

**HANDS TOGETHER, INC.**  
SPRINGFIELD, MASSACHUSETTS  
AUDITED FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

**BARDAGLIO, HART & SHUMAN, LLC**  
*Certified Public Accountants*

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**INDEPENDENT AUDITORS' 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 statements of financial position as of June 30, 2017 and 2016, 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, 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.

### 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  
February 22, 2018

**HANDS TOGETHER, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2017 AND 2016**

**ASSETS**

	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,306,654	\$ 944,403
Investments (Note 2)	1,049,398	2,852,735
Prepaid expenses	46,996	28,839
Loan receivable	<u>11,147</u>	<u>-</u>
<b>TOTAL CURRENT ASSETS</b>	<b>3,414,195</b>	<b>3,825,977</b>
<b>PROPERTY AND EQUIPMENT, NET (NOTE 4)</b>	<u>128,551</u>	<u>111,736</u>
	<b><u>\$ 3,542,746</u></b>	<b><u>\$ 3,937,713</u></b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 2,703	\$ 1,948
<b>NET ASSETS</b>		
Unrestricted	<u>3,540,043</u>	<u>3,935,765</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 3,542,746</u></b>	<b><u>\$ 3,937,713</u></b>

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

# HANDS TOGETHER, INC.

## STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
REVENUE		
Contributions	\$ 2,301,807	\$ 3,685,713
Donated goods and supplies (Note 5)	5,375	9,548
Foundation / grant contributions	493,598	207,754
Fund-raising	1,585,457	1,751,520
Investment income (Note 2)	28,818	27,171
Gain (loss) on dollar exchange	(3,927)	(19,176)
Unrealized gain on investments (Note 2)	<u>105,868</u>	<u>13,673</u>
TOTAL REVENUE	<u>4,516,996</u>	<u>5,676,203</u>
EXPENSES		
Program services:		
Assistance projects/programs	4,085,845	4,483,342
Volunteer programs	<u>8,477</u>	<u>41,889</u>
TOTAL PROGRAM SERVICES	<u>4,094,322</u>	<u>4,525,231</u>
Support services:		
General and administrative	591,133	565,804
Fund-raising	<u>227,263</u>	<u>194,044</u>
TOTAL SUPPORT SERVICES	<u>818,396</u>	<u>759,848</u>
TOTAL EXPENSES	<u>4,912,718</u>	<u>5,285,079</u>
CHANGE IN NET ASSETS	(395,722)	391,124
NET ASSETS, BEGINNING	<u>3,935,765</u>	<u>3,544,641</u>
NET ASSETS, ENDING	<u>\$ 3,540,043</u>	<u>\$ 3,935,765</u>

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

# HANDS TOGETHER, INC.

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in net assets	\$ (395,722)	\$ 391,124
Adjustments to reconcile in net assets to net cash provided by operating activities:		
Noncash contributions of assets	(59,364)	(55,131)
Depreciation	5,846	3,571
Realized (gains) losses on investments	364	650
Unrealized (gains) losses on investments	(105,868)	(13,673)
(Increase) Decrease in prepaid expenses	(18,157)	(8,688)
Increase (Decrease) in accounts payable	<u>755</u>	<u>(2,940)</u>
<b>NET CASH PROVIDED FROM (USED BY) OPERATING ACTIVITIES</b>	<u>(572,146)</u>	<u>314,913</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(22,661)	(12,065)
Purchases of long-term investments	(415,794)	(1,464,799)
Proceeds from sales of long-term investments	<u>2,383,999</u>	<u>1,706,480</u>
<b>NET CASH PROVIDED FROM (USED BY) INVESTING ACTIVITIES</b>	<u>1,945,544</u>	<u>229,616</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Increase) Decrease in loan receivable	<u>(11,147)</u>	<u>50,000</u>
<b>NET CASH PROVIDED FROM (USED BY) FINANCING ACTIVITIES</b>	<u>(11,147)</u>	<u>50,000</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,362,251	594,529
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>944,403</u>	<u>349,874</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 2,306,654</u>	<u>\$ 944,403</u>

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

# HANDS TOGETHER, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

### 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, 2017 and 2016.

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, 2014 through 2016 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, 2017 AND 2016

### 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, 2017 and 2016 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
<u>2017</u>			
Mutual funds	\$ 439,165	\$ 848,355	\$ 409,190
Certificates of deposit	<u>200,000</u>	<u>201,044</u>	<u>1,044</u>
	<u>\$ 639,165</u>	<u>\$1,049,399</u>	<u>\$ 410,234</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>

# HANDS TOGETHER, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

### 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, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Interest income	\$ 13,168	\$ 12,994
Dividend income	16,014	14,827
Gain (Loss) on sale of investments	<u>(364)</u>	<u>(650)</u>
Total investment income	28,818	27,171
Unrealized gains (losses)	<u>105,868</u>	<u>13,673</u>
Total investment return	<u>\$134,686</u>	<u>\$ 40,844</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, 2017 and 2016 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, 2017 and 2016 consists of the following:

	<u>2017</u>	<u>2016</u>
Land and Buildings	\$ 95,453	\$ 95,453
Machinery and Equipment	209,870	209,870
Furniture and fixtures	31,451	23,560
Vehicles	<u>246,894</u>	<u>232,124</u>
	583,668	561,007
Less, accumulated depreciation	<u>455,117</u>	<u>449,271</u>
	<u>\$128,551</u>	<u>\$111,736</u>

## HANDS TOGETHER, INC.

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

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

Depreciation expense aggregated \$5,846 and \$3,571 for the years ended June 30, 2017 and 2016, respectively. Depreciation expense of \$2,302 and \$2,085 is included in various programs in the Schedule of Program Services for each of the years ended June 30, 2017 and 2016, 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, 2017 and 2016, investment securities with a fair market value of \$59,364 and \$55,131, 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, 2017 and 2016, a total of \$5,375 and \$9,548, 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, 2017 and 2016, \$-0- in donated goods and supplies are on hand to provide for future assistance.

