



**HAND IN HAND/MANO EN MANO**

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY SCHEDULES

With Independent Auditors' Report

DECEMBER 31, 2019 AND 2018



HAND IN HAND/MANO EN MANO

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Hand in Hand/Mano en Mano (the Organization) which comprise the statements of financial position as of December 31, 2019 and 2018, 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. 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, 2019 and 2018, and its changes in net assets 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 Standards*, we have also issued our report dated September 9, 2020, 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 effectiveness of the Organization's 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, Rendell & Bennett*

September 9, 2020

HAND IN HAND/MANO EN MANO  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2019 AND 2018

<b>ASSETS</b>	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS:</b>		
Cash	\$ 107,509	58,591
Restricted reserve funds	89,833	86,806
Tenant security deposits	3,317	3,249
Accounts receivable	138,477	120,641
Prepaid expenses	<u>13,906</u>	<u>18,849</u>
Total current assets	<u>353,042</u>	<u>288,136</u>
<b>PROPERTY AND EQUIPMENT:</b>		
Land	87,553	87,553
Land improvements	23,702	23,702
Building	1,181,501	1,181,501
Furniture and fixtures	28,716	25,764
Vehicles	<u>18,527</u>	<u>18,527</u>
	1,339,999	1,337,047
Less accumulated depreciation	<u>289,855</u>	<u>252,695</u>
Net property and equipment	<u>1,050,144</u>	<u>1,084,352</u>
OTHER ASSET - Security deposits	<u>2,500</u>	<u>2,500</u>
	<u>\$ 1,405,686</u>	<u>1,374,988</u>

See accompanying notes to financial statements.

**LIABILITIES AND NET ASSETS**

	<u>2019</u>	<u>2018</u>
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 7,568	7,414
Accounts payable	29,758	6,634
Accrued expenses	25,518	22,939
Tenant security deposits	<u>3,317</u>	<u>3,249</u>
Total current liabilities	<u>66,161</u>	<u>40,236</u>
LONG-TERM DEBT, net of current portion	<u>200,594</u>	<u>208,161</u>
NET ASSETS:		
Net assets without donor restrictions	1,051,780	1,105,584
Net assets with donor restrictions	<u>87,151</u>	<u>21,007</u>
Total net assets	<u>1,138,931</u>	<u>1,126,591</u>
	<u>\$ 1,405,686</u>	<u>1,374,988</u>

HAND IN HAND/MANO EN MANO  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2019

	Without donor <u>restrictions</u>	With donor <u>restrictions</u>	<u>Totals</u>
PUBLIC SUPPORT, PROGRAM SERVICES, AND REVENUE:			
Public support:			
Grants	\$ 83,293	180,000	263,293
Contributions	<u>29,428</u>	<u>25,081</u>	<u>54,509</u>
Total public support	<u>112,721</u>	<u>205,081</u>	<u>317,802</u>
Program services:			
Migrant education	903,640	-	903,640
Housing	<u>91,214</u>	<u>-</u>	<u>91,214</u>
Total program services	<u>994,854</u>	<u>-</u>	<u>994,854</u>
Revenue:			
Interest income	481	-	481
Other revenue	<u>12,895</u>	<u>-</u>	<u>12,895</u>
Total revenue	13,376	-	13,376
Net assets released by satisfaction of program restrictions	<u>138,937</u>	<u>(138,937)</u>	<u>-</u>
Total public support, program services, and revenue	<u>1,259,888</u>	<u>66,144</u>	<u>1,326,032</u>
EXPENSES:			
Program services	1,061,349	-	1,061,349
Management and general	231,257	-	231,257
Fundraising	<u>21,086</u>	<u>-</u>	<u>21,086</u>
Total expenses	<u>1,313,692</u>	<u>-</u>	<u>1,313,692</u>
Change in net assets	(53,804)	66,144	12,340
Net assets at beginning of year	<u>1,105,584</u>	<u>21,007</u>	<u>1,126,591</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,051,780</u>	<u>87,151</u>	<u>1,138,931</u>

See accompanying notes to financial statements.

