

MANY HANDS FOR HAITI
FINANCIAL STATEMENTS
Year Ended December 31, 2019

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Independent Auditors' Report

To the Board of Directors
Many Hands for Haiti
Pella, Iowa

We have audited the accompanying financial statements of Many Hands for Haiti (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the 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 the 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 auditor considers 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 qualified audit opinion.

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Burlington	Cedar Rapids	Centerville	Fairfield	Mt. Pleasant	Muscatine	Oskaloosa	Pella	West Des Moines
319.753.9877	319.393.2374	641.437.4296	641.472.6171	319.385.9718	563.264.2727	641.672.2523	641.628.9411	515.657.5800

Basis for Qualified Opinion

As discussed in Note 2 to the financial statements, Many Hands for Haiti has not consolidated Many Hands Thrift, LLC., Many Hands Thrift Grimes, LLC., or Beaucoup de Mains pour Haiti. In our opinion, these entities should be consolidated to conform with accounting principles generally accepted in the United States of America. The effect of not consolidating these entities has not been determined.

Qualified Opinion

In our opinion, except for the effects of not consolidating certain entities as discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Many Hands for Haiti as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

TDT CPAs and Advisors, P.C.

West Des Moines, Iowa
April 13, 2020

Many Hands for Haiti
Statement of Financial Position
Year Ending December 31, 2019

ASSETS

Current assets:

Cash and cash equivalents	\$	564,107
Prepaid expenses		50,180
Due from related parties		189,192
Notes receivable - related parties, current portion		67,404
TOTAL CURRENT ASSETS		<u>870,883</u>

Property and equipment:

Equipment		20,579
Accumulated depreciation		<u>(9,681)</u>
NET PROPERTY AND EQUIPMENT		<u>10,898</u>

Other Noncurrent Assets:

Investment in Many Hands Thrift Grimes, LLC		5,000
Notes receivable - related parties, net of current portion		<u>38,674</u>
TOTAL OTHER NONCURRENT ASSETS		<u>43,674</u>

TOTAL ASSETS \$ 925,455

LIABILITIES AND NET ASSETS

LIABILITIES

Current liabilities:

Accounts payable	\$	24,743
Accrued wages and payroll taxes		13,352
Current portion of note payable		67,404
TOTAL CURRENT LIABILITIES		<u>105,499</u>

Long-term liabilities:

Note payable, net of current portion		<u>74,989</u>
TOTAL LONG-TERM LIABILITIES		<u>74,989</u>

TOTAL LIABILITIES 180,488

NET ASSETS

Without donor restrictions		131,046
With donor restrictions		<u>613,921</u>

TOTAL NET ASSETS 744,967

TOTAL LIABILITIES AND NET ASSETS \$ 925,455

See notes to financial statements.

Many Hands for Haiti
Statement of Activities
Year Ending December 31, 2019

	Without donor restrictions	With donor restrictions	Total
OPERATING ACTIVITIES:			
Operating support and revenue:			
Contributions - cash	\$ 582,435	677,146	1,259,581
In-kind donations	-	427,260	427,260
Total contributions	<u>582,435</u>	<u>1,104,406</u>	<u>1,686,841</u>
Management fee income	72,219	-	72,219
Mission trips	-	262,837	262,837
Interest income	2,452	-	2,452
Net assets released from restrictions	1,330,938	(1,330,938)	-
Total revenue	<u>1,405,609</u>	<u>(1,068,101)</u>	<u>337,508</u>
 TOTAL OPERATING SUPPORT AND REVENUE	 <u>1,988,044</u>	 <u>36,305</u>	 <u>2,024,349</u>
Operating expenditures:			
Program services:			
Agriculture	467,797	-	467,797
Education	299,465	-	299,465
Economic	8,585	-	8,585
Medical	38,054	-	38,054
Safe Homes	82,348	-	82,348
Short term trips	405,646	-	405,646
Spiritual	153,815	-	153,815
Many Hands Thrift Grimes, LLC	22,082	-	22,082
Supporting services:			
Management and general	323,478	-	323,478
Fundraising	27,348	-	27,348
TOTAL OPERATING EXPENDITURES	<u>1,828,618</u>	<u>-</u>	<u>1,828,618</u>
 CHANGE IN NET ASSETS	 <u>159,426</u>	 <u>36,305</u>	 <u>195,731</u>
NET ASSETS AT BEGINNING OF YEAR	<u>(28,380)</u>	<u>577,616</u>	<u>549,236</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 131,046</u>	 <u>613,921</u>	 <u>744,967</u>

See notes to financial statements.

