

HANDS TOGETHER, INC.
SPRINGFIELD, MASSACHUSETTS
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

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 statements of financial position of Hands Together, Inc. as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules to statements of activities are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bardaglio, Hart & Shuman, LLC

Windsor Locks, Connecticut
September 27, 2011

HANDS TOGETHER, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2011 AND 2010

ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,316,104	\$ 2,064,364
Investments (Note 2)	4,294,485	4,114,870
Prepaid expenses	9,012	3,389
Donated goods and supplies (Note 4)	<u>-</u>	<u>-</u>
TOTAL CURRENT ASSETS	6,619,601	6,182,623
PROPERTY AND EQUIPMENT, NET (NOTE 3)	<u>210,697</u>	<u>285,898</u>
	<u>\$ 6,830,298</u>	<u>\$ 6,468,521</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 451	\$ 2,522
Accrued and withheld taxes	5,877	5,248
Simple IRA payable	<u>1,294</u>	<u>1,258</u>
TOTAL CURRENT LIABILITIES	7,622	9,028
NET ASSETS		
Unrestricted	<u>6,822,676</u>	<u>6,459,493</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,830,298</u>	<u>\$ 6,468,521</u>

See accountants' report and accompanying notes to financial statements.

HANDS TOGETHER, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
REVENUE		
Contributions	\$ 2,747,171	\$ 1,509,256
Donated goods and supplies (Note 4)	282,080	104,336
Foundation / grant contributions	433,300	50,000
Fund-raising	1,629,489	1,342,494
Earthquake recovery	242,416	2,933,979
Investment income (loss)	119,331	127,539
Gain (loss) on dollar exchange	(584)	(1,208)
Unrealized gain (loss) on investments	<u>86,988</u>	<u>64,062</u>
TOTAL REVENUE	<u>5,540,191</u>	<u>6,130,458</u>
EXPENSES		
Program services:		
Assistance projects/programs	4,611,124	3,423,135
Volunteer programs	<u>1,000</u>	<u>3,900</u>
TOTAL PROGRAM SERVICES	<u>4,612,124</u>	<u>3,427,035</u>
Support services:		
General and administrative	382,078	382,978
Fund-raising	<u>182,806</u>	<u>147,858</u>
TOTAL SUPPORT SERVICES	<u>564,884</u>	<u>530,836</u>
TOTAL EXPENSES	<u>5,177,008</u>	<u>3,957,871</u>
CHANGE IN NET ASSETS	363,183	2,172,587
NET ASSETS, BEGINNING	<u>6,459,493</u>	<u>4,286,906</u>
NET ASSETS, ENDING	<u>\$ 6,822,676</u>	<u>\$ 6,459,493</u>

See accountants' report and accompanying notes to financial statements.

HANDS TOGETHER, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in net assets	\$ 363,183	\$ 2,172,587
Adjustments to reconcile in net assets to net cash provided by operating activities:		
Noncash contributions of assets	(106,786)	(151,919)
Depreciation	75,202	144,212
Realized (gains) losses on investments	1,459	66
Unrealized (gains) losses on investments	(86,988)	(64,062)
(Increase) Decrease in prepaid expenses	(5,623)	20,274
Increase (Decrease) in accounts payable	(2,071)	160
Increase (Decrease) in other liabilities	<u>665</u>	<u>471</u>
NET CASH PROVIDED FROM (USED BY) OPERATING ACTIVITIES	<u>239,041</u>	<u>2,121,789</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(33,775)
Purchases of long-term investments	(2,782,666)	(1,632,960)
Proceeds from sales of long-term investments	<u>2,795,365</u>	<u>684,744</u>
NET CASH PROVIDED FROM (USED BY) INVESTING ACTIVITIES	<u>12,699</u>	<u>(981,991)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET CASH PROVIDED FROM (USED BY) FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	251,740	1,139,798
CASH AND CASH EQUIVALENTS, BEGINNING	<u>2,064,364</u>	<u>924,566</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 2,316,104</u>	<u>\$ 2,064,364</u>

See accountants' report and accompanying notes to financial statements

HANDS TOGETHER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

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, 2011 and 2010.

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 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.

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.

