

HAND IN HAND/MANO EN MANO

FINANCIAL STATEMENTS

December 31, 2009

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Hand in Hand/Mano En Mano

We have audited the accompanying statement of financial position of Hand in Hand/Mano En Mano as of December 31, 2009, and the related statements of activities and cash flows for the year 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 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 overall 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 Hand in Hand/Mano En Mano as of December 31, 2009, and the changes in its net assets and its cash flows for the year 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 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.



Certified Public Accountants

August 20, 2010
South Portland, Maine

HAND IN HAND/MANO EN MANO
STATEMENT OF FINANCIAL POSITION

December 31, 2009

ASSETS

CURRENT ASSETS	
Cash - Unrestricted	\$ 18,096
Cash - Restricted (Note 5)	<u>5,735</u>
Total Cash	23,831
Development Receivables	<u>2,281</u>
Total Current Assets	<u>26,112</u>
PROPERTY AND EQUIPMENT	
Equipment	949
Construction in Progress	<u>150,647</u>
Total	151,596
Less Accumulated Depreciation	<u>569</u>
Net Property and Equipment	<u>151,027</u>
TOTAL ASSETS	<u><u>\$ 177,139</u></u>

LIABILITIES AND NET ASSETS

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

See accompanying notes to the financial statements.

HAND IN HAND/MANO EN MANO

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
INCOME			
Grants	\$ 35,350	\$ 12,250	\$ 47,600
Contributions	13,256	2,346	15,602
Program Service Fees	5,613	-	5,613
Miscellaneous Income	179	-	179
Interest Income	33	-	33
	<u>54,431</u>	<u>14,596</u>	<u>69,027</u>
EXPENSES			
Administrative	19,810	6,332	26,142
Services	26,659	9,291	35,950
Occupancy	3,015	-	3,015
Fundraising	8,707	-	8,707
Depreciation	190	-	190
Insurance	1,607	-	1,607
	<u>59,988</u>	<u>15,623</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

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2009

Cash Flows from Operating Activities:	
Decrease in Net Assets	\$ (6,584)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Used for Operating Activities:	
Depreciation	190
Changes in Operating Assets and Liabilities:	
Accounts Receivable	(2,281)
Accounts Payable	800
Net Cash Used for Operating Activities	<u>(7,875)</u>
Cash Flows from Investing Activities:	
Purchases of Property and Equipment	<u>(28,161)</u>
Net Cash Used by Investing Activities	<u>(28,161)</u>
Cash Flows from Financing Activities:	
Loan Proceeds	<u>28,161</u>
Net Cash Provided by Financing Activities	<u>28,161</u>
Net Decrease in Cash	(7,875)
Cash at Beginning of Year	<u>31,706</u>
Cash at End of Year	<u><u>\$ 23,831</u></u>
Supplemental Disclosure of Cash Flows Information:	
Cash Paid During the Year for Interest	<u><u>\$ -</u></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 October 6, 2010, 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

Hand in Hand/Mano En Mano has a predevelopment loan approved by MaineHousing for \$60,000. The loan funds are disbursed upon submission of eligible development costs related to the development of a low income housing project by Hand in Hand/Mano En Mano. The entire sum, or the advanced amount will be due at 1) the termination of a Predevelopment Loan Agreement entered into by and between the Developer and MaineHousing or 2) 24 months from the date of the loan approval at March 16, 2009, or 3) the project loan closing. The loan does not bear interest. The balance of disbursed funds at December 31, 2009 was \$28,161.

NOTE 3 - ACCOUNTS PAYABLE - CONSTRUCTION

During 2009, the Organization began to develop a low income housing project. At December 31, 2009, construction costs payable totaled \$122,486. The Organization anticipates that costs will be financed from USDA, Rural Development loan proceeds.

NOTE 4 - FUNCTIONAL EXPENSES

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

Program Services	
Program Expenses	\$ 40,762
Supporting Services	
General and Administrative	26,142
Fundraising	8,707
	<u> </u>
	<u>\$ 75,611</u>

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporary restrictions on net assets at the end of 2009 are related to funds raised through the Dollars for Scholars program, a program to provide educational assistance to local individuals. At December 31, 2009, the Organization had \$5,735 of cash on hand which could only be used for the Dollars for Scholars program.

ADDITIONAL INFORMATION

HAND IN HAND/MANO EN MANO
SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2009

ADMINISTRATIVE	
Advertising	\$ 1,272
Conferences	143
Accounting	846
Professional Fees	862
Travel	1,837
Information Technology	1,161
Salaries	14,511
Payroll Taxes and Benefits	3,747
Dues and Subscriptions	385
Other Expenses	<u>1,378</u>
Total Administrative	<u>26,142</u>
PROGRAM SERVICES	
Grants	6,300
Scholarships	2,000
Wages and Contract Labor	19,320
Other Program Expenses	<u>8,330</u>
Total Program Services	<u>35,950</u>
OCCUPANCY EXPENSES	
Office Rent	2,400
Office Utilities	<u>615</u>
Total Occupancy Expenses	<u>3,015</u>
FUNDRAISING	
Wages	<u>8,707</u>
Total Fundraising Expenses	<u>8,707</u>
DEPRECIATION	<u>190</u>
INSURANCE	<u>1,607</u>
Total Expenses	<u><u>\$ 75,611</u></u>