Many Hands for Haiti
Statement of Functional Expenses
Year Ending December 31, 2019

	Program Services										Supporting Services																																																																																																																																																																																																																																																																																																																																						
	Agriculture & Feeding	Education	Economic Development	Medical Assistance	Safe Homes	Short Term Trips	Spiritual Development	Many Hands Thrift Grimes, LLC	Program Services	Management & General	Fundraising	Total																																																																																																																																																																																																																																																																																																																																					
Compensation and related expenses:													Compensation	30,178	79,188	2,607	11,728	2,607	64,115	16,289	11,667	218,379	152,316	18,250	388,945	Payroll taxes	2,308	6,057	198	896	198	4,904	1,245	893	16,699	12,652	1,389	30,740	Advertising	-	4,945	-	-	-	-	-	-	4,945	5,991	94	11,030	Appreciation	-	-	-	-	-	-	-	-	-	164	-	164	Bank & credit card fees	-	-	-	-	-	-	-	-	-	6,968	-	6,968	Communications	-	-	-	-	-	-	-	-	-	2,817	-	2,817	Depreciation	-	-	-	-	-	-	-	-	-	3,229	-	3,229	Dues & subscriptions	-	-	-	-	-	-	13	-	13	499	-	512	Hosted Conference Expenses	-	21,079	-	-	-	-	-	-	21,079	-	50	21,129	Grants to other organizations	52,783	141,748	1,765	21,092	77,663	119,824	55,849	3,750	474,474	-	-	474,474	Insurance	-	-	-	-	-	-	-	-	-	10,289	-	10,289	Interest	-	-	-	-	-	-	-	-	-	1,982	-	1,982	Meals	163	8,107	3	3	3	-	139	-	5,772	1,102	2,396	7,754	Office expense	-	-	-	-	-	2	-	-	2	5,839	-	5,841	Postage	126	1,210	1,225	-	-	226	8	-	2,795	9,119	110	12,024	Printing	-	4,629	-	-	-	1,269	-	-	5,898	14,319	1,156	21,373	Professional fees	-	140	-	-	-	-	60,000	-	60,140	39,415	-	99,555	Program supplies	373,686	17,457	1,664	1,374	-	24,325	12,418	-	430,924	10,038	3,205	444,167	Rent	-	1,473	-	-	-	-	-	-	1,473	11,737	698	13,908	Repairs	-	-	-	-	-	-	-	-	-	936	-	936	Telephone	522	770	-	-	-	-	-	-	1,292	5,585	-	6,877	Travel	7,946	12,553	1,123	2,961	1,877	2,022	7,847	-	36,329	23,093	-	59,422	Trip expenses	85	109	-	-	-	188,959	7	-	189,160	2,790	-	191,950	Utilities	-	-	-	-	-	-	-	-	-	2,598	-	2,598	\$	467,797	299,465	8,585	38,054	82,348	405,646	153,815	22,082	1,477,792	323,478	27,348	1,828,618
Compensation	30,178	79,188	2,607	11,728	2,607	64,115	16,289	11,667	218,379	152,316	18,250	388,945																																																																																																																																																																																																																																																																																																																																					
Payroll taxes	2,308	6,057	198	896	198	4,904	1,245	893	16,699	12,652	1,389	30,740																																																																																																																																																																																																																																																																																																																																					
Advertising	-	4,945	-	-	-	-	-	-	4,945	5,991	94	11,030																																																																																																																																																																																																																																																																																																																																					
Appreciation	-	-	-	-	-	-	-	-	-	164	-	164																																																																																																																																																																																																																																																																																																																																					
Bank & credit card fees	-	-	-	-	-	-	-	-	-	6,968	-	6,968																																																																																																																																																																																																																																																																																																																																					
Communications	-	-	-	-	-	-	-	-	-	2,817	-	2,817																																																																																																																																																																																																																																																																																																																																					
Depreciation	-	-	-	-	-	-	-	-	-	3,229	-	3,229																																																																																																																																																																																																																																																																																																																																					
Dues & subscriptions	-	-	-	-	-	-	13	-	13	499	-	512																																																																																																																																																																																																																																																																																																																																					
Hosted Conference Expenses	-	21,079	-	-	-	-	-	-	21,079	-	50	21,129																																																																																																																																																																																																																																																																																																																																					
