



**HANDS ACROSS THE SEA, INC.**

**Financial Statements**

**December 31, 2012**

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**HANDS ACROSS THE SEA, INC.**

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors  
Hands Across the Sea, Inc.  
New Bedford, Massachusetts

We have reviewed the accompanying statement of financial position of Hands Across the Sea, Inc. (a nonprofit organization) as of December 31, 2012, and the related statements activities and cash flows for the years then ended.

A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The information included in the accompanying schedule of functional expenses is presented only for purposes of additional analysis and has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements and we did not become aware of any material modifications that should be made to such data.

*Caliri, Mancini & Barbieri, PC*

Exeter, Rhode Island  
April 2, 2013

**HANDS ACROSS THE SEA, INC.**  
**Statement of Financial Position**  
**December 31, 2012**

**ASSETS**

<b>Current Assets:</b>	
Cash	\$ <u>102,820</u>
<b>Total Current Assets</b>	<u><u>102,820</u></u>

**LIABILITIES AND NET ASSETS**

<b>Net Assets:</b>	
Unrestricted	<u>102,820</u>
Total Net Assets	<u>102,820</u>
<b>Total Liabilities and Net Assets</b>	\$ <u><u>102,820</u></u>

*See independent accountants' review report and accompanying notes to financial statements.*

**HANDS ACROSS THE SEA, INC.**

**Statement of Activities**

**Year Ended December 31, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
<b>Public Support and Revenue:</b>			
<b>Public Support:</b>			
Contributions and Grants			
Churches and Religious Organizations	\$ 2,755	\$ -	\$ 2,755
Corporate Contributions	37,524	-	37,524
Foundations	27,700	19,500	47,200
Individuals	68,213	-	68,213
Governmental Grants	-	-	-
Fundraising Events, Net of Direct Expenses of \$4,468	16,295	-	16,295
Donated Services	109,414	-	109,414
Non-Cash Contributions	15,011	-	15,011
<b>Total Public Support</b>	<u>276,912</u>	<u>19,500</u>	<u>296,412</u>
<b>Revenue:</b>			
Interest and Dividend Income	34	-	34
Other	137	-	137
<b>Total Revenue</b>	<u>171</u>	<u>-</u>	<u>171</u>
<b>Net Assets Released from Restriction</b>	<u>29,360</u>	<u>(29,360)</u>	<u>-</u>
<b>Total Public Support and Revenue</b>	<u>306,443</u>	<u>(9,860)</u>	<u>296,583</u>
<b>Program Expenses:</b>			
Program Services	<u>223,096</u>	<u>-</u>	<u>223,096</u>
<b>Supporting Service Expenses:</b>			
Management and General Expenses	21,237	-	21,237
Fundraising Expenses	17,401	-	17,401
<b>Total Supporting Service Expenses</b>	<u>38,638</u>	<u>-</u>	<u>38,638</u>
<b>Total Expenses</b>	<u>261,734</u>	<u>-</u>	<u>261,734</u>
<b>Increases in Net Assets</b>	44,709	(9,860)	34,849
<b>Net Assets, Beginning of Year</b>	<u>58,111</u>	<u>9,860</u>	<u>67,971</u>
<b>Net Assets, End of Year</b>	<u>\$ 102,820</u>	<u>\$ -</u>	<u>\$ 102,820</u>

*See independent accountants' review report and accompanying notes to financial statements.*

**HANDS ACROSS THE SEA, INC.**

**Statement of Cash Flows**  
**Year Ended December 31, 2012**

<b>Cash Flows from Operating Activities:</b>	
Increase in Net Assets	\$ 34,849
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Credit Card Payable	(814)
Total Adjustments	(814)
<b>Net Cash Provided by Operating Activities</b>	<u>34,035</u>
<b>Net Increase in Cash</b>	34,035
<b>Cash, Beginning of Year</b>	<u>68,785</u>
<b>Cash, End of Year</b>	<u>\$ 102,820</u>

*See independent accountants' review report and accompanying notes to financial statements.*

