



HAND IN HAND/MANO EN MANO

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY SCHEDULES

With Independent Auditors' Report

DECEMBER 31, 2020 AND 2019



HAND IN HAND/MANO EN MANO

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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To the Board of Directors
Hand in Hand/Mano en Mano:

Report on the Financial Statements

We have audited the accompanying financial statements of Hand in Hand/Mano en Mano (the Organization) which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, 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.

Auditors' Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 auditors' 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 auditors consider 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.

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, 2020 and 2019, and its changes in net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards and Schedule of Expenditures of Department Agreements are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *Maine Uniform Accounting and Auditing Practices Act for Community Agencies* (MAAP IV), respectively, and are 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Albin, Kershall & Bennett

September 21, 2021

HAND IN HAND/MANO EN MANO
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

ASSETS	<u>2020</u>	<u>2019</u>
CURRENT ASSETS:		
Cash	\$ 1,022,325	107,509
Restricted reserve funds	107,664	89,833
Tenant security deposits	3,063	3,317
Accounts receivable	378,370	138,477
Prepaid expenses	<u>7,729</u>	<u>13,906</u>
Total current assets	<u>1,519,151</u>	<u>353,042</u>
PROPERTY AND EQUIPMENT:		
Land	87,553	87,553
Land improvements	23,702	23,702
Building	1,181,501	1,181,501
Furniture and fixtures	28,716	28,716
Vehicles	<u>43,527</u>	<u>18,527</u>
	1,364,999	1,339,999
Less accumulated depreciation	<u>328,405</u>	<u>289,855</u>
Net property and equipment	<u>1,036,594</u>	<u>1,050,144</u>
OTHER ASSET - Security deposits	<u>2,500</u>	<u>2,500</u>
	<u>\$ 2,558,245</u>	<u>1,405,686</u>

See accompanying notes to financial statements.

LIABILITIES AND NET ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 7,746	7,568
Accounts payable	32,636	29,758
Accrued expenses	52,146	25,518
Tenant security deposits	<u>3,063</u>	<u>3,317</u>
Total current liabilities	<u>95,591</u>	<u>66,161</u>
LONG-TERM DEBT, net of current portion	<u>192,848</u>	<u>200,594</u>
NET ASSETS:		
Net assets without donor restrictions	1,171,523	1,051,780
Net assets with donor restrictions	<u>1,098,283</u>	<u>87,151</u>
Total net assets	<u>2,269,806</u>	<u>1,138,931</u>
	<u>\$ 2,558,245</u>	<u>1,405,686</u>

HAND IN HAND/MANO EN MANO
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2020

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Totals</u>
PUBLIC SUPPORT, PROGRAM SERVICES, AND REVENUE:			
Public support:			
Grants	\$ 190,025	1,443,610	1,633,635
Contributions	<u>46,408</u>	<u>216,509</u>	<u>262,917</u>
Total public support	<u>236,433</u>	<u>1,660,119</u>	<u>1,896,552</u>
Program services:			
Access and advocacy	15,049	-	15,049
Migrant education	768,950	-	768,950
Housing	86,872	-	86,872
COVID-19	383,388	-	383,388
Fiscal sponsorships	<u>-</u>	<u>247,926</u>	<u>247,926</u>
Total program services	<u>1,254,259</u>	<u>247,926</u>	<u>1,502,185</u>
Revenue:			
Interest income	1,925	-	1,925
Other revenue	18,783	-	18,783
PPP loan forgiveness income	<u>151,142</u>	<u>-</u>	<u>151,142</u>
Total revenue	171,850	-	171,850
Net assets released by satisfaction of program restrictions	<u>896,913</u>	<u>(896,913)</u>	<u>-</u>
Total public support, program services, and revenue	<u>2,559,455</u>	<u>1,011,132</u>	<u>3,570,587</u>
EXPENSES:			
Program services	2,077,908	-	2,077,908
Management and general	347,685	-	347,685
Fundraising	<u>14,119</u>	<u>-</u>	<u>14,119</u>
Total expenses	<u>2,439,712</u>	<u>-</u>	<u>2,439,712</u>
Change in net assets	119,743	1,011,132	1,130,875
Net assets at beginning of year	<u>1,051,780</u>	<u>87,151</u>	<u>1,138,931</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,171,523</u>	<u>1,098,283</u>	<u>2,269,806</u>

See accompanying notes to financial statements.

