

HANDS TOGETHER, INC.

SPRINGFIELD, MASSACHUSETTS

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

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, 2009 and 2008, 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, 2009 and 2008, 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
October 8, 2009

HANDS TOGETHER, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2009 AND 2008

ASSETS

	<u>2009</u>	<u>2008</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 924,566	\$ 570,462
Investments (Note 2)	2,950,739	3,128,738
Prepaid expenses	23,663	21,583
Donated goods and supplies (Note 4)	<u>-</u>	<u>-</u>
TOTAL CURRENT ASSETS	3,898,968	3,720,783
PROPERTY AND EQUIPMENT, NET (NOTE 3)	<u>396,335</u>	<u>471,336</u>
	<u>\$ 4,295,303</u>	<u>\$ 4,192,119</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 2,362	\$ 2,784
Accrued and withheld taxes	4,777	4,105
Simple IRA payable	<u>1,258</u>	<u>1,246</u>
TOTAL CURRENT LIABILITIES	8,397	8,135
NET ASSETS		
Unrestricted	<u>4,286,906</u>	<u>4,183,984</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,295,303</u>	<u>\$ 4,192,119</u>

See accountants' report and accompanying notes to financial statements.

HANDS TOGETHER, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
REVENUE		
Contributions	\$ 1,490,716	\$ 1,292,570
Donated goods and supplies (Note 4)	103,416	401,973
Foundation contributions	10,000	61,000
Volunteer and delegation contributions	-	1,000
Fund-raising	1,437,205	1,495,760
Investment income (loss)	133,741	137,028
Gain (loss) on dollar exchange	323	(2,315)
Unrealized gain (loss) on investments	<u>1,491</u>	<u>(50,508)</u>
TOTAL REVENUE	<u>3,176,892</u>	<u>3,336,508</u>
EXPENSES		
Program services:		
Assistance projects/programs	2,602,209	3,200,817
Volunteer programs	<u>13,753</u>	<u>2,555</u>
TOTAL PROGRAM SERVICES	<u>2,615,962</u>	<u>3,203,372</u>
Support services:		
General and administrative	310,543	287,266
Fund-raising	<u>147,465</u>	<u>156,432</u>
TOTAL SUPPORT SERVICES	<u>458,008</u>	<u>443,698</u>
TOTAL EXPENSES	<u>3,073,970</u>	<u>3,647,070</u>
CHANGE IN NET ASSETS	102,922	(310,562)
NET ASSETS, BEGINNING	<u>4,183,984</u>	<u>4,494,546</u>
NET ASSETS, ENDING	<u>\$ 4,286,906</u>	<u>\$ 4,183,984</u>

See accountants' report and accompanying notes to financial statements.

HANDS TOGETHER, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in net assets	\$ 102,922	\$ (310,562)
Adjustments to reconcile in net assets to net cash provided by operating activities:		
Noncash contributions of assets	(19,858)	(264,696)
Depreciation	88,199	58,413
Realized (gains) losses on investments	124	(839)
Unrealized (gains) losses on investments	(1,491)	50,508
Loss on disposition of fixed assets	9,567	-
(Increase) Decrease in prepaid expenses	(2,080)	21,626
(Increase) Decrease in donated goods and supplies	-	1,500
Increase (Decrease) in accounts payable	(422)	(4,860)
Increase (Decrease) in other liabilities	684	236
	<u>177,645</u>	<u>(448,674)</u>
NET CASH PROVIDED FROM (USED BY) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(22,765)	(312,644)
Purchases of long-term investments	(633,510)	(2,177,957)
Proceeds from sales of long-term investments	832,734	2,076,220
	<u>176,459</u>	<u>(414,381)</u>
NET CASH PROVIDED FROM (USED BY) INVESTING ACTIVITIES		
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		
	354,104	(863,055)
CASH AND CASH EQUIVALENTS, BEGINNING		
	<u>570,462</u>	<u>1,433,517</u>
CASH AND CASH EQUIVALENTS, ENDING		
	<u>\$ 924,566</u>	<u>\$ 570,462</u>

See accountants' report and accompanying notes to financial statements

HANDS TOGETHER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

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, 2009 and 2008.

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, 2009 AND 2008

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 U.S. Government bonds, corporate bonds, mutual funds and certificates of deposit with maturities over three months. Fair values and unrealized gains (losses) at June 30, 2009 and 2008 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
<u>2009</u>			
Corporate bonds	\$ 25,005	\$ 24,262	\$ (743)
Mutual funds	349,799	272,368	(77,431)
Certificates of deposit	<u>2,574,130</u>	<u>2,654,109</u>	<u>79,979</u>
	<u>\$2,948,934</u>	<u>\$2,950,739</u>	<u>\$ 1,805</u>
<u>2008</u>			
Corporate bonds	\$ 25,005	21,184	(3,821)
Mutual funds	342,313	368,554	26,241
Certificates of deposit	<u>2,761,106</u>	<u>2,739,000</u>	<u>(22,106)</u>
	<u>\$3,128,424</u>	<u>\$3,128,738</u>	<u>\$ 314</u>

HANDS TOGETHER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

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, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Interest income	\$125,999	\$125,276
Dividend income	7,866	10,913
Gain (Loss) on sale of investments	<u>(124)</u>	<u>839</u>
Total investment income	133,741	137,028
Unrealized gains (losses)	<u>1,491</u>	<u>(50,508)</u>
Total investment return	<u>\$135,232</u>	<u>\$ 86,520</u>

