HAND IN HAND/MANO EN MANO

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY SCHEDULES

With Independent Auditors' Report

DECEMBER 31, 2017 AND 2016

HAND IN HAND/MANO EN MANO

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

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ARB
ALBIN, RANDALL & BENNETT
Certified Public Accountants ▪ Business Consultants

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Hand in Hand/Mano en Mano:

Report on the Financial Statements

We have audited the accompanying statements of financial position of Hand in Hand/Mano en Mano (the Organization) as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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. For the year ended December 31, 2017, 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. For the year ended December 31, 2016, 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 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.

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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, 2017 and 2016, and the results of its operations 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, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 Standard*s, we have also issued our report dated June 14, 2018, 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 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, Randall & Bennett

June 14, 2018

HAND IN HAND/MANO EN MANO

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

ASSETS

		2017	2016
CURRENT ASSETS:			
Cash	$	71,627	176,345
Restricted reserve funds		109,569	91,803
Tenant security deposits		2,797	2,550
Accounts receivable		168,762	4,400
Pledge receivable		3,194	-
Prepaid expenses		8,883	-
Total current assets		364,832	275,098
PROPERTY AND EQUIPMENT:			
Land		87,553	87,553
Land improvements		23,702	23,702
Building		1,181,501	1,181,501
Furniture and fixtures		25,764	25,764
Vehicles		18,527	-
		1,337,047	1,318,520
Less accumulated depreciation		215,690	181,465
Net property and equipment		1,121,357	1,137,055
OTHER ASSETS:			
Security deposits		2,500	-
	$	1,488,689	1,412,153

See accompanying notes to financial statements.

LIABILITIES AND NET ASSETS

		2017	2016
CURRENT LIABILITIES:			
Current portion of long-term debt	$	32,535	14,313
Accounts payable		98,139	1,016
Accrued expenses		20,535	6,527
Tenant security deposits		2,797	2,550
Deferred revenue		14,566	7,500
Total current liabilities		168,572	31,906
LONG-TERM DEBT, net of current portion		215,576	247,225
NET ASSETS:			
Unrestricted net assets		1,104,541	1,133,022
Total net assets		1,104,541	1,133,022
	$	1,488,689	1,412,153

HAND IN HAND/MANO EN MANO

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily restricted	Totals
PUBLIC SUPPORT, PROGRAM SERVICES, AND REVENUE:			
Public support:			
Grants	$ 150,243	-	150,243
Contributions	38,937	16,825	55,762
Total public support	189,180	16,825	206,005
Program services:			
Access to essential services	2,348	-	2,348
Migrant education	970,075	-	970,075
Housing	75,476	-	75,476
Total program services	1,047,899	-	1,047,899
Revenue:			
Interest income	2,515	-	2,515
Other revenue	4,625	-	4,625
Total revenue	7,140	-	7,140
Net assets released by satisfaction of program restrictions	16,825	(16,825)	-
Total public support, program services, and revenue	1,261,044	-	1,261,044
EXPENSES:			
Program services	1,103,772	-	1,103,772
Management and general	182,613	-	182,613
Fundraising	3,140	-	3,140
Total expenses	1,289,525	-	1,289,525
Change in net assets	(28,481)	-	(28,481)
Net assets at beginning of year	1,133,022	-	1,133,022
NET ASSETS AT END OF YEAR	$ 1,104,541	-	1,104,541

See accompanying notes to financial statements.

HAND IN HAND/MANO EN MANO

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily restricted	Totals
PUBLIC SUPPORT, PROGRAM SERVICES, AND REVENUE:			
Public support:			
Grants	$ 137,860	-	137,860
Contributions	30,467	17,011	47,478
Total public support	168,327	17,011	185,338
Program services:			
Access to essential services	4,715	-	4,715
Advocacy	784	-	784
Migrant education	584,217	-	584,217
Housing	86,444	-	86,444
Total program services	676,160	-	676,160
Revenue:			
Interest income	2,332	-	2,332
Other revenue	6,290	-	6,290
Total revenue	8,622	-	8,622
Net assets released by satisfaction of program restrictions	17,047	(17,047)	-
Total public support, program services, and revenue	870,156	(36)	870,120
EXPENSES:			
Program services	697,335	-	697,335
Management and general	102,385	-	102,385
Fundraising	11,203	-	11,203
Total expenses	810,923	-	810,923
Change in net assets	59,233	(36)	59,197
Net assets at beginning of year	1,073,789	36	1,073,825
NET ASSETS AT END OF YEAR	$ 1,133,022	-	1,133,022

See accompanying notes to financial statements.

