Mano en Mano
HAND IN HAND

Consolidated Financial Statements

December 31, 2022 and 2021

CONTENTS

Independent Auditors' Report	**1**
Statements of Consolidated Financial Position	**3**
Consolidated Statements of Activities	**5**
Consolidated Statements of Functional Expenses	**7**
Consolidated Statements of Cash Flows	**9**
Notes to Consolidated Financial Statements	**10**

Independent Auditors' Report

Board of Directors
Hand in Hand/Mano en Mano and Subsidiary
Milbridge, Maine

Opinion

We have audited the accompanying consolidated financial statements of Hand in Hand/Mano en Mano and Subsidiary (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hand in Hand/Mano en Mano and Subsidiary as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are required to be independent of Hand in Hand/Mano en Mano and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hand in Hand/Mano en Mano and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of Hand in Hand/Mano en Mano and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hand in Hand/Mano en Mano and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

As stated in the opinion section of this report, the consolidated financial statements of Hand in Hand/Mano en Mano and Subsidiary present fairly, in all material respects, the financial position of Hand in Hand/Mano en Mano and Subsidiary as of December 31, 2022 and 2021, and the changes in its 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2023 on our consideration of Hand in Hand/Mano en Mano and Subsidiary'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 solely 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 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 Hand in Hand/Mano en Mano and Subsidiary's internal control over financial reporting and compliance.

PGM, LLC
Biddeford, Maine
October 19, 2023

Consolidated Statements of Financial Position

December 31,

ASSETS	2022	2021
Current Assets:		
Cash	$ 1,287,544	$ 1,631,208
Restricted cash	135,224	121,996
Tenant security deposits	4,944	4,609
Accounts receivable	370,662	550,567
Promises to give receivable, current portion	203,560	372,756
Prepaid expenses	8,817	22,113
Operating right of use asset- short-term	34,739	37,346
Total Current Assets	2,045,490	2,740,595
Property and Equipment:		
Land	196,884	150,725
Land improvements	23,702	23,702
Buildings	1,660,263	1,256,490
Furniture and fixtures	31,776	31,776
Vehicles	43,527	43,527
Construction in progress	53,360	697
	2,009,512	1,506,917
Less accumulated depreciation	(410,820)	369,628
Net property and equipment	1,598,692	1,137,289
Other Assets		
Security deposits	2,500	2,500
Operating right of use asset - long-term	136,623	171,362
Promises to give receivable, net of current portion	82,617	15,000
Total Other Assets	221,740	188,862
Total Assets	$ 3,865,922	$ 4,066,746

Consolidated Statements of Financial Position- Continued

December 31,

LIABILITIES AND NET ASSETS	2022	2021
Current Liabilities		
Accounts payable	**73,284**	32,263
Accrued expenses	**6,633**	14,509
Tenant security deposits	**4,326**	4,614
Deferred revenue	**0**	2,451
Line of credit	**300,000**	300,000
Current portion of long-term debt	**8,283**	257,921
Operating lease liability- short-term	**34,739**	37,346
Fiscal sponsorship obligation		323,510
Total Current Liabilities	**427,265**	972,614
Long-Term Liabilities		
Long-term debt, net of current portion	**176,109**	184,479
Operating lease liability- long-term	**136,623**	171,362
Debentures payable	**1,000,000**	500,000
Total Long-Term Liabilities	**1,312,732**	855,841
Total Liabilities	**1,739,997**	1,828,455
Net Assets		
Without donor restrictions	**1,292,590**	1,310,886
With donor restrictions	**833,335**	927,405
Total Net Assets	**2,125,925**	2,238,291
Total Liabilities and Net Assets	**$ 3,865,922**	$ 4,066,746

The accompanying notes are an integral part of these consolidated financial statements