HAND IN HAND/MANO EN MANO
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2019

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Totals</u>
PUBLIC SUPPORT, PROGRAM SERVICES, AND REVENUE:			
Public support:			
Grants	\$ 83,293	180,000	263,293
Contributions	<u>29,428</u>	<u>25,081</u>	<u>54,509</u>
Total public support	<u>112,721</u>	<u>205,081</u>	<u>317,802</u>
Program services:			
Migrant Education	903,640	-	903,640
Housing	<u>91,214</u>	<u>-</u>	<u>91,214</u>
Total program services	<u>994,854</u>	<u>-</u>	<u>994,854</u>
Revenue:			
Interest income	481	-	481
Other revenue	<u>12,895</u>	<u>-</u>	<u>12,895</u>
Total revenue	13,376	-	13,376
Net assets released by satisfaction of program restrictions	<u>138,937</u>	<u>(138,937)</u>	<u>-</u>
Total public support, program services, and revenue	<u>1,259,888</u>	<u>66,144</u>	<u>1,326,032</u>
EXPENSES:			
Program services	1,061,375	-	1,061,375
Management and general	231,231	-	231,231
Fundraising	<u>21,086</u>	<u>-</u>	<u>21,086</u>
Total expenses	<u>1,313,692</u>	<u>-</u>	<u>1,313,692</u>
Change in net assets	(53,804)	66,144	12,340
Net assets at beginning of year	<u>1,105,584</u>	<u>21,007</u>	<u>1,126,591</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,051,780</u>	<u>87,151</u>	<u>1,138,931</u>

See accompanying notes to financial statements.

HAND IN HAND/MANO EN MANO
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program Services						Support Services			
	Access and advocacy	Migrant education	Housing	COVID-19 community programs	Presente Maine	TREE	Total	Management and general	Fundraising	Total
Salaries and wages	\$ 140,392	363,064	11,889	221,948	84,529	53,295	875,117	89,917	7,413	972,447
Payroll Taxes	10,727	27,740	908	16,958	6,458	4,072	66,863	6,871	566	74,300
Employee benefits	24,301	64,747	2,520	8,547	6,799	5,702	112,616	16,188	1,079	129,883
Total personnel	175,420	455,551	15,317	247,453	97,786	63,069	1,054,596	112,976	9,058	1,176,630
Advertising	-	-	544	-	-	-	544	45	75	664
Community member grants	16,463	-	-	446,358	1,203	-	464,024	-	-	464,024
Depreciation	-	-	33,595	-	1,853	-	35,448	3,102	-	38,550
Information technology	1,605	15,649	2,532	4,434	1,118	2,898	28,236	22,783	-	51,019
Insurance	-	-	2,902	-	330	-	3,232	7,581	-	10,813
Interest	-	-	4,537	-	-	-	4,537	531	-	5,068
Occupancy	-	16,295	40,455	-	-	-	56,750	55,857	-	112,607
Office	452	4,042	471	2,586	166	-	7,717	17,281	3,329	28,327
Other program expenses	9,965	19,575	-	7,712	85,444	2,301	124,997	1,048	375	126,420
Legal and accounting	-	3,200	10,186	-	-	-	13,386	85,611	-	98,997
Professional and outside services	6,649	35,815	17,703	-	8,125	38,700	106,992	25,134	450	132,576
Supplies	729	57,767	-	13,020	7,945	7,489	86,950	471	-	87,421
Travel	9,184	38,538	753	36,307	1,136	755	86,673	8,569	278	95,520
Bad debt	-	-	1,620	-	-	-	1,620	-	-	1,620
In-kind expenses	-	-	-	-	-	-	-	4,862	-	4,862
Miscellaneous	380	1,732	44	-	50	-	2,206	1,834	554	4,594
Total other expenses	45,427	192,613	115,342	510,417	107,370	52,143	1,023,312	234,709	5,061	1,263,082
Total functional expenses	\$ 220,847	648,164	130,659	757,870	205,156	115,212	2,077,908	347,685	14,119	2,439,712

See accompanying notes to financial statements.