**HANDS ACROSS THE SEA, INC.**

**Notes to Financial Statements**

**December 31, 2012**

**1. Nature of the Business and Summary of Significant Accounting Policies:**

**Nature of the Business**

Hands Across the Sea, Inc. (the "Organization") was incorporated in the Commonwealth of Massachusetts in 2007. The Organization's primary purpose is raise the literacy levels of Caribbean children by assisting schools and libraries in Caribbean communities. Hands Across the Sea's Caribbean Literacy and School Support (CLASS) Program has three main goals: (1) to send age-appropriate and culturally relevant books; (2) to create borrowing libraries so that the entire community has access to books; and (3) to foster library sustainability through hands-on monitoring, teacher training and professional development. The Organization has provided over 120,000 books and various teaching resources to 178 schools, libraries and youth centers throughout the Eastern Caribbean islands of Antigua, St. Kitts and Nevis, Dominica, St. Lucia, St. Vincent and the Grenadines, Grenada and Anguilla, reaching over 37,000 students. Hands Across the Sea, Inc. receives funds from various corporations, foundations, and individuals.

**Summary of Significant Accounting Policies**

*A. Basis of Accounting and Financial Statement Presentation:*

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Support and revenues are recognized when received or earned, and expenses and losses are recognized when incurred.

Net assets and activities that increase or decrease net assets are classified as unrestricted, temporarily restricted, or permanently restricted depending on the existence and nature of any donor restrictions:

Unrestricted net assets are those without donor-imposed restriction as to their use and are available for the general operations of the Organization in furtherance of its mission.

Temporarily restricted net assets are those whose use has been restricted by donors to a specific time period or purpose.

Permanently restricted net assets are those restricted by donors to be maintained in perpetuity. Generally, the donors of these funds permit the donees to use all or part of the income on related investments, including net capital appreciation, for general or specific purposes. The Organization does not have any permanently restricted net assets at December 31, 2012.

**HANDS ACROSS THE SEA, INC.**

**Notes to Financial Statements**

**December 31, 2012**

**1. Nature of the Business and Summary of Significant Accounting Policies: (Continued)**

**B. Contributions and Net Assets Released from Restrictions:**

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports unconditional promises to give as contribution revenue. Receipts of unconditional promises to give with payments due in future periods are reported as temporarily restricted net assets unless explicit donor stipulations or circumstances make clear that the donor intended the promise to be used to support activities of the current period. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. If the contribution is made in assets other than cash, the amount of the contribution is measured at the fair value of the asset contributed at the date of the contribution.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**C. Financial Instruments:**

All financial instruments are recorded at amounts that approximate fair value.

**D. Income Taxes:**

The Internal Revenue Service has determined the Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and it is not classified as a private foundation.

The Organization evaluates all significant tax positions as required by accounting principles generally accepted in the United States. As of December 31, 2012, the Organization does not believe it has taken any tax positions that would require the recognition of a tax liability or any unrealized tax benefit that would either increase or decrease within the next twelve months. Tax years that are open for examination by taxing authorities are generally the last four tax year-ends.



**HANDS ACROSS THE SEA, INC.**

**Notes to Financial Statements**

**December 31, 2012**

**1. Nature of the Business and Summary of Significant Accounting Policies: (Continued)**

E. *Monetary Risk:*

The Organization maintains its cash in bank deposits, which at times may exceed federally insured limits. At December 31, 2012 there were no uninsured cash balances. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash deposits.

F. *Advertising:*

The Organization expenses advertising costs as incurred.

G. *Allocation of Expenses:*

The cost of providing the various programs and supporting activities has been summarized on a functional basis in the statement of activities. Accordingly, management has allocated certain amounts to the various programs and supporting services benefited. Personnel and other costs have been allocated based upon estimated time spent or usage.

H. *Contributed Services:*

The Organization uses individuals that volunteer their time to perform a variety of services, primarily fundraising; however, no amounts are recorded since these services do not require specialized skill, and thus do not meet the recognition criteria under current accounting standards as promulgated in the United States of America. See Footnote 5 for a summary of the contributed services that have been recorded.

