Mano en Mano
HAND IN HAND

HAND IN HAND/MANO EN MANO

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY SCHEDULES

With Independent Auditors' Report

DECEMBER 31, 2018 AND 2017

Albin
Randall
& Bennett

ARBCPA.COM

HAND IN HAND/MANO EN MANO

FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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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, 2018 and 2017, 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. For the years ended December 31, 2018 and 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. 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, 2018 and 2017, 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 September 20, 2019, 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

September 20, 2019

HAND IN HAND/MANO EN MANO

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

ASSETS

	2018	2017
CURRENT ASSETS:		
Cash	$ 58,591	71,332
Restricted reserve funds	86,806	109,864
Tenant security deposits	3,249	2,797
Accounts receivable	120,641	168,762
Pledge receivable	-	3,194
Prepaid expenses	18,849	8,883
Total current assets	288,136	364,832
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	18,527
	1,337,047	1,337,047
Less accumulated depreciation	252,695	215,690
Net property and equipment	1,084,352	1,121,357
OTHER ASSETS:		
Security deposits	2,500	2,500
	$ 1,374,988	1,488,689

See accompanying notes to financial statements.

LIABILITIES AND NET ASSETS

		2018	2017
CURRENT LIABILITIES:			
Current portion of long-term debt	$	7,414	32,535
Accounts payable		6,634	98,139
Accrued expenses		22,939	20,535
Tenant security deposits		3,249	2,797
Deferred revenue		-	14,566
Total current liabilities		40,236	168,572
LONG-TERM DEBT, net of current portion		208,161	215,576
NET ASSETS:			
Net assets without donor restrictions		1,105,584	1,104,541
Net assets with donor restrictions		21,007	-
Total net assets		1,126,591	1,104,541
	$	1,374,988	1,488,689

HAND IN HAND/MANO EN MANO

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2018

	Without donor restrictions	With donor restrictions	Totals
PUBLIC SUPPORT, PROGRAM SERVICES, AND REVENUE:			
Public support:			
Grants	$ 138,000	134,057	272,057
Contributions	26,683	20,285	46,968
Total public support	164,683	154,342	319,025
Program services:			
Migrant education	918,966	-	918,966
Housing	85,354	-	85,354
Total program services	1,004,320	-	1,004,320
Revenue:			
Interest income	345	-	345
Other revenue	5,186	-	5,186
Total revenue	5,531	-	5,531
Net assets released by satisfaction of program restrictions	133,335	(133,335)	-
Total public support, program services, and revenue	1,307,869	21,007	1,328,876
EXPENSES:			
Program services	1,100,089	-	1,100,089
Management and general	193,245	-	193,245
Fundraising	13,492	-	13,492
Total expenses	1,306,826	-	1,306,826
Change in net assets	1,043	21,007	22,050
Net assets at beginning of year	1,104,541	-	1,104,541
NET ASSETS AT END OF YEAR	$ 1,105,584	21,007	1,126,591

See accompanying notes to financial statements.

HAND IN HAND/MANO EN MANO

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2017

	Without donor restrictions	With donor restrictions	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 FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

	Program Services					Support Services		
	Access to essential services	Advocacy	Migrant education	Housing	Total	Management and general	Fundraising	Total
Salaries and wages	$ 56,482	38,197	419,658	-	514,337	51,760	3,040	569,137
Employee benefits and taxes	14,789	10,739	87,124	-	112,652	13,193	854	126,699
Total personnel	71,271	48,936	506,782	-	626,989	64,953	3,894	695,836
Advertising	-	-	-	2,739	2,739	-	-	2,739
Depreciation	158	-	3,437	33,299	36,894	111	-	37,005
Grants to other organizations	-	-	50,053	-	50,053	-	-	50,053
Independent contractor	24,740	3,880	17,684	-	46,304	11,451	800	58,555
Information technology	1,176	118	10,239	-	11,533	4,505	2,136	18,174
Insurance	21	-	453	2,708	3,182	5,182	-	8,364
Interest expense	-	-	-	5,696	5,696	3,608	-	9,304
Office expense	378	421	4,056	35	4,890	4,885	-	9,775
Other program expenses	2,429	5,781	37,631	611	46,452	13,828	5,070	65,350
Legal and accounting fees	-	-	4,800	3,315	8,115	45,886	-	54,001
Professional and outside services	-	151	-	7,086	7,237	-	-	7,237
Rent and occupancy expense	3,150	3,150	15,364	12,109	33,773	26,304	-	60,077
Repairs and maintenance	-	-	-	30,020	30,020	-	-	30,020
Student services	259	-	45,361	-	45,620	-	-	45,620
Property taxes	-	-	-	5,000	5,000	-	-	5,000
Travel	7,421	5,895	100,748	681	114,745	9,155	838	124,738
Scholarships	18,750	-	-	-	18,750	-	-	18,750
Bad debt expense	-	-	-	-	-	-	-	-
Miscellaneous	50	-	2,047	-	2,097	3,377	754	6,228
Total other expenses	58,532	19,396	291,873	103,299	473,100	128,292	9,598	610,990
Total functional expenses	$ 129,803	68,332	798,655	103,299	1,100,089	193,245	13,492	1,306,826