HANDS TOGETHER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 corporate bonds, mutual funds and certificates of deposit with maturities over three months. Fair values and unrealized gains (losses) at June 30, 2011 and 2010 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
<u>2011</u>			
Corporate bonds	\$ -	\$ -	\$ -
Mutual funds	364,215	407,317	43,102
Certificates of deposit	<u>3,777,415</u>	<u>3,887,168</u>	<u>109,753</u>
	<u>\$4,141,630</u>	<u>\$4,294,485</u>	<u>\$ 152,855</u>
<u>2010</u>			
Corporate bonds	\$ -	\$ -	\$ -
Mutual funds	356,935	311,729	(45,206)
Certificates of deposit	<u>3,692,068</u>	<u>3,803,141</u>	<u>111,073</u>
	<u>\$4,049,003</u>	<u>\$4,114,870</u>	<u>\$ 65,867</u>

HANDS TOGETHER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

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, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Interest income	\$113,510	\$120,460
Dividend income	7,280	7,145
Gain (Loss) on sale of investments	<u>(1,459)</u>	<u>(66)</u>
Total investment income	119,331	127,539
Unrealized gains (losses)	<u>86,988</u>	<u>64,062</u>
Total investment return	<u>\$206,319</u>	<u>\$191,601</u>

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2011 and 2010 consists of the following:

	<u>2011</u>	<u>2010</u>
Land	\$ 91,800	\$ 91,800
Buildings and improvements	-	-
Machinery and Equipment	209,870	209,870
Furniture and fixtures	64,507	64,507
Vehicles	<u>234,224</u>	<u>234,224</u>
	600,401	600,401
Less, accumulated depreciation	<u>389,704</u>	<u>314,503</u>
	<u>\$210,697</u>	<u>\$285,898</u>

Depreciation expense aggregated \$75,201 and \$144,212 for the years ended June 30, 2011 and 2010, respectively. Depreciation expense of \$41,974 is included in the Schedule of Program Services under Water well program for each of the years ended June 30, 2011 and 2010, respectively.

In January of 2010, an earthquake completely destroyed the organization's volunteer center located in Port Au Prince, Haiti. The \$90,000 cost of the center included in buildings and improvements has been written off by including the net book value of \$61,875 in depreciation expense for the year ended June 30, 2010.

HANDS TOGETHER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

NOTE 4 - 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, 2011 and 2010, investment securities with a fair market value of \$106,786 and \$151,919, 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, 2011 and 2010, a total of \$- and \$104,336, 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, 2011 and 2010, \$- in donated goods and supplies are on hand to provide for future assistance.

The Organization occupies offices in the Sacred Heart Convent in Springfield, Massachusetts under an agreement with the convent. No rent is being paid by Hands Together, Inc. Management has estimated the approximate fair value of the rental to be \$7,200 for each of the years ended June 30, 2011 and 2010 and it is included in contributions and general and administrative expenses in the statements of activities.

NOTE 5 - CONTINGENCIES

The Organization has been named as a beneficiary of a charitable remainder trust whose trustee is the spouse of a former officer of the Organization, now deceased. According to the terms of the trust document, the Organization is to receive from the trust approximately \$1,000,000 upon the death of the trustee. While the trust is irrevocable, the beneficiaries may be changed at any time at the discretion of the trustee. These financial statements do not reflect any adjustments for this gain contingency. Any amount ultimately received by the Organization as a result of being named a trust beneficiary will be recorded as income in the year received.

HANDS TOGETHER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

NOTE 6 - 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, 2011 and 2010 amounted to \$5,326 and \$4,676, respectively.

NOTE 7 - SUBSEQUENT EVENTS

There are no subsequent events through September 27, 2011, the date which the financial statements were available to be issued.

HANDS TOGETHER, INC.

SCHEDULES TO STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>Schedules of Fund-Raising Activities</u>		
REVENUE		
Mission appeals	\$ 828,366	\$ 660,247
Direct mail appeals	277,420	340,125
Golf classic	236,998	130,962
DeWine fundraisers	<u>286,705</u>	<u>211,160</u>
 Total fund-raising revenue	 <u>1,629,489</u>	 <u>1,342,494</u>
EXPENSES		
Appeal travel	69,693	43,474
Golf classic	12,046	5,134
Other fund-raising events	8,774	6,234
Salaries and wages	34,269	25,819
Stipends	16,783	28,350
Employee health insurance	2,049	2,526
Payroll taxes	2,764	2,071
Telephone	10,319	7,402
Postage and shipping	7,462	7,138
Printing, publications and promotions	<u>18,647</u>	<u>19,710</u>
 Total fund-raising expenses	 <u>182,806</u>	 <u>147,858</u>
 CHANGE IN NET ASSETS FROM FUND-RAISING ACTIVITIES	 <u>\$ 1,446,683</u>	 <u>\$ 1,194,636</u>

See accountants' report and accompanying notes to financial statements.