HAND IN HAND/MANO EN MANO

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
OPERATING ACTIVITIES:		
Change in net assets	$ (28,481)	59,197
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	34,225	33,299
Loss on disposal of property and equipment	-	3,350
Changes in operating assets and liabilities:		
Accounts receivable	(164,362)	11,423
Pledges receivable	(3,194)	-
Prepaid expenses	(8,883)	-
Security deposits	(2,500)	-
Accounts payable	97,123	1,012
Accrued expenses	14,008	6,531
Tenant security deposits	247	(745)
Deferred revenue	7,066	7,500
Net cash (used) provided by operating activities	(54,751)	121,567
INVESTING ACTIVITIES:		
Purchases of property and equipment	(18,527)	(1,055)
Net cash used by investing activities	(18,527)	(1,055)
FINANCING ACTIVITY - Repayment of long-term debt	(13,427)	(11,011)
(Decrease) increase in cash and restricted cash	(86,705)	109,501
Cash and restricted cash at beginning of year	270,698	161,197
CASH AND RESTRICTED CASH AT END OF YEAR	$ 183,993	270,698
COMPOSITION OF CASH AND RESTRICTED CASH AT END OF YEAR:		
Cash	$ 71,627	176,345
Restricted reserve funds	109,569	91,803
Tenant security deposits	2,797	2,550
	$ 183,993	270,698

See accompanying notes to financial statements.

HAND IN HAND/MANO EN MANO

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2017 AND 2016

	Program Services				
	Access to Essential Services	Advocacy	Migrant Education	Housing	Total
Salaries and wages	$ 42,716	34,573	307,785	-	385,074
Employee benefits and taxes	10,236	9,066	67,309	-	86,611
Total personnel	52,952	43,639	375,094	-	471,685
Advertising	-	-	-	771	771
Depreciation	287	46	537	33,299	34,169
Grants to other organizations	-	8,476	290,293	-	298,769
Independent contractor	-	3,490	22,570	-	26,060
Information technology	339	178	3,443	-	3,960
Insurance	-	-	309	1,386	1,695
Interest expense	-	-	-	7,995	7,995
Office expense	-	-	-	393	393
Other program expenses	1,078	5,721	24,672	-	31,471
Legal and accounting fees	-	-	-	3,322	3,322
Professional and outside services	-	-	-	4,288	4,288
Rent and occupancy expense	-	-	24,583	10,007	34,590
Repairs and maintenance	-	-	-	21,647	21,647
Student services	-	-	46,906	-	46,906
Property taxes	-	-	-	5,000	5,000
Travel	4,969	6,333	80,944	-	92,246
Scholarships	15,000	-	-	-	15,000
Bad debt expense	-	-	-	1,134	1,134
Miscellaneous	354	32	1,986	299	2,671
Total other expenses	22,027	24,276	496,243	89,541	632,087
Total functional expenses	$ 74,979	67,915	871,337	89,541	1,103,772

See accompanying notes to financial statements.

Support Services		Totals	
Management and general	Fundraising	2017	2016
41,418	458	426,950	401,423
13,270	134	100,015	59,031
54,688	592	526,965	460,454
60	-	831	1,110
56	-	34,225	33,299
-	-	298,769	2,600
8,219	-	34,279	12,930
8,798	1,416	14,174	18,804
4,014	-	5,709	7,332
3,227	-	11,222	10,735
16,240	1,093	17,726	20,729
-	-	31,471	5,008
41,394	-	44,716	7,097
3,254	-	7,542	28,957
28,026	-	62,616	48,282
-	-	21,647	36,046
-	-	46,906	38,910
-	-	5,000	5,000
7,948	-	100,194	57,351
-	-	15,000	13,765
-	-	1,134	-
6,689	39	9,399	2,514
127,925	2,548	762,560	350,469
182,613	3,140	1,289,525	810,923

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 is embraced.

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.

Basis of presentation - The Organization's net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization or by the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed restrictions that require net assets to be maintained permanently by the Organization. The Organization had no permanently restricted net assets at December 31, 2017 and 2016.

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, 2017 and 2016.

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 temporarily restricted net asset class, and a reclassification to unrestricted net assets is made to reflect the expiration of such restrictions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Government agreements - Approximately 73% and 31% of the Organization's total public support, program services, and revenue was received under agreements with the State of Maine - Department of Education for the years ended December 31, 2017 and 2016, respectively. Accounts receivable attributed to the State of Maine - Department of Education totaled $114,787 and $0 at December 31, 2017 and 2016, respectively.

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 statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services.

Reclassifications - The financial statement presentation for 2016 has been changed to conform with the 2017 presentation. Total net assets and changes in net assets are unchanged as a result of the reclassifications.

Implementation of new accounting standards - Effective December 31, 2017, the Organization adopted Accounting Standards Update (ASU) No. 2016-18, Statement of Cash Flows (Topic 230)-Restricted Cash, which requires that the statements of cash flows explain the change during the period in the total of cash, cash equivalents, and restricted cash or restricted cash equivalents. Under the new method, retrospectively to December 31, 2016, total cash and restricted cash is presented within the statements of cash flows. The impact of this change in accounting standards results in an increase in the total cash presented in the statements of cash flows.

