

HANDS TOGETHER, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

HANDS TOGETHER, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Officer and Trustees of
Hands Together, Inc.
Springfield, Massachusetts

We were engaged to audit the accompanying financial statements of Hands Together, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year 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 conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

Hands Together, Inc.'s largest program services are in Haiti and we were not able to obtain sufficient documentation related to the activities conducted in Haiti. As a result, we were unable to corroborate evidence in support of the financial statements. The records in Haiti are not sufficient to permit the application of auditing procedures that would be adequate for us to express an opinion on the accompanying financial statements.

In addition, we are also aware of the following departures from generally accepted accounting principles:

- The Organization has not been capitalizing building improvements in Haiti.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of fundraising activities, program services and general and administrative expenses on pages 12 - 14, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Downey, Picciak, Fitzgerald + Co., P.C.

Springfield, Massachusetts
May 12, 2020

HANDS TOGETHER, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
ASSETS			
<i>CURRENT ASSETS</i>			
Cash and cash equivalents	\$ 229,335	\$ 25,000	\$ 254,335
Investments (Note 3)	2,729,920	-	2,729,920
Prepaid expenses	62,715	-	62,715
Loan due from related party (Note 10)	17,414	-	17,414
Total current assets	3,039,384	25,000	3,064,384
<i>PROPERTY AND EQUIPMENT, NET (Note 5)</i>	105,695	-	105,695
Total assets	\$ 3,145,079	\$ 25,000	\$ 3,170,079
LIABILITIES AND NET ASSETS			
<i>CURRENT LIABILITIES</i>			
Accounts payable	\$ 10,222	\$ -	\$ 10,222
<i>NET ASSETS</i>			
Unrestricted	3,134,857	-	3,134,857
Temporarily restricted (Note 6)	-	25,000	25,000
Total net assets	3,134,857	25,000	3,159,857
Total liabilities and net assets	\$ 3,145,079	\$ 25,000	\$ 3,170,079

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

HANDS TOGETHER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<i>SUPPORT AND REVENUE</i>			
Contributions	\$ 1,811,885	\$ 81,511	\$ 1,893,396
Foundation and grant contributions	165,570	-	165,570
Fundraising	1,441,141	-	1,441,141
Investment income (Note 3)	129,611	-	129,611
Loss on currency exchange	(2,339)	-	(2,339)
Loss on disposal of property and equipment	(15,693)	-	(15,693)
Net assets released from restriction (Note 6)	<u>56,511</u>	<u>(56,511)</u>	<u>-</u>
 Total support and revenue	 <u>3,586,686</u>	 <u>25,000</u>	 <u>3,611,686</u>
<i>EXPENSES</i>			
Program services:			
Assistance projects/programs	3,198,537	-	3,198,537
Volunteer programs	<u>26,669</u>	<u>-</u>	<u>26,669</u>
 Total program services	 3,225,206	 -	 3,225,206
Support services:			
General and administrative	591,701	-	591,701
Fundraising	<u>174,965</u>	<u>-</u>	<u>174,965</u>
 Total expenses	 <u>3,991,872</u>	 <u>-</u>	 <u>3,991,872</u>
 Change in net assets	 (405,186)	 25,000	 (380,186)
 Net assets, beginning of year	 <u>3,540,043</u>	 <u>-</u>	 <u>3,540,043</u>
 Net assets, end of Year	 <u>\$ 3,134,857</u>	 <u>\$ 25,000</u>	 <u>\$ 3,159,857</u>

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

HANDS TOGETHER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (380,186)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Noncash contributions	(56,701)
Depreciation expense	6,164
Loss on disposal of asset	15,693
Gains on investments	(102,051)
(Increase) decrease in assets:	
Prepaid expenses	(15,719)
Increase (decrease) in liabilities:	
Accounts payable	<u>7,519</u>
Net cash used by operating activities	<u>(525,281)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of property and equipment	999
Loan to related party (Note 10)	(6,267)
Cash paid for purchases of investments	(303,177)
Proceeds from the sale of investments	<u>827,182</u>
Net cash provided by investing activities	<u>518,737</u>

Net change in cash and cash equivalents	(6,544)
Cash and cash equivalents, beginning of year	<u>260,879</u>
Cash and cash equivalents, end of year	<u><u>\$ 254,335</u></u>

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

HANDS TOGETHER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

1. *ORGANIZATION ACTIVITY*

Nature of Activities - Hands Together, Inc. is a non-profit 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.

2. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

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 permanently restricted net assets at June 30, 2018.

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.

Use of Estimates - The preparation of financial statements in conformity with U.S. 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 and Cash Equivalents - Cash and cash equivalents include all moneys in banks. The carrying value of cash and cash equivalents approximates fair value.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments - Investments are composed of cash and 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 investment income.

3. INVESTMENTS

Investments are stated at fair value and consist of cash and mutual funds. Fair values and unrealized gains (losses) at June 30, 2018 are summarized as follows:

	Fair Value	Cost	Unrealized Gain
Cash	\$ 1,759,928	\$ 1,759,928	\$ -
Mutual funds	969,992	886,358	83,634
	<u>\$ 2,729,920</u>	<u>\$ 2,646,286</u>	<u>\$ 83,634</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2018:

Interest income	\$ 9,589
Dividend income	17,971
Realized loss	(836)
Unrealized gains	102,887
	<u>\$ 129,611</u>

4. 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, 2018 estimated fair values of investments of the Organization are based on level 1 valuation methods. The fair value of mutual funds of \$969,992 are based on quoted prices in active markets for identical assets.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. *PROPERTY AND EQUIPMENT*

Property and equipment at June 30, 2018 consist of the following:

Land and buildings	\$ 95,453
Machinery and equipment	209,870
Furniture and fixtures	31,451
Vehicles	<u>225,225</u>
	561,999
Less: accumulated depreciation	<u>(456,304)</u>
Property and equipment, net	<u><u>\$ 105,695</u></u>

Depreciation expenses aggregated \$6,164 for the year ended June 30, 2018. Depreciation expense of \$4,073 is included in the schedule of program services and \$2,091 is included in the schedule of general and administrative expenses for the year ended June 30, 2018.

6. *TEMPORARILY RESTRICTED NET ASSETS*

Temporarily restricted net assets of \$25,000 at June 30, 2018 were restricted for the purchase of a second hand vehicle.

Temporarily restricted net assets were released for the following purposes during the year ended June 30, 2018:

Water well	\$ 6,300
Nutritional sauce	30,000
Clark Farm livestock and animal pens	19,000
Music school	1,000
Other	<u>211</u>
Total temporarily restricted net assets released from restrictions	<u><u>\$ 56,511</u></u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. *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 U.S generally accepted accounting principles.

During the year ended June 30, 2018, investment securities with a fair market value of \$56,701 at the time of the gift, were donated to Hands Together, Inc. and have been included in investments in the statement of financial position and in contributions in the statement of activities.

8. *LEASE OBLIGATIONS*

Office Facilities:

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 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. Prepaid expenses on the statement of financial position included \$2,200 at June 30, 2018 for this lease.

Effective July 15, 2017, the Organization amended the lease to include an additional unit for \$300 per month until August 31, 2018. The Organization prepaid the entire rent of \$4,050 during July 2017. \$600 was included in prepaid expenses on the statement of financial position at June 30, 2018.

This lease was not renewed upon termination.

The Organization entered into a new two-year lease agreement for office space during February 2017 for the lease term beginning in September 2018 and ending in August 2020. The rent of \$1,500 per month totaling \$36,000 was paid in advance and is included in prepaid expenses on the statement of financial position at June 30, 2018.

Apartment:

Effective February 2017, the Organization entered into an eighteen-month agreement to lease office space and an apartment in Enfield, CT to provide a meeting place for trustees and accommodations for visitors and those traveling to the area to do mission appeals at a monthly rental of \$1,853. This lease was not renewed. \$1,992 was included in prepaid expenses on the statement of financial position at June 30, 2018.