Consolidated Statement of Activities

Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Public Support:			
Grants	$ 234,918	$ 458,357	$ 693,275
Contributions	108,350	31,099	139,449
In-kind	140,171		140,171
Total Public Support:	483,439	489,456	972,895
Program Services:			
Access and advocacy	256,590		256,590
Migrant education	722,657		722,657
Housing	82,770		82,770
Child care	87,952		87,952
COVID-19 community response	321,877		321,877
Total Program Services:	1,471,846		1,471,846
Revenue:			
Interest income	2,893		2,893
Other revenue	44,518		44,518
Total Revenue:	47,411		47,411
Net assets released from restrictions	583,526	(583,526)	
Total Support and Revenue	2,586,222	(94,070)	2,492,152
Expenses			
Program services	2,036,705		2,036,705
Management and general	512,547		512,547
Fundraising	55,266		55,266
Total Expenses	2,604,518		2,604,518
Change in Net Assets	(18,296)	(94,070)	(112,366)
Net Assets, Beginning of Year	1,310,886	927,405	2,238,291
Net Assets, End of Year	$ 1,292,590	$ 833,335	$ 2,125,925

The accompanying notes are an integral part of these consolidated financial statements

Consolidated Statement of Activities

Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Public support:			
Grants	$ 156,962	$ 1,183,199	$ 1,340,161
Contributions	117,973	262,409	380,382
Total Public Support:	274,935	1,445,608	1,720,543
Program Services:			
Access and advocacy	1,490		1,490
Migrant education	762,261		762,261
Housing	87,616		87,616
COVID-19 community response	494,454		494,454
Fiscal sponsorship		714,155	714,155
Total Program Services	1,345,821	714,155	2,059,976
Other revenue:			
Interest income	1,400	57	1,457
Other revenue	20,206		20,206
Total Revenue:	21,606	57	21,663
Net assets released from restrictions	2,330,698	(2,330,698)	
Total Support and Revenue	3,973,060	(170,878)	3,802,182
Expenses			
Program services	3,232,632		3,232,632
Management and general	570,089		570,089
Fundraising	30,976		30,976
Total Expenses	3,833,697		3,833,697
Change in Net Assets	139,363	(170,878)	(31,515)
Net Assets, Beginning of Year	1,171,523	1,098,283	2,269,806
Net Assets, End of Year	$ 1,310,886	$ 927,405	$ 2,238,291

Consolidated Statement of Functional Expenses

Year Ended December 31, 2022

	Program Services							Support Services		
	Access and Advocacy	**Child Care**	**Migrant Education**	**Housing**	**COVID-19 community Programs**	**TREE**	**Total**	**Management and General**	**Fundraising**	**Total Expenses**
Personnel Expenses										
Salaries and wages	$ 107,451	$ 139,867	$ 389,627	$ 43,947	$ 340,894	$ 4,926	$ 1,026,712	$ 204,518	$ 25,057	$ 1,256,287
Payroll taxes	8,252	10,742	29,923	3,375	26,180	378	78,850	15,707	1,923	96,480
Employee benefits	17,014	24,468	57,137	8,586	24,642	329	132,176	38,192	4,898	175,266
Total personnel	132,717	175,077	476,687	55,908	391,716	5,633	1,237,738	258,417	31,878	1,528,033
Expenses										
Advertising									6,300	6,300
Community member grants	6,169			116,294	37,250	2,623	162,336			162,336
Depreciation	5,413		1,107	33,633	526		40,679	513		41,192
Grants to other organizations	22,000	7,550					29,550			29,550
Information technology	2,190	658	11,568	3,162	3,588	16	21,182	22,269	780	44,231
Insurance				4,506			4,506	16,331		20,837
Interest				8,130			8,130	905		9,035
Legal and accounting fees				15,166	6,700		21,866	85,037		106,903
Occupancy			16,153	45,880			62,033	49,559		111,592
Office	2,430	1,190	2,015	2,246	4,896	33	12,810	12,027	3,069	27,906
Other program expenses	57,941	17,148	16,669		14,188	2,881	108,827	1,071	1,815	111,713
Professional and outside services	17,831	1,530	4,498	21,760	6,700	19,514	71,833	55,295	5,625	132,753
Supplies	3,559	10,217	15,685	25	11,213	10,785	51,484	18	786	52,288
Travel	8,803	539	39,518	1,716	8,336	359	59,271	9,619	1,939	70,829
Bad debt		1,645					1,645			1,645
In-kind	140,171						140,171			140,171
Miscellaneous	410	549	1,600	85			2,644	1,486	3,074	7,204
Total other expenses	266,917	41,026	108,813	252,603	93,397	36,211	798,967	254,130	23,388	1,076,485
Total Expenses	$ 399,634	$ 216,103	$ 585,500	$ 308,511	$ 485,113	$ 41,844	$ 2,036,705	$ 512,547	$ 55,266	$ 2,604,518