Subsequent events - The Organization has evaluated events, if any, that have occurred subsequent to December 31, 2017 through June 14, 2018, 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 3, the Organization refinanced a note payable subsequent to year end.

2. LINE OF CREDIT

The Organization maintains a line of credit with Bar Harbor Bank & Trust with maximum borrowings of $350,000 and is secured by business assets with a carrying value totaling $273,333 at December 31, 2017, exclusive of real estate and related assets. The line, which matures annually, bears interest at .75% above the U.S. Prime Rate (5.25% at December 31, 2017). According to the agreement, the line may be renewed at the request of the Organization, subject to review by the bank. No amounts were advanced on this line of credit at December 31, 2017 and 2016.

3. LONG-TERM DEBT

Long-term debt consists of the following:

	2017	2016
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%. Secured by real estate and related assets with a carrying value of $1,224,496 at December 31, 2017.	$ 147,248	152,096
Note payable to Coastal Enterprises, Inc. due in monthly principal and interest installments of $1,368 through March 2018 at which time all outstanding principal and interest is due. The interest rate is fixed at 6.50%. Secured by assignment of rents and real estate with a carrying value of $1,103,756 at December 31, 2017.		
On March 2, 2018, the Organization refinanced the note payable to Coastal Enterprises, Inc. with Machias Savings Bank. The note payable to Machias Savings Bank is 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 $1,103,756 at December 31, 2017.	100,863	109,442
	248,111	261,538
Less current portion	32,535	14,313
Net long-term debt	$ 215,576	247,225

Future maturities of long-term debt are as follows:

2018	$ 32,535
2019	7,414
2020	7,568
2021	7,746
2022	7,921
Thereafter	184,927
	$ 248,111

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

4. RENTAL ASSISTANCE AGREEMENT

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 $46,118 and $54,013 for the years ended December 31, 2017 and 2016, respectively.

5. EMPLOYEE BENEFIT PLAN

On January 1, 2017, the Organization implemented 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.

During 2016, the Organization maintained a Simple IRA plan whereby it contributed a matching contribution for each eligible employee's Simple IRA equal to the employee's salary reduction contribution up to a limit of 3% of the employee's compensation. The Simple IRA plan was discontinued on December 31, 2016.

Total contributions to the Plans were approximately $18,200 and $7,900 for the years ended December 31, 2017 and 2016, respectively.

6. 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.

The Organization's accounts receivable are primarily attributable to agreements with the State of Maine - Department of Education, as disclosed in Note 1.

7. 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.

Lease agreements - The Organization leases property located in Milbridge, Maine under an operating lease that expires upon commencement of renovations or December 2018, whichever date occurs first. Rent expense was $11,250 and $15,000 for the years ended December 31, 2017 and 2016, respectively. On June 11, 2018, the Organization entered into an second agreement to lease the same property located in Milbridge, Maine under an operating lease subsequent to renovation. The lease term will commence upon issuance of an occupancy permit and continue for a ten year term. The quarterly lease payment will be $6,250 subject to escalation provisions. The Organization is responsible for utilities and routine maintenance.

7. COMMITMENTS, CONTINUED

During 2017, the Organization began leasing property located in Portland, Maine under an operating lease that expires August 2018 with the option to renew for two additional one year terms. The Organization is responsible for a pro-rata share of operating and maintenance expenses. Rent expense was $5,115 for the year ended December 31, 2017.

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

2018	$ 10,230
2019	25,000
2020	25,000
2021	25,000
2022	25,000
Thereafter	150,000
	$ 260,230

8. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	2017	2016
Cash paid for interest	$ 11,222	8,812

HAND IN HAND/MANO EN MANO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2017

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Direct Award:				
Department of Agriculture:				
Rural Rental Housing Loans	10.415		$ -	152,096
Rent Subsidy	10.427		-	46,118
Total Department of Agriculture			-	198,214
Pass-through Award:				
Department of Education:				
Migrant Education - State Formula Grant	84.011	20170126*2224	290,293	830,251
Migrant Education - Coordination Program	84.144	20170328*2749	-	96,538
Total Department of Education			290,293	926,789
			$ 290,293	1,125,003

See accompanying notes to schedule of expenditures of federal awards.

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. 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 schedule of expenditures of federal awards 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 $147,248 at December 31, 2017.

ALBIN, RANDALL & BENNETT
Certified Public Accountants ▪ Business Consultants

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*

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, 2017, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 14, 2018.

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. However, material weaknesses may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses.

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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 matters that are required to be reported under *Government Auditing Standards*.

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, Randall & Bennett

June 14, 2018

ALBIN, RANDALL & BENNETT
Certified Public Accountants ▪ Business Consultants

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

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, 2017. 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.

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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 each of its major federal programs for the year ended December 31, 2017.

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, material weaknesses may exist that have not been identified.

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, Randall & Bennett

June 14, 2018

HAND IN HAND/MANO EN MANO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2017

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
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.011	Migrant Education - State Formula Grant

Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as low-risk auditee?	No

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None