See accompanying notes to financial statements.

HAND IN HAND/MANO EN MANO

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	Program Services					Support Services		
	Access to essential services	Advocacy	Migrant education	Housing	Total	Management and general	Fundraising	Total
Salaries and wages	$ 42,716	34,573	307,785	-	385,074	41,418	458	426,950
Employee benefits and taxes	10,236	9,066	67,309	-	86,611	13,270	134	100,015
Total personnel	52,952	43,639	375,094	-	471,685	54,688	592	526,965
Advertising	-	-	-	771	771	60	-	831
Depreciation	287	46	537	33,299	34,169	56	-	34,225
Grants to other organizations	-	8,476	290,293	-	298,769	-	-	298,769
Independent contractor	-	3,490	22,570	-	26,060	8,219	-	34,279
Information technology	339	178	3,443	-	3,960	8,798	1,416	14,174
Insurance	-	-	309	1,386	1,695	4,014	-	5,709
Interest expense	-	-	-	7,995	7,995	3,227	-	11,222
Office expense	-	-	-	393	393	16,240	1,093	17,726
Other program expenses	1,078	5,721	24,672	-	31,471	-	-	31,471
Legal and accounting fees	-	-	-	3,322	3,322	41,394	-	44,716
Professional and outside services	-	-	-	4,288	4,288	3,254	-	7,542
Rent and occupancy expense	-	-	24,583	10,007	34,590	28,026	-	62,616
Repairs and maintenance	-	-	-	21,647	21,647	-	-	21,647
Student services	-	-	46,906	-	46,906	-	-	46,906
Property taxes	-	-	-	5,000	5,000	-	-	5,000
Travel	4,969	6,333	80,944	-	92,246	7,948	-	100,194
Scholarships	15,000	-	-	-	15,000	-	-	15,000
Bad debt expense	-	-	-	1,134	1,134	-	-	1,134
Miscellaneous	354	32	1,986	299	2,671	6,689	39	9,399
Total other expenses	22,027	24,276	496,243	89,541	632,087	127,925	2,548	762,560
Total functional expenses	$ 74,979	67,915	871,337	89,541	1,103,772	182,613	3,140	1,289,525

See accompanying notes to financial statements.

HAND IN HAND/MANO EN MANO

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

		2018	2017
OPERATING ACTIVITIES:			
Change in net assets	$	22,050	(28,481)
Adjustments to reconcile change in net assets to net cash used by operating activities:			
Depreciation		37,005	34,225
Changes in operating assets and liabilities:			
Accounts receivable		48,121	(164,362)
Pledges receivable		3,194	(3,194)
Prepaid expenses		(9,966)	(8,883)
Security deposits		-	(2,500)
Accounts payable		(91,505)	97,123
Accrued expenses		2,404	14,008
Tenant security deposits		452	247
Deferred revenue		(14,566)	7,066
Net cash used by operating activities		(2,811)	(54,751)
INVESTING ACTIVITY - Purchases of property and equipment		-	(18,527)
FINANCING ACTIVITY - Repayment of long-term debt		(32,536)	(13,427)
Decrease in cash and restricted cash		(35,347)	(86,705)
Cash and restricted cash at beginning of year		183,993	270,698
CASH AND RESTRICTED CASH AT END OF YEAR	$	148,646	183,993
COMPOSITION OF CASH AND RESTRICTED CASH AT END OF YEAR:			
Cash	$	58,591	71,332
Restricted reserve funds		86,806	109,864
Tenant security deposits		3,249	2,797
	$	148,646	183,993

See accompanying notes to financial statements.

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.

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.