HAND IN HAND/MANO EN MANO
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Program Services			Support Services			
	Access and Advocacy	Migrant education	Housing	Total	Management and general	Fundraising	Total
Salaries and wages	\$ 109,251	410,634	-	519,885	44,279	10,867	575,031
Payroll taxes	8,880	33,250	-	42,130	3,600	883	46,613
Employee benefits	25,694	82,593	-	108,287	9,505	2,117	119,909
Total personnel	<u>143,825</u>	<u>526,477</u>	<u>-</u>	<u>670,302</u>	<u>57,384</u>	<u>13,867</u>	<u>741,553</u>
Advertising	-	1,000	320	1,320	-	-	1,320
Community member grants	18,750	-	-	18,750	-	-	18,750
Depreciation	-	-	37,160	37,160	-	-	37,160
Information technology	1,805	15,337	323	17,465	15,494	2,400	35,359
Insurance	-	-	2,832	2,832	5,623	-	8,455
Interest	-	-	4,692	4,692	1,498	-	6,190
Legal and accounting fees	-	8,204	1,063	9,267	54,644	-	63,911
Occupancy	1,626	32,749	48,778	83,153	37,326	825	121,304
Office	795	2,722	536	4,053	6,424	951	11,428
Other program expenses	3,449	9,953	-	13,402	2,775	-	16,177
Professional and outside services	8,303	52,342	8,232	68,877	31,273	753	100,903
Supplies	10,948	31,405	-	42,353	11,679	-	54,032
Travel	14,489	65,610	509	80,608	4,405	1,030	86,043
Bad debt	760	-	22	782	-	-	782
In-kind expenses	-	-	-	-	-	480	480
Miscellaneous	77	6,238	44	6,359	2,706	780	9,845
Total other expenses	<u>61,002</u>	<u>225,560</u>	<u>104,511</u>	<u>391,073</u>	<u>173,847</u>	<u>7,219</u>	<u>572,139</u>
Total functional expenses	<u>\$ 204,827</u>	<u>752,037</u>	<u>104,511</u>	<u>1,061,375</u>	<u>231,231</u>	<u>21,086</u>	<u>1,313,692</u>

See accompanying notes to financial statements.

HAND IN HAND/MANO EN MANO
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES:		
Change in net assets	\$ 1,130,875	12,340
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	38,550	37,160
Changes in operating assets and liabilities:		
Accounts receivable	(239,893)	(17,836)
Prepaid expenses	6,177	4,943
Accounts payable	2,878	23,124
Accrued expenses	26,628	2,579
Tenant security deposits	<u>(254)</u>	<u>68</u>
Net cash provided by operating activities	<u>964,961</u>	<u>62,378</u>
INVESTING ACTIVITY - Purchases of property and equipment	<u>(25,000)</u>	<u>(2,952)</u>
FINANCING ACTIVITY - Repayment of long-term debt	<u>(7,568)</u>	<u>(7,413)</u>
Increase in cash and restricted cash	932,393	52,013
Cash and restricted cash at beginning of year	<u>200,659</u>	<u>148,646</u>
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 1,133,052</u>	<u>200,659</u>
COMPOSITION OF CASH AND RESTRICTED CASH AT END OF YEAR:		
Cash	\$ 1,022,325	107,509
Restricted reserve funds	107,664	89,833
Tenant security deposits	<u>3,063</u>	<u>3,317</u>
	<u>\$ 1,133,052</u>	<u>200,659</u>

See accompanying notes to financial statements.