HAND IN HAND/MANO EN MANO  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2018

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

See accompanying notes to financial statements.

HAND IN HAND/MANO EN MANO  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2019

	Program Services				Support Services			
	Access to essential services	Advocacy	Migrant education	Housing	Total	Management and general	Fundraising	Total
Salaries and wages	\$ 59,969	49,283	410,634	-	519,886	44,278	10,867	575,031
Payroll Taxes	4,874	4,006	33,250	-	42,130	3,599	883	46,612
Employee benefits	13,365	12,329	82,593	-	108,287	9,506	2,117	119,910
Total personnel	78,208	65,618	526,477	-	670,303	57,383	13,867	741,553
Advertising	-	-	1,000	320	1,320	-	-	1,320
Depreciation	-	-	-	37,160	37,160	-	-	37,160
Independent contractor	7,275	1,028	24,902	-	33,205	26,176	753	60,134
Information technology	357	327	12,108	-	12,792	8,788	2,400	23,980
Insurance	-	-	-	2,832	2,832	5,623	-	8,455
Interest	-	-	-	4,692	4,692	1,498	-	6,190
Office	594	545	3,229	305	4,673	6,705	-	11,378
Other program expenses	8,488	6,782	44,579	552	60,401	27,774	951	89,126
Legal and accounting fees	-	-	8,204	1,063	9,267	54,644	-	63,911
Professional and outside services	-	-	-	8,232	8,232	-	-	8,232
Rent and occupancy expense	820	806	20,224	11,431	33,281	37,326	825	71,432
Repairs and maintenance	-	-	-	32,347	32,347	-	-	32,347
Student services	-	-	43,676	-	43,676	-	-	43,676
Property taxes	-	-	-	5,000	5,000	-	-	5,000
Travel	7,794	6,695	65,610	509	80,608	4,405	1,030	86,043
Scholarships	18,750	-	-	-	18,750	-	-	18,750
Bad debt	760	-	-	22	782	-	-	782
Miscellaneous	-	-	2,028	-	2,028	935	1,260	4,223
Total other expenses	44,838	16,183	225,560	104,465	391,046	173,874	7,219	572,139
Total functional expenses	\$ 123,046	81,801	752,037	104,465	1,061,349	231,257	21,086	1,313,692

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
Payroll taxes	5,156	3,744	30,375	-	39,275	4,600	298	44,173
Employee benefits	9,633	6,995	56,749	-	73,377	8,593	556	82,526
Total personnel	<u>71,271</u>	<u>48,936</u>	<u>506,782</u>	-	<u>626,989</u>	<u>64,953</u>	<u>3,894</u>	<u>695,836</u>
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	-	-	-	5,696	5,696	3,608	-	9,304
Office	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
Miscellaneous	50	-	2,047	-	2,097	3,377	754	6,228
Total other expenses	<u>58,532</u>	<u>19,396</u>	<u>291,873</u>	<u>103,299</u>	<u>473,100</u>	<u>128,292</u>	<u>9,598</u>	<u>610,990</u>
Total functional expenses	<u>\$ 129,803</u>	<u>68,332</u>	<u>798,655</u>	<u>103,299</u>	<u>1,100,089</u>	<u>193,245</u>	<u>13,492</u>	<u>1,306,826</u>

See accompanying notes to financial statements.