Effective January 1, 2018, the Organization adopted Accounting Standards Update 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958). The new standard changes the presentation of net asset classifications. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. The new standard has been applied retrospectively to the year ended December 31, 2017.

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, 2018 and 2017.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Government agreements - Approximately 68% and 73% 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, 2018 and 2017, respectively. Accounts receivable attributed to the State of Maine - Department of Education totaled $114,706 and $114,787 at December 31, 2018 and 2017, 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. 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 2017 has been changed to conform with the 2018 presentation. Total net assets and changes in net assets are unchanged as a result of the reclassifications.

Subsequent events - The Organization has evaluated events, if any, that have occurred subsequent to December 31, 2018, through September 20, 2019, 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 9, the Organization entered into a service agreement subsequent to year end.

2. LIQUIDITY AND AVAILABILITY

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

	2018	2017
Cash	$ 58,591	71,332
Accounts receivable	120,641	168,762
	$ 179,232	240,094

2. LIQUIDITY AND AVAILABILITY, CONTINUED

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

During 2018, the Organization terminated its line of credit with Bar Harbor Bank & Trust and obtained a new line of credit with Machias Savings Bank with maximum borrowings of $350,000, which expires in March 2020. The line bears interest at .50% above the *Wall Street Journal* prime rate (6.00% at December 31, 2018). The line is secured by all business assets with a carrying value of $1,374,988 at December 31, 2018. No amounts were advanced on the line of credit at December 31, 2018 and 2017.

4. LONG-TERM DEBT

Long-term debt consists of the following:

	2018	2017
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 $1,172,505 at December 31, 2018.	$ 142,319	147,248
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 $1,070,454 at December 31, 2018.	73,256	-
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%. This note was refinanced with Machias Savings Bank on March 2, 2018.	-	100,863
	215,575	248,111
Less current portion	7,414	32,535
Net long-term debt	$ 208,161	215,576

4. LONG-TERM DEBT, CONTINUED

Future maturities of long-term debt are as follows:

2019	$	7,414
2020		7,568
2021		7,746
2022		7,921
2023		8,103
Thereafter		176,823
	$	215,575

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

5. RESTRICTION ON USE OF NET ASSETS

Net assets with donor restrictions are restricted to:

	2018	2017
Welcome Initiative	$ 8,725	-
Maine Women's Fund	8,840	-
Racial Equity	3,442	-
	$ 21,007	-

6. 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 $49,680 and $46,118 for the years ended December 31, 2018 and 2017, 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 $19,110 and $18,200 for the years ended December 31, 2018 and 2017, 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.

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

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.

Lease agreements - The Organization leases property located in Milbridge, Maine under an operating lease that expired on December 2018. Rent expense was $15,750 and $11,250 for the years ended December 31, 2018 and 2017, respectively. On June 11, 2018, the Organization entered into a second agreement to lease the same property located in Milbridge, Maine under an operating lease subsequent to renovation. The lease term will commenced in January 2019 and continues 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.

The Organization leases property located in Portland, Maine under an operating lease that expires August 2019 with the option to renew for one additional one year term. The Organization is responsible for a pro-rata share of operating and maintenance expenses. Rent expense was $15,469 and $5,115 for the years ended December 31, 2018 and 2017, respectively.

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

2019	$ 35,478
2020	25,000
2021	25,000
2022	25,000
2023	25,000
Thereafter	125,000
	$ 260,478

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.

10. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	2018	2017
Cash paid for interest	$ 9,304	11,222
Schedule of Noncash Investing and Financing Transactions:		
Refinancing of long-term debt	$ 75,000	-

HAND IN HAND/MANO EN MANO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2018

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		$ -	147,248
Rent Subsidy	10.427		-	49,680
Total Department of Agriculture			-	196,928
Pass-through Awards - Maine Department of Education:				
Department of Agriculture:				
National School Lunch Program	10.555	N/A	-	8,373
Total Department of Agriculture			-	8,373
Department of Education:				
Migrant Education - State Formula Grant	84.011	20180129*2269	50,053	878,215
Migrant Education - Coordination Program	84.144	20180131*2297	-	19,920
Total Department of Education			50,053	898,135
			$ 50,053	1,103,436

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 $142,319 at December 31, 2018.

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, 2018, 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 September 20, 2019.

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.

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

September 20, 2019

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, 2018. 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 each of its major federal programs for the year ended December 31, 2018.

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

September 20, 2019

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