Grants to other organizations	52,783	141,748	1,765	21,092	77,663	119,824	55,849	3,750	474,474	-	-	474,474																																																																																																																																																																																																																																																																																																																																					
Insurance	-	-	-	-	-	-	-	-	-	10,289	-	10,289																																																																																																																																																																																																																																																																																																																																					
Interest	-	-	-	-	-	-	-	-	-	1,982	-	1,982																																																																																																																																																																																																																																																																																																																																					
Meals	163	8,107	3	3	3	-	139	-	5,772	1,102	2,396	7,754																																																																																																																																																																																																																																																																																																																																					
Office expense	-	-	-	-	-	2	-	-	2	5,839	-	5,841																																																																																																																																																																																																																																																																																																																																					
Postage	126	1,210	1,225	-	-	226	8	-	2,795	9,119	110	12,024																																																																																																																																																																																																																																																																																																																																					
Printing	-	4,629	-	-	-	1,269	-	-	5,898	14,319	1,156	21,373																																																																																																																																																																																																																																																																																																																																					
Professional fees	-	140	-	-	-	-	60,000	-	60,140	39,415	-	99,555																																																																																																																																																																																																																																																																																																																																					
Program supplies	373,686	17,457	1,664	1,374	-	24,325	12,418	-	430,924	10,038	3,205	444,167																																																																																																																																																																																																																																																																																																																																					
Rent	-	1,473	-	-	-	-	-	-	1,473	11,737	698	13,908																																																																																																																																																																																																																																																																																																																																					
Repairs	-	-	-	-	-	-	-	-	-	936	-	936																																																																																																																																																																																																																																																																																																																																					
Telephone	522	770	-	-	-	-	-	-	1,292	5,585	-	6,877																																																																																																																																																																																																																																																																																																																																					
Travel	7,946	12,553	1,123	2,961	1,877	2,022	7,847	-	36,329	23,093	-	59,422																																																																																																																																																																																																																																																																																																																																					
Trip expenses	85	109	-	-	-	188,959	7	-	189,160	2,790	-	191,950																																																																																																																																																																																																																																																																																																																																					
Utilities	-	-	-	-	-	-	-	-	-	2,598	-	2,598																																																																																																																																																																																																																																																																																																																																					
\$	467,797	299,465	8,585	38,054	82,348	405,646	153,815	22,082	1,477,792	323,478	27,348	1,828,618																																																																																																																																																																																																																																																																																																																																					