HAND IN HAND/MANO EN MANO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the organization - Hand in Hand/Mano en Mano (the Organization) was established in 2005 to work with immigrants and farmworkers so that they may settle and thrive in Maine. The Organization's vision is a stronger more inclusive Downeast Maine where the contributions of diverse communities are welcomed, access to essential services, education and housing are ensured, and social justice and equity are embraced.

In November 2020, the Organization established a single-member limited liability company (LLC) under the name Welcome Home Downeast, LLC, for the purpose of continuing the program objectives of the Welcome Home Downeast initiative. This subsidiary will be renovating or building between 6 to 8 homes in Downeast Maine and providing migrant families the opportunity to rent or rent-to-own these homes. There was no significant activity related to the LLC as of December 31, 2020.

Basis of accounting - The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Financial statement presentation - Under U.S. GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization or by the passage of time or that require net assets to be maintained permanently by the Organization.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounts receivable - Accounts receivable are reported at the amount management expects to collect on balances outstanding at year-end. The Organization determines its past due receivables based on contractual terms and generally does not assess finance charges on past due receivables. The Organization uses the allowance method of accounting for doubtful accounts. Losses are charged to the allowance when considered uncollectible. All accounts receivable are considered collectible at December 31, 2020 and 2019.

HAND IN HAND/MANO EN MANO
NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Paycheck Protection Program loan - Paycheck Protection Program (PPP) loan proceeds were recognized as a current deferred income liability as analogous to International Accounting Standard 20, Accounting for Governmental Grants and Disclosures of Governmental Assistance. The liability is reduced and income recognized ratably as related forgivable costs are incurred and it is reasonably assured that the conditions for forgiveness are met. The Organization used the proceeds for purposes consistent with the PPP and recognized the full income during the year ended December 31, 2020 in the accompanying statement of activities and changes in net assets. The Organization received full forgiveness from the Small Business Administration in November 2020.

Property and equipment - Property and equipment are recorded at cost. Donated property is recorded at fair market value on the date received. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets.

Contributions - Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets, other than cash, are recorded at their estimated fair value.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net assets with donor restrictions class, and a reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions.

During 2019, the Organization was awarded a multi-year conditional contribution totaling \$250,000. The Organization received \$75,000 in 2019 and \$50,000 in 2020, with \$125,000 to be received in 2021, dependent upon the satisfaction of certain donor-imposed conditions related to the Welcome Initiative project. The remaining conditional contribution amounts will not be recognized as revenue until the donor-imposed conditions have been met.

Revenue recognition - Effective January 1, 2019, the Organization adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), which amends the accounting guidance for revenue recognition. The Organization applied Topic 606 using the modified retrospective transition method; however, because adoption of the standard did not change the timing or amount of the Organization's recognition of revenue, there was no adjustment to net assets as part of the adoption of the new standard.

HAND IN HAND/MANO EN MANO
NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Revenue recognition, continued - In conjunction with ASU 2014-09, the Organization adopted ASU 2018-08, *Not-for-Profit Entities* (Topic 958), which clarifies the accounting guidance for contributions. The Organization applied ASU 2018-08 using the modified prospective approach; however, because adoption of the standard did not change the timing or amount of the Organization's recognition of revenue, there was no adjustment required as part of the adoption of the new standard.

The Organization derives its revenues primarily from public support and non-exchange government grants. Its program services revenues are primarily related to translation and interpretation services provided to clients. The Organization has established billing rates for its interpreting and translation services, which are recognized at a point in time when the services are performed, at the amount expected to be collected from the client. The Organization does not have any significant financing components as payment is received at or shortly after services are performed.

Tax-exempt status - The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

Uncertain tax positions - U.S. GAAP prescribes a comprehensive model for how a company should measure, recognize, present, and disclose in its financial statements uncertain tax positions that the Organization has taken or expects to take on a tax return. The Organization recognizes the tax benefits from uncertain tax positions if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position.

