

HANDS TOGETHER, INC.
SPRINGFIELD, MASSACHUSETTS
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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, 2010 and 2009, 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, 2010 and 2009, 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

Bardaglio, Hart & Shuman, LLC

Windsor Locks, Connecticut
October 8, 2010

HANDS TOGETHER, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2010 AND 2009

ASSETS

	<u>2010</u>	<u>2009</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,064,364	\$ 924,566
Investments (Note 2)	4,114,870	2,950,739
Prepaid expenses	3,389	23,663
Donated goods and supplies (Note 4)	<u>-</u>	<u>-</u>
TOTAL CURRENT ASSETS	6,182,623	3,898,968
PROPERTY AND EQUIPMENT, NET (NOTE 3)	<u>285,898</u>	<u>396,335</u>
	<u>\$ 6,468,521</u>	<u>\$ 4,295,303</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 2,522	\$ 2,362
Accrued and withheld taxes	5,248	4,777
Simple IRA payable	<u>1,258</u>	<u>1,258</u>
TOTAL CURRENT LIABILITIES	9,028	8,397
NET ASSETS		
Unrestricted	<u>6,459,493</u>	<u>4,286,906</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,468,521</u>	<u>\$ 4,295,303</u>

See accountants' report and accompanying notes to financial statements.

HANDS TOGETHER, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
REVENUE		
Contributions	\$ 1,509,256	\$ 1,420,716
Donated goods and supplies (Note 4)	104,336	103,416
Foundation / grant contributions	50,000	80,000
Fund-raising	1,342,494	1,437,205
Earthquake recovery	2,933,979	-
Investment income (loss)	127,539	133,741
Gain (loss) on dollar exchange	(1,208)	323
Unrealized gain (loss) on investments	<u>64,062</u>	<u>1,491</u>
TOTAL REVENUE	<u>6,130,458</u>	<u>3,176,892</u>
EXPENSES		
Program services:		
Assistance projects/programs	3,423,135	2,602,209
Volunteer programs	<u>3,900</u>	<u>13,753</u>
TOTAL PROGRAM SERVICES	<u>3,427,035</u>	<u>2,615,962</u>
Support services:		
General and administrative	382,978	310,543
Fund-raising	<u>147,858</u>	<u>147,465</u>
TOTAL SUPPORT SERVICES	<u>530,836</u>	<u>458,008</u>
TOTAL EXPENSES	<u>3,957,871</u>	<u>3,073,970</u>
CHANGE IN NET ASSETS	2,172,587	102,922
NET ASSETS, BEGINNING	<u>4,286,906</u>	<u>4,183,984</u>
NET ASSETS, ENDING	<u>\$ 6,459,493</u>	<u>\$ 4,286,906</u>

See accountants' report and accompanying notes to financial statements.

HANDS TOGETHER, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in net assets	\$ 2,172,587	\$ 102,922
Adjustments to reconcile in net assets to net cash provided by operating activities:		
Noncash contributions of assets	(151,919)	(19,858)
Depreciation	144,212	88,199
Realized (gains) losses on investments	66	124
Unrealized (gains) losses on investments	(64,062)	(1,491)
Loss on disposition of fixed assets	-	9,567
(Increase) Decrease in prepaid expenses	20,274	(2,080)
(Increase) Decrease in donated goods and supplies	-	-
Increase (Decrease) in accounts payable	160	(422)
Increase (Decrease) in other liabilities	471	684
	<u>2,121,789</u>	<u>177,645</u>
NET CASH PROVIDED FROM (USED BY) OPERATING ACTIVITIES		
	<u>2,121,789</u>	<u>177,645</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(33,775)	(22,765)
Purchases of long-term investments	(1,632,960)	(633,510)
Proceeds from sales of long-term investments	684,744	832,734
	<u>(981,991)</u>	<u>176,459</u>
NET CASH PROVIDED FROM (USED BY) INVESTING ACTIVITIES		
	<u>(981,991)</u>	<u>176,459</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	1,139,798	354,104
CASH AND CASH EQUIVALENTS, BEGINNING	<u>924,566</u>	<u>570,462</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 2,064,364</u>	<u>\$ 924,566</u>

See accountants' report and accompanying notes to financial statements

HANDS TOGETHER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

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, 2010 and 2009.

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, 2010 AND 2009

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, 2010 and 2009 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</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>
<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>

HANDS TOGETHER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

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, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Interest income	\$120,460	\$125,999
Dividend income	7,145	7,866
Gain (Loss) on sale of investments	<u>(66)</u>	<u>(124)</u>
Total investment income	127,539	133,741
Unrealized gains (losses)	<u>64,062</u>	<u>1,491</u>
Total investment return	<u>\$191,601</u>	<u>\$135,232</u>

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2010 and 2009 consists of the following:

	<u>2010</u>	<u>2009</u>
Land	\$ 91,800	\$ 91,800
Buildings and improvements	-	90,000
Machinery and Equipment	209,870	209,870
Furniture and fixtures	64,507	63,232
Vehicles	<u>234,224</u>	<u>201,724</u>
	600,401	656,626
Less, accumulated depreciation	<u>314,503</u>	<u>260,291</u>
	<u>\$285,898</u>	<u>\$396,335</u>

Depreciation expense aggregated \$144,212 and \$88,199 for the years ended June 30, 2010 and 2009, 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, 2010 and 2009, 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, 2010 AND 2009

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, 2010 and 2009, investment securities with a fair market value of \$151,919 and \$19,858, 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, 2010 and 2009, a total of \$104,336 and \$103,416, 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, 2010 and 2009, \$-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, 2010 and 2009 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, 2010 AND 2009

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, 2010 and 2009 amounted to \$4,676 and \$4,685, respectively.