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2009 and 2008 consists of the following:

	<u>2009</u>	<u>2008</u>
Land	\$ 91,800	\$ 91,800
Buildings and improvements	90,000	90,000
Machinery and Equipment	209,870	209,870
Furniture and fixtures	63,232	64,993
Vehicles	<u>201,724</u>	<u>214,092</u>
	656,626	670,755
Less, accumulated depreciation	<u>260,291</u>	<u>199,419</u>
	<u>\$396,335</u>	<u>\$471,336</u>

Depreciation expense aggregated \$88,199 and \$58,413 for the years ended June 30, 2009 and 2008, respectively. Depreciation expense of \$41,974 and \$19,238 is included in the Schedule of Program Services under Water well program for the years ended June 30, 2009 and 2008, respectively.

HANDS TOGETHER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

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, 2009 and 2008, investment securities with a fair market value of \$19,858 and \$102,696, 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, 2009 and 2008, a total of \$103,416 and \$401,973, 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, 2009 and 2008, \$-0- 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, 2009 and 2008 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, 2009 AND 2008

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, 2009 and 2008 amounted to \$4,685 and \$4,467, respectively.

HANDS TOGETHER, INC.

SCHEDULES TO STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>Schedules of Fund-Raising Activities</u>		
REVENUE		
Mission appeals	\$ 533,199	\$ 605,819
Direct mail appeals	496,987	514,282
Golf classic	160,524	140,052
DeWine fundraisers	242,295	232,862
Other fund-raising events	<u>4,200</u>	<u>2,745</u>
Total fund-raising revenue	<u>1,437,205</u>	<u>1,495,760</u>
EXPENSES		
Appeal travel	58,188	63,830
Golf classic	5,253	6,443
Other fund-raising events	3,165	5,569
Salaries and wages	23,778	23,531
Stipends	8,232	4,375
Employee health insurance	2,360	2,281
Payroll taxes	1,796	1,881
Telephone	5,846	5,754
Postage and shipping	13,985	36,468
Printing, publications and promotions	<u>24,862</u>	<u>6,300</u>
Total fund-raising expenses	<u>147,465</u>	<u>156,432</u>
CHANGE IN NET ASSETS FROM FUND-RAISING ACTIVITIES	<u>\$ 1,289,740</u>	<u>\$ 1,339,328</u>

See accountants' report and accompanying notes to financial statements.

HANDS TOGETHER, INC.

SCHEDULES TO STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>Schedules of Program Services</u>		
Assistance Projects/Programs:		
Arc Ciel Orphanage	\$ 10,000	\$ 97,000
Basin water cistern/formation center	34,391	30,928
Becky DeWine school buildings and facilities	134,537	442,513
Becky DeWine school operations	329,707	468,010
Big brother orphan project	5,734	13,862
Clarke agriculture project	49,461	-
Construction equipment and maintenance	16,460	66,857
Deklin and Bassen Schools	40,000	83,100
Emergency housing project	6,260	116,924
Emergency relief	42,334	85,342
Employment and staff salaries	574,417	576,661
Feeding and nutrition	343,678	408,506
Guimby/Brunette schools and development	66,871	116,607
Hurricane relief	307,332	-
Michael Bongiovanni clinic and health programs	63,953	40,513
Oblate associate volunteers	15,095	74,572
Oblate seminarian project	41,801	-
Pravil school	14,462	-
Radio boukman project	41,842	34,835
Rural clinic construction	-	7,000
Second chance	49,200	-
Soleil elderly program	6,500	-
Srveronik orphanage	10,667	-
Ti Dedunnes nutrition and school project	79,804	121,193
Ti Riviere mission center	-	2,700
Trou Sable School	-	27,500
Water well program	77,400	103,695
Diocese of Gonaives support	115,400	80,642
HT Haiti development office	21,772	50,716
Headquarters and volunteer center	47,931	81,681
Haiti security	10,887	9,629
Haiti transportation	36,888	36,906
Other projects/costs	7,425	22,925
Total Assistance Projects/Programs	<u>2,602,209</u>	<u>3,200,817</u>
Volunteer Programs:		
Volunteer programs and special projects support	<u>13,753</u>	<u>2,555</u>
TOTAL PROGRAM SERVICES	<u>\$ 2,615,962</u>	<u>\$ 3,203,372</u>

See accountants' report and accompanying notes to financial statements.

HANDS TOGETHER, INC.

SCHEDULES TO STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>Schedules of General and Administrative Expenses</u>		
Wages and salaries	\$ 134,742	\$ 133,340
Travel, food and lodging	44,001	38,682
Postage and shipping	1,554	4,051
Printing, publications and promotions	2,762	700
Dues, fees and subscriptions	1,782	1,882
Automotive expenses	6,189	7,083
Rent (Note 4)	7,200	7,200
Insurance	1,815	1,802
Telephone	2,505	2,467
Office expenses	5,267	5,816
Professional fees	12,317	13,818
Employee health & life insurance	13,373	12,928
Payroll taxes	10,180	10,661
Employee retirement plan (Note 6)	4,685	4,467
Depreciation	46,225	39,175
Loss on disposition of fixed assets	9,567	-
Miscellaneous	<u>6,379</u>	<u>3,194</u>
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	<u>\$ 310,543</u>	<u>\$ 287,266</u>

See accountants' report and accompanying notes to financial statements.