Functional allocation of expenses - The costs of providing the various program services have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services. Payroll and related taxes and benefits are allocated based on the amount of time spent by program and support function. Depreciation is allocated based on the usage of the underlying asset. Rent and occupancy expenses are primarily allocated to management and general except for certain occupancy expenses which relate exclusively to the delivery of a service. If the space is shared, the amount allocated is based on a percentage of staff time spent by program and support function.

Reclassifications - The financial statement presentation for 2019 has been changed to conform with the 2020 presentation. Total net assets and changes in net assets are unchanged as a result of the reclassifications.

HAND IN HAND/MANO EN MANO
NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Subsequent events - The Organization has evaluated events, if any, that have occurred subsequent to December 31, 2020, through September 21, 2021, the date the financial statements were available to be issued, and included information in the notes to the financial statements related to any identifiable events, if necessary. As disclosed in Note 12, the Organization's subsidiary issued debt securities under subscription agreements subsequent to year end.

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available for general expenditure within one year of the statement of financial position date are as follows:

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,022,325	107,509
Accounts receivable	378,370	138,477
Less: cash and accounts receivable with donor restriction	<u>(1,098,283)</u>	<u>(87,151)</u>
	<u>\$ 302,412</u>	<u>158,835</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$350,000, as more fully described in Note 3, which the Organization could draw upon in the event of an unanticipated liquidity need.

3. LINE OF CREDIT

The Organization maintains a line of credit with Machias Savings Bank with maximum borrowings of \$350,000, which expires in March 2022. The line bears interest at .50% above the *Wall Street Journal* prime rate, 3.75% at December 31, 2020. The line is secured by all business assets with a carrying value of \$2,558,245 at December 31, 2020. No amounts were advanced on the line of credit at December 31, 2020 and 2019.

HAND IN HAND/MANO EN MANO
NOTES TO FINANCIAL STATEMENTS, CONTINUED

4. LONG-TERM DEBT

Long-term debt consists of the following:

	<u>2020</u>	<u>2019</u>
Mortgage payable to USDA - Rural Development due in monthly principal and interest installments of \$532 through March 2044. The interest rate is fixed at 1.00%. The mortgage is secured by real estate and related assets with a carrying value of \$1,150,068 at December 31, 2020.	\$ 132,311	137,340
Note payable to Machias Savings Bank due in monthly principal and interest installments of \$477 through March 2038. The interest rate is fixed at 4.50%. The note is secured by real estate with a carrying value of \$1,006,360 at December 31, 2020.	<u>68,283</u>	<u>70,822</u>
	<u>200,594</u>	<u>208,162</u>
Less current portion	<u>7,746</u>	<u>7,568</u>
Net long-term debt	<u>\$ 192,848</u>	<u>200,594</u>

Future maturities of long-term debt are as follows:

2021	\$ 7,746
2022	7,921
2023	8,103
2024	8,272
2025	8,486
Thereafter	<u>160,066</u>
	<u>\$ 200,594</u>

The mortgage payable with USDA - Rural Development and the note payable to Machias Savings Bank are cross-collateralized and cross-defaulted.

HAND IN HAND/MANO EN MANO
NOTES TO FINANCIAL STATEMENTS, CONTINUED

5. RESTRICTION ON USE OF NET ASSETS

Net assets with donor restrictions are restricted to:

	<u>2020</u>	<u>2019</u>
Housing Fund	\$ 495,251	-
Presente Maine	299,407	5,500
Time Restricted Gift	100,000	-
Welcome Initiative	88,118	69,015
TREE	65,507	-
Access to Essential Services	50,000	6,250
Racial Equity	-	5,119
Community Survey Project	-	1,267
	-	1,267
Total net assets with donor restrictions	\$ 1,098,283	87,151

6. RENTAL ASSISTANCE AGREEMENT

The Organization owns and operates an apartment building that houses six families in which one or more member of the household earns a majority of their income from agriculture or aquaculture. The Organization has entered into a rental assistance agreement with USDA - Rural Development which provides payments to owners of USDA-financed Farm Labor Housing projects on behalf of low-income tenants unable to pay their full rent. The Organization received rental subsidies in the amount of \$57,775 and \$53,510 for the years ended December 31, 2020 and 2019, respectively.