HANDS TOGETHER, INC.

SCHEDULES TO STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>Schedules of Fund-Raising Activities</u>		
REVENUE		
Mission appeals	\$ 660,247	\$ 533,199
Direct mail appeals	340,125	496,987
Golf classic	130,962	160,524
DeWine fundraisers	211,160	242,295
Other fund-raising events	<u>-</u>	<u>4,200</u>
Total fund-raising revenue	<u>1,342,494</u>	<u>1,437,205</u>
EXPENSES		
Appeal travel	43,474	58,188
Golf classic	5,134	5,253
Other fund-raising events	6,234	3,165
Salaries and wages	25,819	23,778
Stipends	28,350	8,232
Employee health insurance	2,526	2,360
Payroll taxes	2,071	1,796
Telephone	7,402	5,846
Postage and shipping	7,138	13,985
Printing, publications and promotions	<u>19,710</u>	<u>24,862</u>
Total fund-raising expenses	<u>147,858</u>	<u>147,465</u>
CHANGE IN NET ASSETS FROM FUND-RAISING ACTIVITIES	<u>\$ 1,194,636</u>	<u>\$ 1,289,740</u>

See accountants' report and accompanying notes to financial statements.

HANDS TOGETHER, INC.

SCHEDULES TO STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>Schedules of Program Services</u>		
Assistance Projects/Programs:		
Arc Ciel orphanage	\$ -	\$ 10,000
Barefoot schools feeding	3,681	-
Becky DeWine school buildings and plant operations	144,164	134,537
Becky DeWine school operations	258,017	329,707
Big brother orphan project	4,494	5,734
Catholic center for agriculture and environment - Bassen	30,910	34,391
Clarke agriculture project	131,423	49,461
Heavy equipment, Gonaives vehicles & maintenance	54,406	16,460
Declin, Bassen, Pravail and Ti Desdunnes rural schools	109,757	134,266
Earthquake relief	1,781,714	-
Emergency housing	-	6,260
Emergency charity outreach	17,143	42,334
Employment and staff salaries	345,197	574,417
Feeding and nutrition	230,508	343,678
Guimby/Brunette schools and development	61,082	66,871
Hurricane relief	-	307,332
Medical / health outreach	20,124	63,953
Oblate associate HT volunteers	13,046	15,095
Oblates support	20,500	41,801
Outright grants	10,000	-
Radio boukman project	10,034	41,842
Second chance job creation program	-	49,200
Soleil elderly program	2,439	6,500
Sr. Veronik orphanage support	8,684	10,667
Water well drilling	43,974	77,400
Diocese of Gonaives support	1,472	115,400
HTG Gonaives development office	52,000	21,772
Headquarters and volunteer center	34,758	47,931
Security	-	10,887
Transportation and vehicle repairs	28,608	36,888
Other projects/costs	5,000	7,425
Total Assistance Projects/Programs	<u>3,423,135</u>	<u>2,602,209</u>
Volunteer Programs:		
Volunteer programs and special projects support	<u>3,900</u>	<u>13,753</u>
TOTAL PROGRAM SERVICES	<u><u>\$ 3,427,035</u></u>	<u><u>\$ 2,615,962</u></u>

See accountants' report and accompanying notes to financial statements.

HANDS TOGETHER, INC.

SCHEDULES TO STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>Schedules of Earthquake Recovery Activities</u>		
REVENUE		
Earthquake recovery contributions	\$ <u>2,933,979</u>	\$ <u>-</u>
EXPENSES		
Temporary base operations	9,084	-
Water well outreach	14,390	-
Rebuilding volunteer center	124,201	-
Rebuild St. Ann - Vollel center campus	134,061	-
Becky DeWine School operations	21,082	-
Temporary shelters and classrooms	70,668	-
Mobile medical clinic unit	271,846	-
Feeding outreach	292,347	-
Vehicles & emergency equipment	65,111	-
Rebuilding main office	55,912	-
Charity Jezu recovery grants	337,758	-
Water truck outreach	11,370	-
Gonaives Diocese outreach	7,000	-
Rebuilding and repairing Becky DeWine School	286,807	-
Earthquake miscellaneous expenses	24,678	-
Logistics, storage, travel & shipping	<u>55,399</u>	<u>-</u>
Total earthquake recovery expenses	<u>1,781,714</u>	<u>-</u>
CHANGE IN NET ASSETS FROM EARTHQUAKE RECOVERY ACTIVITIES	<u>\$ 1,152,265</u>	<u>\$ -</u>

See accountants' report and accompanying notes to financial statements.

HANDS TOGETHER, INC.

SCHEDULES TO STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>Schedules of General and Administrative Expenses</u>		
Wages and salaries	\$ 146,312	\$ 134,742
Travel, food and lodging	56,059	44,001
Postage and shipping	793	1,554
Printing, publications and promotions	2,190	2,762
Dues, fees and subscriptions	2,060	1,782
Automotive expenses	5,427	6,189
Rent (Note 4)	7,200	7,200
Insurance	1,793	1,815
Telephone	3,172	2,505
Office expenses	4,853	5,267
Professional fees	13,178	12,317
Employee health & life insurance	14,313	13,373
Payroll taxes	11,735	10,180
Employee retirement plan (Note 6)	4,676	4,685
Depreciation (Note 3)	102,238	46,225
Loss on disposition of fixed assets	-	9,567
Miscellaneous	<u>6,979</u>	<u>6,379</u>
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	 <u>\$ 382,978</u>	 <u>\$ 310,543</u>

See accountants' report and accompanying notes to financial statements.