HANDS TOGETHER, INC.

SCHEDULES TO STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>Schedules of Program Services</u>		
Assistance Projects/Programs:		
Arc De Siel orphanage	\$ 10,000	\$ -
Aid to Haiti catholic dioceses	10,000	-
Becky DeWine school buildings and plant operations	61,417	144,164
Becky DeWine school operations	367,369	258,017
Catholic center for agriculture and environment - Bassen	144,666	30,910
Clarke agriculture project	211,229	131,423
Heavy equipment, Gonaives vehicles & maintenance	129,334	54,406
Declin, Bassen, Pravil and Ti Desdunnes rural schools	160,034	109,757
Earthquake relief	1,708,480	1,781,714
Emergency charity outreach	31,046	17,143
Employment and staff salaries	463,972	345,197
Feeding and nutrition	535,963	230,508
Gonaives diocesan education	86,888	-
Guimby/Brunette schools and development	65,086	61,082
Haiti projects - small business, work projects	73,407	-
Medical / health outreach	128,500	20,124
Oblate associate HT volunteers	55,652	13,046
Oblates support	20,000	20,500
Outright grants	-	10,000
OL Queen Peace school	20,941	-
Radio boukman project	34,068	10,034
Security	13,186	-
Soleil elderly program	5,319	2,439
Sr. Veronik orphanage support	9,331	8,684
Water well drilling	73,195	43,974
Diocese of Gonaives support	25,000	1,472
HTG Gonaives development office	23,000	52,000
Headquarters and volunteer center	108,320	34,758
Transportation and vehicle repairs	20,509	28,608
Other projects/costs	15,212	13,175
Total Assistance Projects/Programs	4,611,124	3,423,135
Volunteer Programs:		
Volunteer programs and special projects support	1,000	3,900
TOTAL PROGRAM SERVICES	<u>\$ 4,612,124</u>	<u>\$ 3,427,035</u>

See accountants' report and accompanying notes to financial statements.

HANDS TOGETHER, INC.

SCHEDULES TO STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>Schedules of Earthquake Recovery Activities</u>		
REVENUE		
Earthquake recovery contributions	<u>\$ 242,416</u>	<u>\$ 2,933,979</u>
EXPENSES		
Becky DeWine School operations	7,400	21,082
Charity Jezu recovery grants	82,877	337,758
Earthquake miscellaneous expenses	3,154	24,678
Feeding outreach	76,433	292,347
Gonaives diocese outreach	1,013	7,000
Logistics, storage, travel & shipping	168,662	55,399
Mobile medical clinic unit	26,054	271,846
OL peace - Wharf Jeremy	233,039	-
Rebuild St. Ann - Vollel center campus	38,064	134,061
Rebuilding and repairing Becky DeWine School	181,103	286,807
Rebuilding main office	116,824	55,912
Rebuilding volunteer center	375,987	124,201
St. Jane - Digicel School project	151,559	-
Support to Archdiocese of PAP	163,500	-
Temporary base operations	20,352	9,084
Temporary shelters and classrooms	-	70,668
Vehicles & emergency equipment	59,459	65,111
Water truck outreach	3,000	11,370
Water well outreach	-	14,390
Total earthquake recovery expenses	<u>1,708,480</u>	<u>1,781,714</u>
CHANGE IN NET ASSETS FROM EARTHQUAKE RECOVERY ACTIVITIES	<u>\$(1,466,064)</u>	<u>\$ 1,152,265</u>

See accountants' report and accompanying notes to financial statements.

HANDS TOGETHER, INC.

SCHEDULES TO STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>Schedules of General and Administrative Expenses</u>		
Wages and salaries	\$ 194,196	\$ 146,312
Travel, food and lodging	61,249	56,059
Postage and shipping	829	793
Printing, publications and promotions	2,072	2,190
Dues, fees and subscriptions	2,382	2,060
Automotive expenses	14,876	5,427
Rent (Note 4)	7,200	7,200
Insurance	2,845	1,793
Telephone	4,423	3,172
Office expenses	4,126	4,853
Professional fees	13,149	13,178
Employee health & life insurance	11,608	14,313
Payroll taxes	15,661	11,735
Employee retirement plan (Note 6)	5,326	4,676
Depreciation (Note 3)	33,228	102,238
Miscellaneous	<u>8,908</u>	<u>6,979</u>
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	<u>\$ 382,078</u>	<u>\$ 382,978</u>

See accountants' report and accompanying notes to financial statements.