I. *Subsequent Events Evaluation*

Management of the Organization has evaluated subsequent events through April 2, 2013, the date the financial statements were available to be issued.

J. *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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant management estimates included in the financial statements relate to the allocation of common expenses to program and supporting service expenses. Actual results could differ from those estimates.

**HANDS ACROSS THE SEA, INC.**

**Notes to Financial Statements**

**December 31, 2012**

**2. Temporarily Restricted Net Assets:**

In 2011, the Organization received a grant from the US Embassy Bridgetown, Public Affairs Section in the amount of \$9,860. The funds were restricted for the purpose of purchasing and distributing books to secondary schools in Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines. In 2012, the Organization received various donations to be used for select schools and purchases of books.

The restrictions were met during the year ended December 31, 2012; thus, all funds have been released from restriction.

**3. Related Party Transactions:**

The co-founders of the Organization, who are related by marriage, donate their services and work as the Organization's Executive Director and Communications Director. See Note 5.

Board members donated approximately \$36,000 during the year ended December 31, 2012.

**4. Concentration:**

Approximately 10 percent of total public support was received from one donor during the year ended December 31, 2012.

**5. Donated Services and Non-Cash Contributions:**

Donated services and non-cash contributions consist of the following at the year ended December 31:

	<u>2012</u>
Services:	
Executive Director	\$48,629
Communications Director	47,471
Consultant	2,025
Storage and Related Services	6,200
Shipping Services	3,289
Use of Office Facilities	<u>1,800</u>
Total Donated Services	<u>109,414</u>
Non-Cash Contributions:	
Books	14,245
Boxes	524
Food for Fundraising Event	<u>242</u>
Total Non-Cash Contributions	<u>15,011</u>
Total Donated Services and Non-Cash Contributions	<u>\$124,425</u>

**HANDS ACROSS THE SEA, INC.**  
**Schedule of Functional Expenses**  
**Year Ended December 31, 2012**

	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Service Expenses</u>	<u>2012 Totals</u>
<b>Salaries and Wages:</b>					
Executive Director - Donated Services	\$ 37,687	\$ 5,471	\$ 5,471	\$ 10,942	\$ 48,629
Communications Dir. -Donated Services	36,790	5,340	5,340	10,680	47,470
Summer Program Manager & Intern	10,135	-	-	-	10,135
Payroll Taxes	1,060	-	-	-	1,060
<b>Subtotal</b>	<u>85,672</u>	<u>10,811</u>	<u>10,811</u>	<u>21,622</u>	<u>107,294</u>
<b>Other Operating Expenses:</b>					
Accounting Fees	-	1,720	-	1,720	1,720
Bank Charges	-	53	-	53	53
Bookkeeping	-	1,238	-	1,238	1,238
Books and Subscriptions	94,032	-	-	-	94,032
Consulting	4,025	-	-	-	4,025
Credit Card Charges	-	-	1,371	1,371	1,371
Grants and Donations - Cash	5,359	-	-	-	5,359
Insurance Expense	-	1,252	-	1,252	1,252
Meeting Expense	-	100	-	100	100
Occupancy	1,440	266	180	446	1,886
Office Expenses	462	1,729	-	1,729	2,191
Other Professional Fees	-	269	-	269	269
Payroll Processing Fees	-	14	-	14	14
Postage and Shipping	7,564	122	780	902	8,466
Printing and Copying	298	813	1,230	2,043	2,341
Professional Development	-	-	179	179	179
Public Relations and Marketing	255	268	-	268	523
Software and IT Services	288	212	-	212	500
Storage - Donated Services	6,200	-	-	-	6,200
Supplies	11,595	-	1,586	1,586	13,181
State Registration Fees	-	1,629	-	1,629	1,629
Telephone	1,805	139	50	189	1,994
Travel Expenses	4,101	602	1,214	1,816	5,917
<b>Total Functional Expenses</b>	<u>\$ 223,096</u>	<u>\$ 21,237</u>	<u>\$ 17,401</u>	<u>\$ 38,638</u>	<u>\$ 261,734</u>

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