

HAND IN HAND/MANO EN MANO

FINANCIAL STATEMENTS

December 31, 2010 and 2009

HAND IN HAND/MANO EN MANO

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Hand in Hand/Mano En Mano

We have audited the accompanying statements of financial position of Hand in Hand/Mano En Mano as of December 31, 2010 and 2009, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of Hand in Hand/Mano En Mano's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 overall financial statement presentation. We believe that our audits provide 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 Hand in Hand/Mano En Mano as of December 31, 2010 and 2009, and the results of its operations and 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 audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information included in Schedule 1 is presented for the purpose of additional analysis and is 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.

A handwritten signature in black ink that reads "Otis Atwell".

Certified Public Accountants

May 2, 2011
South Portland, Maine

HAND IN HAND/MANO EN MANO
STATEMENTS OF FINANCIAL POSITION

December 31, 2010 and 2009

ASSETS

	<u>2010</u>	<u>2009</u>
CURRENT ASSETS		
Cash - Unrestricted	\$ 9,992	\$ 18,096
Cash - Restricted (Note 5)	4,258	5,735
Total Cash	14,250	23,831
Accounts Receivable - Services	9,740	-
Accounts Receivable - Donations	848	-
Accounts Receivable - Development (Note 2)	3,500	2,281
Total Current Assets	<u>28,338</u>	<u>26,112</u>
PROPERTY AND EQUIPMENT		
Land	87,553	-
Equipment	3,394	949
Construction in Progress	275,716	150,647
Total	366,663	151,596
Less Accumulated Depreciation	1,172	569
Net Property and Equipment	<u>365,491</u>	<u>151,027</u>
TOTAL ASSETS	<u><u>\$ 393,829</u></u>	<u><u>\$ 177,139</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable - Operations	\$ -	\$ 800
Accounts Payable - Construction (Note 3)	8,045	122,486
Total Current Liabilities	8,045	123,286
LONG-TERM LIABILITIES		
Predevelopment Loan (Note 2)	-	28,161
TOTAL LIABILITIES	<u>8,045</u>	<u>151,447</u>
NET ASSETS		
Unrestricted Net Assets	381,526	19,957
Temporarily Restricted Net Assets (Note 5)	4,258	5,735
TOTAL NET ASSETS	<u>385,784</u>	<u>25,692</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 393,829</u></u>	<u><u>\$ 177,139</u></u>

See accompanying notes to the financial statements.

HAND IN HAND/MANO EN MANO
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
INCOME			
Foundation Grants	\$ 55,044	\$ 2,500	\$ 57,544
Development Grant (Note 6)	359,717	-	359,717
Contributions	15,948	50	15,998
Program Service Fees	48,939	-	48,939
Miscellaneous	823	-	823
Interest	34	-	34
	<u>480,505</u>	<u>2,550</u>	<u>483,055</u>
EXPENSES			
Administrative	26,820	127	26,947
Services	73,918	3,900	77,818
Fundraising	13,166	-	13,166
Depreciation	603	-	603
Insurance	4,429	-	4,429
	<u>118,936</u>	<u>4,027</u>	<u>122,963</u>
Increase in Net Assets	361,569	(1,477)	360,092
Net Assets, Beginning of Year	<u>19,957</u>	<u>5,735</u>	<u>25,692</u>
Net Assets, End of Year	<u>\$ 381,526</u>	<u>\$ 4,258</u>	<u>\$ 385,784</u>

See accompanying notes to the financial statements.

HAND IN HAND/MANO EN MANO

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
(Continued)

For the Year Ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
INCOME			
Foundation Grants	\$ 45,600	\$ 2,000	\$ 47,600
Contributions	13,256	2,346	15,602
Program Service Fees	5,613	-	5,613
Miscellaneous	179	-	179
Interest	33	-	33
	<u>64,681</u>	<u>4,346</u>	<u>69,027</u>
EXPENSES			
Administrative	26,060	673	26,733
Services	32,881	4,700	37,581
Fundraising	9,500	-	9,500
Depreciation	190	-	190
Insurance	1,607	-	1,607
	<u>70,238</u>	<u>5,373</u>	<u>75,611</u>
Decrease in Net Assets	(5,557)	(1,027)	(6,584)
Net Assets, Beginning of Year	<u>25,514</u>	<u>6,762</u>	<u>32,276</u>
Net Assets, End of Year	<u>\$ 19,957</u>	<u>\$ 5,735</u>	<u>\$ 25,692</u>

See accompanying notes to the financial statements.

