



HAND IN HAND/MANO EN MANO

MANAGEMENT LETTER

DECEMBER 31, 2016



ALBIN, RANDALL & BENNETT

Certified Public Accountants ■ Business Consultants

Board of Directors

Hand in Hand/Mano en Mano:

In planning and performing our audit of the financial statements of Hand in Hand/Mano en Mano (the Organization) as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified; however, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in the Organization's internal controls to be material weaknesses:

FINANCIAL STATEMENT PREPARATION

U.S. generally accepted auditing standards require the Organization to prepare a complete set of financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Due to the size of the Organization and their limited internal resources, the Organization is not able to prepare the financial statements as required by U.S. GAAP, and, therefore, has asked our firm to prepare the financial statements. Even though we have prepared the financial statements, we are not part of the Organization's internal control over financial reporting.

SEGREGATION OF DUTIES

Segregation of duties involves the assignment of responsibilities in such a manner that separate employees handle different pieces of the same transaction. Appropriate segregation of duties helps to detect errors in a timely manner and deter improper activities. Although the small size of the Organization's staff limits the extent of segregation of duties, we believe certain steps can be taken to separate incompatible duties.

Bank reconciliation and bank statement review – During the audit, we noted the Executive Director is responsible for entering all transactions into the general ledger, preparing checks, signing checks, initiating electronic payments, and preparing the monthly bank reconciliations.

We recommend the Board President or Board Treasurer receives the monthly bank statements directly or obtains online access to review the bank statements for unusual activity. With the availability of online banking, the bank reconciliations can continue to be completed in a timely manner. Additionally, we recommend the Board President or Board Treasurer reviews the monthly bank reconciliations prepared by the Executive Director and document their review.

Bank deposits – During the audit, we noted the Operations Coordinator is responsible for opening mail, stamping checks “for deposit only”, preparing the deposit slip, remit the deposit to the bank, filing the deposit receipt, and preparing and sending donor acknowledgement letters. The Executive Director records the deposits received in the general ledger and reconciles the bank statements.

We recommend one individual open the mail, stamp each check “for deposit only” and creates a list of deposit receipts received. A second individual remits deposit to the bank. Upon return from the bank, this individual will provide the bank receipt to the preparer of the receipts list to ensure the funds deposited in the bank were accurate and complete. The Executive Director will compare the deposit slip and the bank receipt and agree to what was recorded in the general ledger. Additionally, we recommend the Executive Director prepare, sign, and control the mailing of donor acknowledgement letters.

Purchasing – During our audit, we noted the Executive Director is responsible for initiating purchases, approving, recording, preparing checks or electronic payment, and signing checks. No one individual should have access to all phases of a transaction.

We recommend the Board President or Board Treasurer review cash disbursement registers in conjunction with the bank statement reconciliation to ensure payments are for appropriate purchases.

Payroll – During our audit, we noted the Executive Director is responsible for processing payroll on a bi-weekly basis. There is currently no one independent of the payroll function who reviews the bi-weekly payroll register for accuracy.

With payroll being a significant expense for the Organization, we recommend the Board President or Board Treasurer receive the bi-weekly payroll register from the payroll processor for review. The person reviewing the bi-weekly payroll register should be privy to payroll information, knowledgeable of employee salaries and hourly wages, and aware of the reasons for any fluctuations in bi-weekly payroll amounts.

In planning and performing the audit, we also noted the following situations that are not control deficiencies but are opportunities for strengthening internal controls and operating efficiency. The following items summarize our comments and suggestions regarding those matters.

CASH RECEIPTS

During the audit, we noted cash collected at annual events is counted by two staff members then delivered to the Operations Coordinator for deposit with no additional follow-up.

We recommend the staff members who count the cash also prepared and sign a list of cash received. The Operations Coordinator will provide the list with the bank receipt to the Executive Director to ensure the funds deposited in the bank were accurate, complete and agrees to what was recorded in the general ledger.

BOARD REVIEW

During the audit, we noted that, although no documentation of these reviews were noted, the Board Chair is responsible for reviewing reimbursements to the Executive Director on a periodic basis and the Board Treasurer is responsible for periodic reviews of the bank statements and reconciliations. We recommend that the Board members document, by signature or initials on the documentation, when reviews are performed and any issues that may arise.

CONTRACT REVIEW

During the audit, we noted that, the Executive Director was performing services under an expired contract with the Research Foundation for the State University of New York. Additionally, we noted the lease agreement for the Maple Street property does not allow for subleasing activity without the written consent of the Lessor. Currently the Organization is renting this leased space to another organization. We recommend the Organization develop systems for monitoring all contracts for compliance with terms and provisions.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

These conditions were considered in determining the nature, time, and extent of the audit tests to be applied in our audit of the 2016 financial statements, and this report does not affect our report on those financial statements dated June 30, 2017.