See notes to financial statements.

Many Hands for Haiti
Statement of Cash Flows
Year Ending December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 195,731
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	3,229
(Increase) decrease in operating assets:	
Prepaid expenses	(4,262)
Increase (decrease) in operating liabilities:	
Accounts payable	24,518
Accrued wages and payroll taxes	1,484
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>220,700</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Payments for capital expenditures	(13,282)
Payments received on notes receivable	54,472
Payments made to related party loan	63,077
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>104,267</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on note payable	(64,572)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(64,572)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	260,395
BEGINNING CASH AND CASH EQUIVALENTS	<u>303,712</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 564,107</u>

See notes to financial statements.

MANY HANDS FOR HAITI
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – Many Hands for Haiti (the Organization) is a not-for-profit organization where people transform together, through the presence of Jesus Christ, to be a called people, living with purpose, unleashing God-given talents and resources to bring Good News in a broken world. The organization’s main Haiti programs are Agriculture & Feeding, Education, Economic Development, Medical Assistance, Safe Homes, Short Term Missions Trips, and Spiritual Development.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – For purposes of the statements of financial position and cash flows, the Organization considers all demand accounts, money market funds, and investments with a maturity of three months or less at the time of purchase that are not held by investment custodians to be cash equivalents.

Method of Accounting – Assets, liabilities, income and expenses are reported using the accrual basis of accounting, whereby income is recorded when earned and expenses are recorded when incurred.

Financial Statement Presentation - Net assets and revenues, expenses, and 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 that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions may be met by actions of the Organization and/or the passage of time.

Property and Equipment – Property and equipment purchased by the Organization is carried at cost. Donated property and equipment is recorded at estimated fair value at the date of donation. Property and equipment is capitalized if it exceeds \$500 and has a useful life of more than one year. Expenditures for maintenance and repairs are charged as an expense as incurred. Additions and betterments are capitalized. The cost and related accumulated depreciation of property and equipment sold or otherwise disposed of are removed from the accounts and any gain or loss is reflected in the current year’s activities. There was no donated property and equipment for the year ended December 31, 2019.

The Organization follows the straight-line method of depreciation utilizing the following lives:

<u>Class</u>	<u>Years</u>
Equipment	5-10

MANY HANDS FOR HAITI
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition of Revenue from Contributions and Grants – Contributions and grants are recognized when awarded as net assets without donor restrictions or as net assets with donor restrictions. Annual campaign contributions are generally without restrictions and are used in the related campaign year unless specifically restricted by the donor. The value of in-kind donations is recorded at an estimated fair market value, as determined by management, at the time of receipt. When a restriction expires through accomplishment of purpose or passage of time, the net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Functional Expense Allocations – The cost of providing the Organization’s programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited. The executive director’s salary has been allocated fifty percent to management and general, twenty-five percent to fundraising, and the remaining twenty-five percent is split evenly between the seven programs. Construction expense has been allocated twenty percent to Spiritual Development, Education, and Agriculture and Feeding and the other forty percent is allocated to Short Term Trips.

General and Administrative – Management and general expenses represent amounts incurred in the day-to-day operations of the Organization.

Fundraising – Fundraising expenses represent amounts incurred in raising additional funds for the Organization.

Income Taxes – The Organization, a not-for-profit organization, is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code. In addition, the organization has been classified by the Internal Revenue Service as not being a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code. Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Because tax matters are subject to some degree of uncertainty there can be no assurance that the Organization’s tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties and interest as a result of such challenge. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Subsequent Events – Management has evaluated all subsequent events and transactions through April 13, 2020, the date the financial statements were available to be issued. No subsequent events require recognition in the financial statements or disclosures of the Organization.

NOTE 2. UNCONSOLIDATED SUBSIDIARIES

The Organization has three subsidiaries which have not been consolidated. Following is a description of the subsidiaries:

Many Hands Thrift, LLC – A wholly owned subsidiary which operates a thrift store in Spencer, Iowa providing high quality, secondhand goods at a low cost for those in need. The Organization provides various management services to Many Hands Thrift, LLC for which they receive a management fee of \$2,400 per month that started in 2019.

MANY HANDS FOR HAITI
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 2. UNCONSOLIDATED SUBSIDIARIES (CONTINUED)

Many Hands Thrift Grimes, LLC – A wholly owned subsidiary which operates a thrift store in Grimes, Iowa providing high quality, secondhand goods at a low cost for those in need. The Organization provides various management services to Many Hands Thrift Grimes, for which they receive a management fee of \$3,600 per month that started in 2019. The Organization has a \$5,000 investment in Many Hands Thrift Grimes, LLC. which is valued at original cost.