Consolidated Statement of Functional Expenses

Year Ended December 31, 2021

	Program Services								Support Services		
	Access and Advocacy	Child Care	Migrant Education	Housing	COVID-19 community Programs	Presente Maine	TREE	Total	Management and General	Fundraising	Total Expenses
Personnel Expenses											
Salaries and wages	$ 104,046	$ 105,456	$ 365,182	$ 41,969	$ 289,027	$ 320,823	$ 101,366	$ 1,327,869	$ 204,297	$ 18,229	$ 1,550,395
Payroll taxes	7,755	13,355	31,681	3,520	17,931	20,174	6,402	100,818	15,973	1,650	118,441
Employee benefits	18,788	13,130	44,951	8,138	18,790	53,827	11,376	169,000	38,257	3,402	210,659
Total personnel	130,589	131,941	441,814	53,627	325,748	394,824	119,144	1,597,687	258,527	23,281	1,879,495
Expenses											
Advertising				140			50	190	2,754	1,272	4,216
Community member grants	10,000			167,101	126,300	45,390	2,578	351,369			351,369
Depreciation	5,028		886	32,726	197			38,837	2,386		41,223
Grants to other organizations				29,000		590,581	9,500	629,081			629,081
Information technology	1,606	603	19,314	1,858		8,893	417	32,691	27,477	3,729	63,897
Insurance				6,010	9,423	1,435		16,868	16,974		33,842
Interest				6,109				6,109	272		6,381
Legal and accounting fees			1,338	17,058	1,338	2,675		22,409	109,174		131,583
Occupancy			16,430	35,931		5	125	52,491	51,169		103,660
Office	238	123	1,469	1,157	2,980	12,601	136	18,704	11,772	410	30,886
Other program expenses	19,754	5,101	19,113	598	25,163	54,590	7,586	131,905	3,248	356	135,509
Professional and outside services	8,855	1,500	27,135	16,433	270	27,605	71,727	153,525	77,430		230,955
Supplies	3,782	6,173	25,792	378	20,860	23,077	22,506	102,568		356	102,924
Travel	7,703	64	22,191	686	26,593	12,289	1,456	70,982	8,000	922	79,904
Bad debt		100		1,068				1,168			1,168
Miscellaneous	488	96	726	347		2,706	1,685	6,048	906	650	7,604
Total other expenses	57,454	13,760	134,394	316,600	213,124	781,847	117,766	1,634,945	311,562	7,695	1,954,202
Total Expenses	$ 188,043	$ 145,701	$ 576,208	$ 370,227	$ 538,872	$ 1,176,671	$ 236,910	$ 3,232,632	$ 570,089	$ 30,976	$ 3,833,697

The accompanying notes are an integral part of these consolidated financial statements

Consolidated Statements of Cash Flows

Years Ended June 30,

	2022	2021
Cash flows used for operating activities:		
Change in net assets	**$ (112,366)**	$ (31,515)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	**41,192**	41,223
(Increase) decrease in operating assets:		
Accounts receivable	**179,905**	(172,197)
Pledges receivable	**101,579**	(387,756)
Prepaid expenses	**13,296**	(14,384)
Increase (decrease) in operating liabilities:		
Accounts payable	**41,021**	(373)
Accrued expenses	**(7,876)**	(37,637)
Tenant security deposits	**(288)**	1,551
Deferred revenue	**(2,451)**	2,451
Fiscal sponsorship obligation	**(323,510)**	323,510
Net cash used for operating activities	**(69,498)**	(275,127)
Cash flows used for investing activities:		
Purchases of property and equipment	**(502,595)**	(141,918)
Net cash used for investing activities	**(502,595)**	(141,918)
Cash flows from financing activities:		
Net borrowing on line of credit		300,000
Repayments of long-term debt	**(258,008)**	(8,194)
Borrowing of short-term debt		250,000
Issuance of debentures	**500,000**	500,000
Net cash provided by financing activities	**241,992**	1,041,806
Net increase in cash and restricted cash	**(330,101)**	624,761
Cash and cash equivalents at beginning of year	**1,757,813**	1,133,052
Cash and cash equivalents at end of year	**$ 1,427,712**	$ 1,757,813
Cash and cash equivalents at end of year		
Cash	**$ 1,287,544**	$ 1,631,208
Restricted reserve funds	**135,224**	121,996
Tenant security deposits	**4,944**	4,609
	$ 1,427,712	$ 1,757,813