We have discussed these comments and suggestions with the Organization's personnel, and we will be pleased to discuss them in further detail, at your convenience to perform any additional study of these matters, or to assist you in implementing the recommendations.

Management's responses to these comments and recommendations appear on the following page. These responses were prepared by the Organization's personnel, and we do not express an opinion on these responses or on the effect any proposed actions included in these responses could have on the Organization's control environment as they relate to our recommendations.

We wish to take this opportunity to express our appreciation for the courtesy and cooperation extended to us by the management and employees of the Organization throughout our examination.

Yours truly,

Albin, Randall & Bennett

Albin, Randall & Bennett

June 30, 2017



DECEMBER 31, 2016 AUDIT
Response to Management Letter

Albin, Randall, & Bennett:

It has been a pleasure to work with you on the audit of our financial statements as of and for the year ended December 31, 2016. Below are our responses to the Management Letter:

Financial Statement Preparation

We appreciate your assistance with preparing our financial statements.

Segregation of Duties

Significant improvements have been made to Mano en Mano's internal control in the first half of 2017. Specifically, Mano en Mano has engaged Macpage to serve as the organization's bookkeepers and to assist with preparing financial statements. Based on feedback from the board, staff, and consultants, Mano en Mano intends to hire a Finance Director in the second half of 2017.

Bank reconciliation and bank statement review – Macpage is now responsible for bank reconciliations. Based on your recommendations, we will provide the Board President or Board Treasurer with access to online banking and implement a process to periodically review bank statements and other financial records prior to each board meeting.

Bank deposits – This practice continues. Mano en Mano intends to assign the following responsibilities in the second half of 2017:

- A part-time office manager will open the mail on a weekly basis, stamp each check "for deposit only" and create a list of deposit receipts received.
- A full-time Finance Director will remit the deposit to the bank.
- The part-time office manager will ensure the funds deposited into the bank were accurate and complete.
- The Finance Director will compare the deposit slip and the bank receipt and agree to what was recorded in the general ledger.
- A full-time Communications Coordinator will prepare donor acknowledgement letters, which will be signed by the Executive Director.

Purchasing – As of July 1, 2017, the following processes are in place: full-time staff are responsible for initiating purchases, the Executive Director is responsible for approving purchases, Macpage is responsible for recording purchases, and the Executive Director is responsible for preparing checks/payments and signing checks. With the addition of a Finance Director, we intend to improve this process further by having the Finance Director prepare

checks and electronic payments upon approval of the Executive Director, who will still have the responsibility to sign checks.

Payroll – As of July 1, 2017, the Executive Director is responsible for processing payroll on a bi-weekly basis and Macpage is responsible for reviewing the payroll register for accuracy prior to entry into the general ledger. Macpage has real-time access to Harvest, the system we use to generate timesheets and expense reports. With the addition of a Finance Director, the responsibility of processing payroll will transition to that position and the Executive Director will be responsible for reviewing the bi-weekly payroll register for accuracy.

CASH RECEIPTS

Mano en Mano will implement this process in the second half of 2017, with the exception that the Finance Director will be responsible for ensuring that the funds deposited were accurate, complete, and agrees to what was recorded in the general ledger.

BOARD REVIEW

We will no longer require the Board Chair to review reimbursements to the Executive Director on a periodic basis upon hiring on a Finance Director since the Executive Director will no longer control all aspects of any transaction, whether through a company credit card, check, or payroll. However, the Treasurer will have access to all records for his or her monthly review, which will be more formally documented either through Finance Committee minutes or the Board minutes.

CONTRACT REVIEW

We have requested an expedited renewal of this contract with the Research Foundation for the State University of New York (RF) for the period of January 1, 2017-June 30, 2018. Services performed by the Executive Director between January 1-May 31, 2017 have already been paid by RF. Services performed by the Executive Director between June 1-30, 2017 have not yet been invoiced.

We have obtained written permission from the landlord for the Maple Street property to continue subleasing space to Maine Mobile Health Program.

Finally, Mano en Mano's finance director will be tasked with monitoring all contracts for compliance with terms and provisions so that this responsibility does not fall solely on the Executive Director.

Thank you again for your assistance with auditing Mano en Mano's 2016 financial statements and for the technical assistance and capacity building you have provided. We look forward to a continued relationship with Albin, Randall, & Bennett in the future.

Very respectfully,

Ian Yaffe, Executive Director
Hand in Hand / Mano en Mano
July 7, 2017