Beaucoup de Mains pour Haiti – A separate legal entity in Haiti which began operations in 2015 under the control of the Organization’s board. The Organization makes periodic grants to Beaucoup de Mains pour Haiti to carry out the in-country work in Haiti. During 2019, grants to Beaucoup de Mains pour Haiti totaled approximately \$475,000.

NOTE 3. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2019, net assets with donor restrictions were restricted for the following purposes:

Agriculture and feeding	\$ 54,916
Education	190,386
Economic development	8,252
Medical assistance	15,863
Short term trips	123,031
Construction	168,675
Spiritual Development	<u>52,799</u>
	<u>\$ 613,921</u>

During the year ended December 31, 2019, net assets were released from donor restrictions due to satisfaction of program restrictions as follows:

Agriculture and feeding	\$ 440,980
Education	251,024
Economic development	5,819
Medical assistance	27,312
Short term trips	295,506
Spiritual development	123,207
Construction	163,907
Staff Salaries	<u>23,183</u>
	<u>\$ 1,330,938</u>

NOTE 4. DUE FROM RELATED PARTIES

The Organization has paid certain costs on behalf of two of its wholly owned subsidiaries, Many Hands Thrift, LLC and Many Hands Thrift Grimes, LLC which are expected to be repaid in the coming year. Amounts due from each subsidiary as of December 31, 2019 were \$1,155 and \$188,037, respectively.

NOTE 5. NOTES RECEIVABLE – RELATED PARTIES

The Organization has an unsecured note receivable from one of its wholly owned subsidiaries, Many Hands Thrift Grimes, LLC. The note with Many Hands Thrift Grimes, LLC bears interest at 4.25%, requires payment in full by October 10, 2021, and had a balance of \$106,078 at December 31, 2019.

MANY HANDS FOR HAITI
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 6. NOTE PAYABLE

In January 2018, the Organization entered into a note agreement with a local financial institution. The note requires the Organization to make monthly payments of \$1,007 through March 2023, including interest at 4.75%. At December 31, 2019, the balance of the loan was \$36,315.

In October 2016, the Organization entered into a note agreement with a local financial institution. The note bears interest at 4.25% and matures in October 2021. Under the note agreement, the Organization must make monthly principal and interest payments of \$5,020. The Organization has pledged substantially all of its assets as collateral for the note. At December 31, 2019, the balance of the loan was \$106,078.

The proceeds of the note were advanced to Many Hands Thrift Grimes, LLC to provide funds for start-up costs and leasehold improvements. The Organization has a note receivable from Many Hands Thrift Grimes, LLC with terms which mirror the note payable.

Future annual maturities of the note payable are as follows:

2020	\$	67,404
2021		60,340
2022		11,638
2023		<u>3,011</u>
	\$	<u>142,393</u>

NOTE 7. RISK MANAGEMENT

Many Hands for Haiti is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Organization assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 8. CONCENTRATION OF CREDIT RISK

At various times throughout the year, the Organization holds cash deposits which may exceed the federally insured limit of \$250,000 per institution. The Organization has not experienced any losses on such deposits and believes it is not exposed to any significant credit risk. At December 31, 2019, the Organization has \$6,112 in excess of the federal FDIC limit.

MANY HANDS FOR HAITI
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 9. AVAILABILITY AND LIQUIDITY

The following represents Many Hands for Haiti’s financial assets at December 31, 2019.

Financial assets at year end:	
Cash and cash equivalents	\$ 564,107
Due from related parties	189,192
Receivables – related parties, current portion	<u>67,404</u>
Total financial assets	<u>820,703</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>613,922</u>
	<u>613,922</u>
Financial assets available to meet general expenditures Over the next twelve months	<u>\$ 206,781</u>

NOTE 10. SUBSEQUENT EVENT

In February 2020 the Organization added Many Hands Thrift West Des Moines, LLC – A wholly owned subsidiary which will operate a thrift store in West Des Moines, Iowa providing high quality, secondhand goods at a low cost for those in need. The Organization will provide various management services to Many Hands Thrift West Des Moines, LLC when the thrift store opens.