

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>              |
|--|--------------------------|--------------------------|
| <b>CURRENT ASSETS</b>                      |                          |                          |
| 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>            |
| <b>PROPERTY AND EQUIPMENT</b>              |                          |                          |
| 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>           |
| <b>TOTAL ASSETS</b>                        | <u><u>\$ 393,829</u></u> | <u><u>\$ 177,139</u></u> |

LIABILITIES AND NET ASSETS

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

|                            | <u>2010</u>       | <u>2009</u>      |
|----------------------------|-------------------|------------------|
| 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> |