7. EMPLOYEE BENEFIT PLAN

The Organization sponsors a Safe Harbor 401(k) plan (the Plan). For each calendar year, the Organization will contribute a matching contribution for each eligible employee's Safe Harbor 401(k) equal to the employee's salary reduction contribution up to 6% of the employee's compensation.

Total contributions to the Plan were approximately \$20,000 and \$25,100 for the years ended December 31, 2020 and 2019, respectively.

8. CONCENTRATIONS OF CREDIT RISK

The Organization's financial instruments exposed to concentration of credit risk consist primarily of cash and accounts receivable.

The Organization maintains cash balances with a bank that is a member of the Federal Deposit Insurance Corporation (FDIC) up to a maximum amount of \$250,000. At times, the Organization maintains cash balances with financial institutions in excess of amounts federally insured. Management does not believe it is exposed to significant risk with respect to cash balances.

HAND IN HAND/MANO EN MANO
NOTES TO FINANCIAL STATEMENTS, CONTINUED

8. CONCENTRATIONS OF CREDIT RISK, CONTINUED

Approximately 35% and 67% of the Organization's total public support, program services, and revenue was received under agreements with the State of Maine for the years ended December 31, 2020 and 2019, respectively. Accounts receivable attributed to the State of Maine totaled \$171,051 and \$135,499 at December 31, 2020 and 2019, respectively.

9. COMMITMENTS

Restricted reserve funds - The Organization is required to fund a replacement reserve account for expected future costs for its apartment building in the amount of \$1,375 per month. In addition, the Organization funds a tax and insurance reserve account.

Operating lease commitments - The Organization leases property and equipment from unrelated parties under lease agreements that expire from 2021 through 2028 with various options for renewal. Total rent expense was \$68,756 and \$40,963 for the years ended December 31, 2020 and 2019, respectively. The Organization is responsible for utilities and routine maintenance.

Future minimum lease obligations on the operating leases are as follows:

2021	\$ 41,042
2022	32,092
2023	32,092
2024	26,773
2025	25,000
Thereafter	<u>75,000</u>
	<u>\$ 231,999</u>

Service agreement - On May 31, 2019, the Organization entered into a cancelable agreement with an unrelated third party to contract for certain financial management, compliance, and booking services. The term of the agreement is June 1, 2019, through December 31, 2020. The Organization is responsible for monthly payments based on hours and mileage billed, not to exceed \$18,700 per quarter between June 1, 2019, and December 31, 2019, and not to exceed \$20,000 per quarter between January 1, 2020, and December 31, 2020. The agreement was terminated on June 30, 2020.

HAND IN HAND/MANO EN MANO
NOTES TO FINANCIAL STATEMENTS, CONTINUED

10. FISCAL SPONSORSHIP

The Organization acts as fiscal sponsor to two groups, which engage in activities that are consistent with the Organization's mission. The Organization accepts tax-deductible donations on behalf of fiscally sponsored groups and administers the expenditures of those funds for designated tax-exempt charitable purposes. Fiscal sponsorship support is offered to community groups on a case by case basis, in situations in which there is no appropriate community-based 501(c)(3) organization that could otherwise act as fiscal sponsor.

The following is a summary of fiscal sponsorship activity:

<u>Presente Maine</u>	<u>2020</u>	<u>2019</u>
Fiscal sponsorship included as part of net assets with donor restrictions, beginning of year	\$ 5,500	-
Add: net assets with donor restricted revenue for fiscal sponsorship	512,703	5,500
Less: net assets released from restrictions for fiscal sponsorship	<u>(218,796)</u>	<u>-</u>
 Fiscal sponsorship included as part of net asset with donor restrictions, end of year	 <u>\$ 299,407</u>	 <u>5,500</u>
 <u>TREE (Transforming Rural Experiences in Education)</u>	 <u>2020</u>	 <u>2019</u>
Fiscal sponsorship included as part of net assets with donor restrictions, beginning of year	\$ -	-
Add: net assets with donor restricted revenue for fiscal sponsorship	182,630	-
Less: net assets released from restrictions for fiscal sponsorship	<u>(117,123)</u>	<u>-</u>
 Fiscal sponsorship included as part of net asset with donor restrictions, end of year	 <u>\$ 65,507</u>	 <u>-</u>