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Hand in Hand/Mano en Mano and Subsidiary (the Organization) is a nonprofit corporation established in 2005 to work with farmers and immigrants statewide in Downeast, Maine to empower them to thrive. The Organization's vision is a stronger, more inclusive Maine where contributions of diverse communities are welcomed, access to essential services, education and housing are ensured, and social justice and equity are embraced.

In November 2020, the Organization established a single-member limited liability company (LLC) under the name Welcome Home Downeast, LLC, for the purpose of continuing the program objectives of the Welcome Home Downeast initiative. This subsidiary is renovating or building between 6 to 8 homes in Downeast Maine and providing migrant families the opportunity to rent or rent-to-own these homes.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, 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:

Net Assets without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions and can be used for any purpose designated by the board.

Net Assets with Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash and Cash Equivalents

Hand in Hand/Mano en Mano and Subsidiary maintains cash accounts with various commercial banks. Accounts at the banks are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per institution. At various times throughout the year and at year end, the Organization had cash balances in excess of FDIC insurance. OBI believes it is not exposed to any significant credit risk on its cash balances. The uninsured balance at December 31, 2022 was approximately $480,000.

For purposes of the statement of cash flows, the Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Consolidated Notes to Financial Statements

December 31, 2022 and 2021

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accounts Receivable

Accounts receivable consist of grants awarded but not yet received, and other amounts owed to the Organization that are collectible within one year of year end. Management has deemed all accounts receivable to be fully collectible; therefore, no allowance for uncollectible accounts has been recorded.

Revenue Recognition

Revenues are recognized as earned or attributable to the period in which specific terms of the funding agreement are satisfied and to the extent that expenses have been incurred for the purposes specified by the funding source.

Contributions

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

> An explicit identification of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
>
> An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions.

In-kind Contributions

Contributed nonfinancial assets include donated food and other in-kind contributions, which are recorded at the respective fair values of the good or services received. Contributed nonfinancial assets totaled $140,171 and $0 for the years ended December 31, 2022 and 2021, respectively.

Advertising

The Organization expenses advertising costs as incurred. Costs incurred for the year ended December 31, 2022 and 2021 were $6,300 and $4,216, respectively.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c) (3) of the Internal Revenue Code and has been determined not to be a private foundation within the meaning of Section 509(a) of the Code. Welcome Home Downeast, LLC is disregarded for income tax purposes.

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Income Taxes- Continued

Management has evaluated the Organization's tax position and concluded that the Organization has not taken any uncertain tax position that required adjustment to the financial statements. The Organization is subject to audit under the statute of limitations by the Internal Revenue Service and state taxing authorities generally for three years after the filing of a return.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses in the reporting period. Actual results could differ from these estimates. Management estimates the value of total donated food based on weight and per pound rate provided by Feeding America. Management believes this is a reasonable basis for valuation.

Recently Adopted Accounting Pronouncements

Contributed Nonfinancial Assets

In September 2020, FASB issued ASU update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* This new standard increases the transparency of contributed nonfinancial for not-for-profit (NFP) entities through enhancements to presentation and disclosure to include disaggregation of contributed nonfinancial assets and qualitative information about the use of these asset as well as descriptions regarding restrictions, valuation techniques and fair value measurement. The new standard applies for years beginning after June 30, 2021. Management has adopted this standard with no significant impact on its financial statements.