HAND IN HAND/MANO EN MANO  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
OPERATING ACTIVITIES:		
Change in net assets	\$ 12,340	22,050
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	37,160	37,005
Changes in operating assets and liabilities:		
Accounts receivable	(17,836)	48,121
Pledges receivable	-	3,194
Prepaid expenses	4,943	(9,966)
Accounts payable	23,124	(91,505)
Accrued expenses	2,579	2,404
Tenant security deposits	68	452
Deferred revenue	<u>-</u>	<u>(14,566)</u>
Net cash provided (used) by operating activities	<u>62,378</u>	<u>(2,811)</u>
INVESTING ACTIVITY - Purchases of property and equipment	<u>(2,952)</u>	<u>-</u>
FINANCING ACTIVITY - Repayment of long-term debt	<u>(7,413)</u>	<u>(32,536)</u>
Increase (decrease) in cash and restricted cash	52,013	(35,347)
Cash and restricted cash at beginning of year	<u>148,646</u>	<u>183,993</u>
CASH AND RESTRICTED CASH AT END OF YEAR	<u>\$ 200,659</u>	<u>148,646</u>
COMPOSITION OF CASH AND RESTRICTED CASH AT END OF YEAR:		
Cash	\$ 107,509	58,591
Restricted reserve funds	89,833	86,806
Tenant security deposits	<u>3,317</u>	<u>3,249</u>
	<u>\$ 200,659</u>	<u>148,646</u>

See accompanying notes to financial statements.

HAND IN HAND/MANO EN MANO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

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.

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, 2019 and 2018.

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.

HAND IN HAND/MANO EN MANO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED

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.

During 2019, the Organization was awarded a multi-year conditional contribution totaling \$250,000. The Organization received \$75,000 in 2019, with \$100,000 to be received in 2020, and \$75,000 to be received in 2021, dependent upon satisfying certain donor-imposed conditions related to the Welcome Initiative project. The remaining conditional contribution amounts will not be recognized as revenue until the donor-imposed conditions have been met.

Revenue recognition - Effective January 1, 2019, the Organization adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), which amends the accounting guidance for revenue recognition. The Organization applied Topic 606 using the modified retrospective transition method; however, because adoption of the standard did not change the timing or amount of the Organization's recognition of revenue, there was no adjustment to net assets as part of the adoption of the new standard. The comparative information for the year ended December 31, 2018, has not been adjusted and continues to be reported under Topic 605, Revenue Recognition.

In conjunction with ASU 2014-09, the Organization adopted ASU 2018-08, *Not-for-Profit Entities* (Topic 958), which clarifies the accounting guidance for contributions. The Organization applied ASU 2018-08 using the modified prospective approach; however, because adoption of the standard did not change the timing or amount of the Organization's recognition of revenue, there was no adjustment required as part of the adoption of the new standard.

The Organization derives its revenues primarily from public support and non-exchange government grants. Its program services revenues are primarily related to translation and interpretation services provided to clients. The Organization has established billing rates for its interpreting and translation services, which are recognized at a point in time when the services are performed, at the amount expected to be collected from the client. The Organization does not have any significant financing components as payment is received at or shortly after services are performed.

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.

HAND IN HAND/MANO EN MANO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Functional allocation of expenses - The costs of providing the various program services have been summarized on a functional basis in the statements 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 2018 has been changed to conform with the 2019 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, 2019, through September 9, 2020, 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.

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:

	<u>2019</u>	<u>2018</u>
Cash	\$ 107,509	58,591
Accounts receivable	<u>138,477</u>	<u>120,641</u>
	<u>\$ 245,986</u>	<u>179,232</u>

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

The Organization maintains a line of credit with Machias Savings Bank with maximum borrowings of \$350,000, which expires in March 2021. The line bears interest at .50% above the *Wall Street Journal* prime rate, 5.25% at December 31, 2019. The line is secured by all business assets with a carrying value of \$1,405,686 at December 31, 2019. No amounts were advanced on the line of credit at December 31, 2019 and 2018.

HAND IN HAND/MANO EN MANO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED

4. LONG-TERM DEBT

Long-term debt consists of the following:

	<u>2019</u>	<u>2018</u>
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 \$1,155,088 at December 31, 2019.	\$ 137,340	142,319
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 \$1,039,954 at December 31, 2019.	<u>70,822</u>	<u>73,256</u>
Less current portion	<u>208,162</u>	<u>215,575</u>
	<u>7,568</u>	<u>7,414</u>
Net long-term debt	<u>\$ 200,594</u>	<u>208,161</u>

Future maturities of long-term debt are as follows:

2020	\$ 7,568
2021	7,746
2022	7,921
2023	8,103
2024	8,272
Thereafter	<u>168,552</u>
	<u>\$ 208,162</u>

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

Subsequent to year end the Organization was awarded a loan under the Paycheck Protection Program in the amount of \$151,142.