Effective June 2018, the Organization entered into one-year agreement to lease an apartment in Chicopee, MA to provide a meeting place for trustees and accommodations for visitors and those traveling to the area to do mission appeals at a monthly rental of \$1,300. A security deposit of \$1,300 was included in prepaid expenses on the statement of financial position at June 30, 2018.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. *LEASE OBLIGATIONS (CONTINUED)*

During the year ended June 30, 2018, total rental expense for office space and apartments was \$40,090.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2018 are:

<u>Year Ended June 30,</u>	<u>Amount</u>
2019	<u>\$ 14,300</u>

9. *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 three percent of the employees' compensation, whichever is lower. Contributions by the Organization for the year ended June 30, 2018 amounted to \$7,078.

10. *RELATED PARTY TRANSACTION*

The Executive Director uses the Organization's credit card for personal expenses and records the activity as a loan from the Organization. At June 30, 2018, the loan balance due from the Executive Director was \$17,414.

11. *CONCENTRATIONS OF CREDIT RISK*

Financial institutions can potentially subject the Organization to concentrations of credit risk. At times, cash in U.S. 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, 2018, the Organization had \$1,264,824 of uninsured cash included in investments.

In addition, the Organization has two foreign bank accounts in Haiti, which are not covered by FDIC insurance. As a result, the total balance in these accounts of \$80,770 was uninsured at June 30, 2018.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

12. *SUBSEQUENT EVENTS*

Subsequent events have been evaluated through the date these financial statements were available to be issued May 12, 2020. During this period, the Organization did not have any material subsequent events.

SUPPLEMENTARY INFORMATION

HANDS TOGETHER, INC.
SCHEDULE OF FUNDRAISING ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

REVENUE

Mission appeals	\$ 428,198
Direct mail appeals	267,141
DeWine fundraisers	677,667
Other fundraisers	<u>68,135</u>
 Total fundraising revenue	 <u>1,441,141</u>

EXPENSES

Appeal travel	79,159
DeWine fundraisers	12,786
Other fund-raising events	1,385
Salaries and wages	43,334
Stipends	754
Employee health insurance	5,387
Payroll taxes	3,515
Telephone and internet	9,501
Postage and shipping	4,064
Printing, publications and promotions	<u>15,080</u>
 Total fundraising expenses	 <u>174,965</u>
 Change in net assets from fundraising activities	 <u><u>\$ 1,266,176</u></u>

HANDS TOGETHER, INC.

SCHEDULE OF PROGRAM SERVICES

FOR THE YEAR ENDED JUNE 30, 2018

ASSISTANCE PROJECTS/PROGRAMS:

Arc De Siel orphanage	\$ 7,659
Becky DeWine School construction and improvements	203,251
Becky DeWine School operations	228,153
Catholic Center for Agriculture and Environment	25,923
Clarke agriculture project	98,977
Dismas work project	112,474
Emergency charity outreach	97,823
Employment and staff salaries	868,953
Feeding and nutrition	552,237
Gonaives diocesan rural schools	76,400
Diocese of Gonaives support	133,674
Diocese of Cap-Haitien support	30,000
Hurricane relief	1,700
Jones Day recreation field	7,259
Medical/health outreach	64,984
Radio Boukman project	128,500
Security	6,820
Soleil elderly program	72,851
Water well program	91,700
Headquarters and volunteer center	294,658
Transportation depreciation	4,073
Transportation equipment and maintenance	77,013
Warehouse and shipping	8,200
Other projects/costs	<u>5,255</u>
Total assistance projects/programs	3,198,537

VOLUNTEER PROGRAMS:

Volunteer programs and special projects support	<u>26,669</u>
Total program services	<u><u>\$ 3,225,206</u></u>

HANDS TOGETHER, INC.

SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED JUNE 30, 2018

Wages and salaries	\$ 245,556
Travel, food and lodging	99,147
Postage and shipping	452
Printing, publications and promotions	1,675
Automotive expenses	5,880
Rent (Note 8)	40,090
Insurance	6,812
Telephone and internet	4,072
Utilities	942
Office expenses	11,214
Bank charges	8,337
Professional fees	78,686
Payroll service fees	1,087
Employee health and life insurance	30,527
Payroll taxes	19,921
Employee retirement plan (Note 9)	7,078
Employee wellness	126
Depreciation (Note 5)	2,091
Repairs and maintenance	15,987
Program development and planning	1,500
Miscellaneous	<u>10,521</u>
Total general and administrative expenses	<u>\$ 591,701</u>