Leasing

In February 2016, FASB issued ASU 2016–02, *Leases*. This new standard provides users of the consolidated financial statements a more accurate picture of the assets and the long-term financial obligations of entities that lease. The standard is for a dual-model approach; a lessee would account for most existing capital leases as Type A leases, and most existing operating leases as Type B leases. Both are reported on the balance sheet of the entity for leases with a term exceeding 12 months. For nonpublic companies, the new leasing standard applies for fiscal years beginning after December 15, 2021. The standard required retroactive application. Management has adopted the standard and is included in the consolidated financial statements for the years presented. The adoption of the standard did not change net assets. The leases were recorded as an asset and liability.

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures: that is without donor or other restrictions limiting their use within one year of the balance sheet date, comprise the following as of December 31:

	2022	2021
Cash	**$ 740,386**	$ 1,091,559
Accounts receivable	**370,662**	550,567
Unconditional promises to give receivable	**203,560**	372,756
	$ 1,314,608	$ 2,014,882

Hand in Hand/Mano en Mano and Subsidiary has a line of credit available of $350,000 which can be drawn upon if needed.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are estimated to be collected as follows at December 31:

Unconditional promises to give are estimated to be collected as follows at December 31:

	2022	2021
Within one year	**$ 203,560**	$ 372,756
In one to five years	**82,617**	15,000
	$ 286,177	$ 387,756

Promises to give appear as follows in the statement of financial position:

	2022	2021
Promises to give receivable, current portion	**$ 203,560**	$ 372,756
Promises to give receivable, net of current portion	**82,617**	15,000
	$ 286,177	$ 387,756

NOTE 4 – DEBENTURES PAYABLE

In 2021, Welcome Home Downeast, LLC registered $1,000,000 of debt securities with the U.S. Securities and Exchange Commission to be issued to accredited investors over the course of one year. $500,000 of these securities were issued during 2021 with a five year term, including simple interest at 1% payable annually. In 2022, the Organization issued an additional $500,000 of debentures with a five year term, including simple interest at 1% payable annually. The purpose of the issuance is to generate capital to fund the acquisition of real estate. The debentures are secured by the assets of Welcome Home Downeast, LLC totaling $1,085,283 at December 31, 2022.

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

NOTE 5 – LINE OF CREDIT

Hand in Hand/Mano en Mano and Subsidiary maintains a line of credit with Machias Savings Bank with maximum borrowings of $350,000, which expires in March 2023. The line bears interest at .50% above the *Wall Street Journal* prime rate, 7.50% at December 31, 2022. The outstanding balance on the line of credit was $300,000 as of December 31, 2022 and 2021.

NOTE 6 – LONG-TERM DEBT

Notes payable consists of the following as of December 31:

	2022	2021
Mortgage payable USDA - Rural Development due in monthly principal and interest installments of $532 through March 2044. The interest rate is fixed at 1.00%. The mortgage is secured by real estate and related assets with a carrying value of $1,148,573 at December 31, 2022.	**122,069**	$ 127,200
Note payable to Machias Savings Bank due in monthly principal 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 $973,840 at December 31, 2022.	**62,323**	65,200
90 Day note payable to Machias Savings Bank including interest at 4.50% through March 2022. The note was paid in full February 2022.		250,000
	$ 184,392	$ 442,400
Less curent portion	**8,283**	257,921
Net long-term debt	**$ 176,109**	$ 184,479

Future maturities of long-term debt are as follows:

2023	$ 8,283
2024	8,485
2025	8,688
2026	8,897
2027	9,108
Thereafter	140,931
	$ 184,392

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

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

NOTE 7 - RENTAL ASSISTANCE AGREEMENT

The Organization owns and operates an apartment building that houses six families in which one member of the household earns a majority of their income from agriculture or aquaculture. The Organization has enters 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 $39,671 and $45,019 for the years ended December 31, 2022 and 2021, respectively.