HAND IN HAND/MANO EN MANO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED

5. RESTRICTION ON USE OF NET ASSETS

Net assets with donor restrictions are restricted to:

	<u>2019</u>	<u>2018</u>
Access to Essential Services	\$ 6,250	-
Community Survey Project	1,267	-
Maine Women's Fund	-	8,840
Presente Maine	5,500	-
Racial Equity	5,119	3,442
Welcome Initiative	<u>69,015</u>	<u>8,725</u>
	<u>\$ 87,151</u>	<u>21,007</u>

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 \$53,510 and \$49,680 for the years ended December 31, 2019 and 2018, 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 \$25,100 and \$19,100 for the years ended December 31, 2019 and 2018, 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.

Approximately 67% and 68% 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, 2019 and 2018, respectively. Accounts receivable attributed to the State of Maine - Department of Education totaled \$135,499 and \$114,706 at December 31, 2019 and 2018, respectively.

HAND IN HAND/MANO EN MANO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED

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 expires in December 2028. Rent expense was \$25,000 and \$15,750 for the years ended December 31, 2019 and 2018, respectively. The quarterly lease payment is \$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 2021. The Organization is responsible for a pro-rata share of operating and maintenance expenses. Rent expense was \$15,963 and \$15,469 for the years ended December 31, 2019 and 2018, respectively.

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

2020	\$	46,940
2021		33,950
2022		25,000
2023		25,000
2024		25,000
Thereafter		<u>100,000</u>
		<u>\$ 255,890</u>

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

	<u>2019</u>	<u>2018</u>
Cash paid for interest	<u>\$ 6,190</u>	<u>9,304</u>
Schedule of Noncash Investing and Financing Transactions:		
Refinancing of long-term debt	<u>\$ -</u>	<u>75,000</u>

HAND IN HAND/MANO EN MANO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED

11. UNCERTAIN CONDITIONS

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (“COVID-19”) a global pandemic. The outbreak of COVID-19 continues to grow both in the United States and globally, and related government and private sector responsive actions may continue to adversely affect the Organization's operations. The Organization is in the process of implementing risk mitigation tactics to minimize the impact, if any, of COVID-19 related to all aspects of the Organization’s operations. As the global outbreak continues to rapidly evolve, the extent to which COVID-19 may impact the Organization's activities will depend on future developments, which are highly uncertain and cannot be predicted.

HAND IN HAND/MANO EN MANO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2019

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA number</u>	<u>Pass-through entity identifying number</u>	<u>Federal expenditures</u>
Direct Award:			
Department of Agriculture:			
Rural Rental Housing Loans	10.415		\$ 142,319
Rent Subsidy	10.427		<u>53,510</u>
Total Department of Agriculture			<u>195,829</u>
Pass-through Awards - Maine Department of Education:			
Department of Agriculture:			
Child Nutrition Cluster - National School Lunch Program	10.555	N/A	<u>5,261</u>
Total Department of Agriculture			<u>5,261</u>
Department of Education:			
Migrant Education - State Formula Grant	84.011	2019*2064	<u>882,726</u>
Total Department of Education			<u>882,726</u>
			<u>\$ 1,083,816</u>

See accompanying notes to schedule of expenditures of federal awards.

HAND IN HAND/MANO EN MANO  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2019

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended December 31, 2019. 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 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 \$137,340 at December 31, 2019.

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, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 9, 2020.

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

## 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, Rendell & Bennett*

September 9, 2020

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, 2019. The Organization's major federal program is 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 its major federal program for the year ended December 31, 2019.

## 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 9, 2020

HAND IN HAND/MANO EN MANO  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED DECEMBER 31, 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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	
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?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None