11. UNCERTAIN CONDITIONS

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Organization's business and financial results will depend on future developments, including the duration and spread of the outbreak within the market in which the Organization operates and the related impact on consumer confidence and spending, all of which are highly uncertain.

HAND IN HAND/MANO EN MANO
NOTES TO FINANCIAL STATEMENTS, CONTINUED

12. SUBSEQUENT EVENTS

Subsequent to year end, the Organization's subsidiary, Welcome Home Downeast, LLC, registered \$1,000,000 of debt securities with the SEC to be sold to qualified investors over the course of one year. In May 2021, \$250,000 of these securities were sold with a five year term, including simple interest at 1.0%.

13. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	<u>2020</u>	<u>2019</u>
Cash paid for interest	\$ <u>5,068</u>	<u>6,190</u>

HAND IN HAND/MANO EN MANO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020

<u>Federal Grantor/Program Title</u>	<u>Federal assistance listing number</u>	<u>Pass-through entity identifying number</u>	<u>Federal expenditures</u>
U.S. Department of Agriculture:			
Rural Rental Housing Loans (direct)	10.415		\$ 137,340
Rent Subsidy (direct)	10.427		57,775
Child Nutrition Cluster - National School Lunch Program (passed through Maine Department of Education)	10.555	none	<u>939</u>
Total U.S. Department of Agriculture			<u>196,054</u>
U.S. Department of Education:			
Migrant Education - State Formula Grant (passed through Maine Department of Education)	84.011	20200114*2077	688,323
	84.011	2019*2064	<u>79,688</u>
Total U.S. Department of Education			<u>768,011</u>
U.S. Department of Health and Human Services:			
Mental Health Disaster Assistance and Emergency Mental Health (passed through Maine DHHS) COVID-19	93.982	MH4-21-102A	52,554
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (passed through Maine DHHS/Catholic Charities) COVID-19	93.323	none	<u>9,281</u>
Total U.S. Department of Health and Human Services			<u>61,835</u>
U.S. Department of Homeland Security - Federal Emergency Management Agency (FEMA):			
Crisis Counseling (passed through Maine DHHS) COVID-19	97.032	none	24,511
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (passed through Maine State Housing Authority) COVID-19	97.036	none	<u>299,106</u>
Total U.S. Department of Homeland Security - FEMA			<u>323,617</u>
Total expenditures of federal awards			<u>\$ 1,349,517</u>

See accompanying notes to schedule of expenditures of federal awards.

HAND IN HAND/MANO EN MANO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the SEFA) includes the federal award activity of the Organization under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended and does not present the financial position, changes in net assets, or cash flows of the Organization.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

INDIRECT COST RATE

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

LOAN GUARANTEE PROGRAM

The outstanding balance on the U.S. Department of Agriculture Rural Rental Housing Loan was \$132,311 at December 31, 2020.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Hand in Hand/Mano en Mano:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hand in Hand/Mano en Mano (the Organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses; however, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts; however, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that is required to be reported under *Government Auditing Standards*.

Organization's Response to Findings

The Organization's response to findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Albin, Ransdell & Bennett

September 21, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Hand in Hand/Mano en Mano:

Report on Compliance for Each Major Federal Program

We have audited Hand in Hand/Mano en Mano's (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2020. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program; however, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-01. Our opinion on each major federal program is not modified with respect to this matter.

The Organization's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-01, that we consider to be a significant deficiency.