HAND IN HAND/MANO EN MANO

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities:		
Increase (Decrease) in Net Assets	\$ 360,092	\$ (6,584)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	603	190
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(11,807)	(2,281)
Accounts Payable	<u>(800)</u>	<u>800</u>
Net Cash Provided (Used) by Operating Activities	<u>348,088</u>	<u>(7,875)</u>
Cash Flows from Investing Activities:		
Purchases of Property and Equipment	<u>(329,508)</u>	<u>(28,161)</u>
Net Cash Used by Investing Activities	<u>(329,508)</u>	<u>(28,161)</u>
Cash Flows from Financing Activities:		
Repayment of Debt	(52,285)	-
Loan Proceeds	<u>24,124</u>	<u>28,161</u>
Net Cash Provided (Used) by Financing Activities	<u>(28,161)</u>	<u>28,161</u>
Net Decrease in Cash	(9,581)	(7,875)
Cash at Beginning of Year	<u>23,831</u>	<u>31,706</u>
Cash at End of Year	<u>\$ 14,250</u>	<u>\$ 23,831</u>

See accompanying notes to the financial statements.

HAND IN HAND/MANO EN MANO
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Hand in Hand/Mano En Mano is a not-for-profit organization established to build a stronger community in Downeast Maine by working with diverse populations to provide affordable housing and educational opportunities, remove barriers to health and social services and advocate for social justice.

Method of Accounting - The financial statements of the organization are prepared on the accrual basis of accounting, and include only those assets, liabilities and results of operations which relate to Hand in Hand/Mano En Mano.

Fixed Assets - Fixed assets are stated at cost and are being depreciated using the straight-line method over their estimated useful lives. Repairs and maintenance are expensed and renewals are capitalized as incurred. When assets are retired or disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are reflected in income.

Income Taxes - No provision for taxes on income is made in the organization's financial statements since the organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

Cash - For purposes of reporting cash flows, cash includes cash on hand and amounts due from banks.

Grants and Contributions - Grants and contributions received are recorded as unrestricted, temporarily restricted or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events - Subsequent events have been evaluated through May 2, 2011, the date the financial statements were available to be issued.

HAND IN HAND/MANO EN MANO

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 2 - NOTE PAYABLE

During 2009, the Organization executed a predevelopment loan with MaineHousing. Under the terms of the loan agreement, MaineHousing agreed to advance up to \$60,000 for certain predevelopment costs associated with the development of an affordable housing project. At December 31, 2009, \$28,161 of loan funds had been advanced. During 2010, the loan was repaid from USDA-RD grant proceeds. Due to a clerical error on the part of MaineHousing, the outstanding loan balance was overpaid by \$3,500. At December 31, 2010, \$3,500 was due from MaineHousing.

NOTE 3 - ACCOUNTS PAYABLE - CONSTRUCTION

During 2009, the Organization began to develop a low income housing project. At December 31, 2010 and 2009, construction costs payable totaled \$8,045 and \$122,486, respectively.

NOTE 4 - FUNCTIONAL EXPENSES

The costs of providing the program are summarized on a functional basis as follows:

	2010	2009
Program Services		
Program Expenses	\$ 82,850	\$ 39,378
Supporting Services		
General and Administrative	26,947	26,733
Fundraising	13,166	9,500
	<u>\$ 122,963</u>	<u>\$ 75,611</u>

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporary restrictions on net assets at December 31, 2010 and 2009 are related to funds raised from various sources which are to be used to provide educational assistance to local individuals. At December 31, 2010 and 2009, the Organization had \$4,258 and \$5,735, respectively, of cash on hand which could only be used for scholarships.

NOTE 6 - DEVELOPMENT GRANT

During 2010, the Organization executed a grant agreement with USDA, Rural Development which provides up to \$1,005,722 of funds to be used for the development of an affordable housing project. At December 31, 2010, \$359,717 of funds had been advanced under the grant.

ADDITIONAL INFORMATION

HAND IN HAND/MANO EN MANO

SCHEDULE OF EXPENSES

For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ADMINISTRATIVE		
Advertising	\$ 320	\$ 1,272
Travel and Conferences	572	1,980
Accounting	1,997	846
Professional Fees	-	862
Information Technology	2,388	1,161
Wages	17,258	14,511
Payroll Taxes and Benefits	2,710	1,323
Dues and Subscriptions	125	385
Office Rent	-	2,400
Office Utilities	443	615
Other	1,134	1,378
	<u>26,947</u>	<u>26,733</u>
PROGRAM SERVICES		
Advertising	82	-
Travel and Conferences	9,652	-
Information Technology	940	-
Scholarships	3,900	2,000
Wages	47,498	17,887
Payroll Taxes and Benefits	3,982	1,631
Dues and Subscriptions	350	-
Contract Labor	9,800	7,733
Other	1,614	8,330
	<u>77,818</u>	<u>37,581</u>
FUNDRAISING		
Advertising	1,043	-
Travel	44	-
Wages	10,354	8,707
Payroll Taxes and Benefits	1,626	793
Dues	25	-
Other	74	-
	<u>13,166</u>	<u>9,500</u>
DEPRECIATION		
	<u>603</u>	<u>190</u>
INSURANCE		
	<u>4,429</u>	<u>1,607</u>
Total Expenses	<u>\$ 122,963</u>	<u>\$ 75,611</u>