NOTE 8 – NET ASSETS

	2022	2021
Net Assets with donor restrictions		
Subject to expenditure for specified purpose:		
Access and advocacy	**$ 58,167**	$ 70,122
Child care capital projects	**297,640**	100,000
Housing	**149,759**	289,065
TREE		43,870
Welcome initiative	**41,592**	36,592
	547,158	539,649
Subject to the passage of time:		
Unconditional promises to give receivable	**$ 286,177**	$ 387,756
Total Net Assets with donor restrictions	**$ 833,335**	$ 927,405

Net Assets released from restrictions

	2022	2021
Satisfaction of purpose restrictions		
Presente Maine		$ 1,317,939
TREE	**$ 43,870**	298,394
Access and advocacy	**264,774**	162,578
Child care capital projects	**135,576**	62,450
Housing	**139,306**	206,186
Welcome initiative		176,526
Capacity building		106,625
	$ 583,526	$ 2,330,698

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

NOTE 9 – RETIREMENT PLAN

The Organization sponsors a Safe Harbor 401(k) retirement plan (the Plan) available to all employees immediately upon hire. An employee may defer a portion of their compensation on a pre-tax basis as a contribution to 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 reeducation contribution of up to 6% of the employee's compensation. Total contributions to the Plan were approximately $27,512 and $28,173 for the years ended December 31, 2022 and 2021, respectively. All employee and employer contributions are vested immediately.

NOTE 10 – CONCENTRATIONS

Approximately 43% and 41% of the Organization's total public support, program services, and revenue was received under agreements with the State of Maine for the years ended December 31, 2022 and 2021, respectively.. Accounts receivable attributed to the State of Maine totaled $255,999 and $407,006 at December 31, 2022 and 2021, respectively.

NOTE 11 – COMMITMENTS

The restricted reserve funds are required under the terms of the USDA mortgage note payable to fund a replacement reserve account 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.

NOTE 12 – LEASES

The Organization leases two office spaces in Portland and Milbridge. The Organization is responsible for utilities and routine maintenance at both locations. Under the new lease standards, both leases were determined to be operating leases. The asset is recorded on the Statement of Financial Position as Operating lease right of use assets for $171,362 and $208,708 as of December 31, 2022 and 2021, respectively. Operating lease expense for the years ended December 31, 2022 and 2021 was $48,239 and $51,173, respectively.

The Organization leases certain facilities at various terms under long-term non-cancelable operating agreements. The leases expire at various dates through 2028 and provide for renewal options ranging from one year to five years. The Organization include in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization have elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization have applied the risk-free rate option to the right of use assets. The rate used was between 3-5%.

The Organization have elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

NOTE 12 – LEASES - CONTINUED

Future minimum payments under operating leases as of December 31, 2022 are as follows:

Years ending December 31,			
	2023	$	41,978
	2024		31,712
	2025		33,297
	2026		34,962
	2027		36,710
	Thereafter		15,606
Total lease payments			194,265
Less interest			(22,903)
Present value of lease liabilities		$	171,362

NOTE 13 – CONTRIBUTIONS OF NONFINANCIAL ASSETS

For year ended December 31, 2022:

Donation	Revenue Recognized	Utilization in Program	Donor Restrictions	Valuation Techniques
Medical Supplies	**$ 14,022**	**All**	**None**	**Donated medical supplies are valued based on the fair market value of the items donated.**
Food	**126,149**	**All**	**None**	**Donated food is valued based on Feeding America dollar value of a pound of donated food.**
Total	**$ 140,171**			

NOTE 14 – FISCAL SPONSORSHIP

The Organization previously acted as a fiscal sponsor for two groups- Presente Maine and Transforming Rural Experiences in Education (TREE), which engage in activities that are consistent with the Organizations mission. The Organization accepts tax-deductible donations on behalf of the fiscally sponsored groups and administers the expenditures of those funds for designated tax-exempt charitable purposes. Fiscal sponsorship support is offered to community groups on a case by case basis, in situations in which there is no appropriate community-based 501(c)(3) organization that could otherwise act as a fiscal sponsor.

The fiscal sponsorship agreement with Presente Maine terminated as of December 31, 2021. Amounts collected on behalf of Presente Maine and not expended as of December 31, 2021, totaling $323,510 were presented on the Statement of Financial Position as fiscal sponsorship obligation for the year ended December 31, 2021.

The fiscal sponsorship agreement with TREE terminated as of December 31, 2022. There was no balance of funds collected and not expended as of December 31, 2022.

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

NOTE 15 – SUBSEQUENT EVENTS

Management has made an evaluation of subsequent events to and including October 19, 2023, which was the date the consolidated financial statements were available to be issued, and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.