedules of General and Administrative Expenses</u>		
Wages and salaries	\$ 186,210	\$ 195,982
Travel, food and lodging	131,595	95,327
Postage and shipping	1,027	927
Printing, publications and promotions	1,522	1,455
Dues, fees and subscriptions	1,048	1,375
Automotive expenses	9,491	1,793
Rent (Notes 5 and 6)	5,467	7,200
Insurance	2,522	2,677
Telephone	5,009	9,055
Office expenses	7,924	6,767
Bank charges	14,428	13,562
Professional fees	127,842	36,417
Payroll service fees	1,054	1,007
Employee health & life insurance	14,799	19,286
Payroll taxes	15,506	16,188
Employee retirement plan (Note 7)	3,490	5,018
Employee wellness	4,202	4,487
Depreciation (Note 4)	1,486	924
Repairs and maintenance	18,471	2,729
Program development & planning	6,463	15,294
Miscellaneous	<u>6,248</u>	<u>828</u>
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	<u>\$ 565,804</u>	<u>\$ 438,298</u>

See independent auditor's report and accompanying notes to financial statements.