The Organization's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Albin, Ransdall & Bennett

September 21, 2021

HAND IN HAND/MANO EN MANO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial statements:

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified
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Internal control over financial reporting:

Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

Federal awards:

Internal control over major programs:

Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes

Type of auditors' report issued on compliance for major federal programs.	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	Yes
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Identification of major federal programs:

Assistance Listing Number(s) Name of Federal Program or Cluster

84.011	Migrant Education - State Formula Grant
97.036	Disaster Grants - Public Assistance
(Presidentially Declared Disasters)	

Dollar threshold used to distinguish between Type A and Type B programs.	\$750,000
Auditee qualified as low-risk auditee?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

HAND IN HAND/MANO EN MANO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2020-001

Department of Homeland Security, Disaster Grants - Public Assistance (Presidentially Declared Disasters) - ALN 97.036 (passed through Maine State Housing Authority); agreement periods August 2, 2020 - September 12, 2020, and October 17, 2020 - November 30, 2020.

Criteria: Title 2 U.S. *Code of Federal Regulations* Part 200, Appendix XI requires sub-recipients of large projects to make an accounting to the state and in submitting the accounting, the organization is required to certify that the reported costs were incurred in performance of eligible work, that the approved work was completed, that the project is in compliance with the provisions of FEMA-State Agreement, all grant conditions were met, and that payments for the project were made in accordance with the applicable payment provisions.

Condition: The Organization provided no such certifications.

Cause: Source of funds unknown at the time of the award.

Questioned Costs: None.

Effect: Noncompliance with federal funding requirement.

Auditors' Recommendation: We recommend that the Organization implement adequate controls to ensure compliance with all funding requirements from award inception through funding close out.

Auditee response: This project has ended and the pass-through entity does not require any corrections to the previously-submitted accounting, which was ultimately approved by FEMA within the Year Ended December 31, 2020. The Organization will make the required certification for any future awards or sub-awards. In addition, the Organization will identify future awards and sub-awards by assistance listing number (ALN) to ensure compliance with applicable requirements.

See accompanying notes to financial statements.

HAND IN HAND/MANO EN MANO
 SCHEDULE OF EXPENDITURES OF DEPARTMENT AGREEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

Department office of Maine DHHS	Agreement number	Agreement amount	Agreement period	Agreement service	Agreement status	ALN	Federal expenses	State expenses	Total
Maine OFI	OFI-21-2012	\$ 110,912	08/01/2020 - 01/31/2021	Health Equity Improvement Initiative	Interim		\$ 88,730	-	88,730
Maine OBH	MH4-21-102A	\$ 241,040	07/01/2020 - 06/30/2021	Community Health Outreach	Interim	93.982 97.032	52,554 24,511	11,532 -	64,086 24,511
Total Maine OBH							<u>77,065</u>	<u>11,532</u>	<u>88,597</u>
Total Direct from DHHS							<u>165,795</u>	<u>11,532</u>	<u>177,327</u>
Maine CDC - Catholic Charities	N/A	\$ 24,715	06/01/2020 - 1/31/2021	COVID-19 Social Supports	Interim	21.019 93.323	13,219 9,281	- -	13,219 9,281
Total Indirect from DHHS (Maine CDC - Catholic Charities)							<u>22,500</u>	<u>-</u>	<u>22,500</u>
Total DHHS							<u>\$ 188,295</u>	<u>11,532</u>	<u>199,827</u>

Disclosures: Is your agency required to have a federal audit in accordance with 2 CFR section 200.501? Yes No

HAND IN HAND/MANO EN MANO
NOTES TO SCHEDULE OF EXPENDITURES OF DEPARTMENT AGREEMENTS
DECEMBER 31, 2020

BASIS OF PRESENTATION

The accompanying schedule of expenditures of department agreements is presented for the purposes of complying with the reporting requirements under *Maine Uniform Accounting and Auditing Practices for Community Agencies* (MAAP IV). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended and does not present the financial position, changes in net assets, or cash flows of the Organization.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of department agreements are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and MAAP IV, wherein certain types of expenditures are not allowable or are limited as to reimbursement.