#### 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.

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.

# HANDS TOGETHER, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

### NOTE 6 - LEASE OBLIGATIONS (Continued)

During the years ended December 31, 2017 and 2016, rental expense was \$20,558 and \$5,467 respectively.

Future obligations over the primary terms of the Organization's operating leases as of June 30, 2017 are as follow:

<u>Year Ended June 30,</u>	<u>Amount</u>
2018	\$ 35,436
2019	<u>6,215</u>
	<u>\$ 41,651</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, 2017 and 2016 amounted to \$5,152 and \$3,490, 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, 2017 and 2016, the Organization had \$-0- in uninsured cash balances.

### NOTE 10 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date these financial statements were available to be issued – February 22, 2018.

**HANDS TOGETHER, INC.**

**SCHEDULES TO STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b><u>Schedules of Fund-Raising Activities</u></b>		
<b>REVENUE</b>		
Mission appeals	\$ 494,433	\$ 402,727
Direct mail appeals	38,637	350,504
Golf classic	161,200	118,715
DeWine fundraisers	700,829	856,577
Other fundraisers	<u>190,358</u>	<u>22,997</u>
Total fund-raising revenue	<u>1,585,457</u>	<u>1,751,520</u>
<b>EXPENSES</b>		
Appeal travel	136,512	99,287
Golf classic	4,379	4,780
Other fund-raising events	23,088	4,704
Salaries and wages	37,550	32,861
Stipends	377	16,223
Employee health insurance	2,831	2,611
Payroll taxes	3,399	2,736
Telephone	10,303	11,688
Postage and shipping	4,985	5,454
Printing, publications and promotions	<u>3,839</u>	<u>13,700</u>
Total fund-raising expenses	<u>227,263</u>	<u>194,044</u>
CHANGE IN NET ASSETS FROM FUND-RAISING ACTIVITIES	<u>\$ 1,358,194</u>	<u>\$ 1,557,476</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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>Schedules of Program Services</u>		
Assistance Projects/Programs:		
Arc De Siel orphanage	\$ -	\$ 22,000
Becky DeWine School construction & improvements	217,379	248,811
Becky DeWine School operations	432,398	443,495
Catholic center for agriculture and environment	-	78,800
Clarke agriculture project	-	110,588
Dismas work project	142,910	18,500
Emergency charity outreach	133,741	179,714
Employment and staff salaries	761,850	797,785
Feeding and nutrition	435,927	643,235
Fort Liberte Diocese support	-	50,000
Gonaives diocesan rural schools	39,885	362,113
Diocese of Gonaives support	813,565	292,084
Diocese of Cap Haitien support	50,439	119,000
Hands Together music school	-	50,939
Hurricane relief	380,498	-
Jones Day recreation field	1,402	36,660
Medical / health outreach	59,156	117,552
Oblate associate HT volunteers	11,360	11,000
Radio boukman project	135,500	151,000
Security	8,963	40,196
Soleil elderly program	12,552	55,036
Water well program	1,058	21,790
HTG Gonaives development office	-	15,100
Headquarters and volunteer center	159,150	268,888
Transportation equipment and maintenance	100,155	242,892
Vocational training center	44,644	22,000
Warehousing & shipping	133,315	79,787
Other projects/costs	9,998	4,377
Total Assistance Projects/Programs	<u>4,085,845</u>	<u>4,483,342</u>
Volunteer Programs:		
Volunteer programs and special projects support	<u>8,477</u>	<u>41,889</u>
<b>TOTAL PROGRAM SERVICES</b>	<b><u>\$ 4,094,322</u></b>	<b><u>\$ 4,525,231</u></b>

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, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b><u>Schedules of General and Administrative Expenses</u></b>		
Wages and salaries	\$ 212,783	\$ 186,210
Travel, food and lodging	92,496	131,595
Postage and shipping	554	1,027
Printing, publications and promotions	427	1,522
Dues, fees and subscriptions	130	1,048
Automotive expenses	12,038	9,491
Rent (Notes 5 and 6)	20,558	5,467
Insurance	5,309	2,522
Telephone	4,415	5,009
Utilities	647	-
Office expenses	7,823	7,924
Bank charges	26,703	14,428
Professional fees	131,885	127,842
Payroll service fees	960	1,054
Employee health & life insurance	16,043	14,799
Payroll taxes	19,258	15,506
Employee retirement plan (Note 7)	5,152	3,490
Employee wellness	12,710	4,202
Depreciation (Note 4)	3,544	1,486
Repairs and maintenance	9,029	18,471
Program development & planning	2,347	6,463
Miscellaneous	<u>6,322</u>	<u>6,248</u>
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	 <u>\$ 591,133</u>	 <u>\$ 565,804</u>

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