



HANDS ACROSS THE SEA, INC.

Financial Statements

December 31, 2015 and 2014

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HANDS ACROSS THE SEA, INC.

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December 31, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Hands Across the Sea, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities 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 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 misstatements.

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 organization'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 organization'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 Hands Across the Sea, Inc. as of December 31, 2015 and 2014, 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 Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on Pages 11 and 12 are presented for purposes of additional analysis and are 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.

Caliri, Mancini & Barbieri, PC

Exeter, Rhode Island
May 14, 2016

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HANDS ACROSS THE SEA, INC.
Statements of Financial Position
December 31, 2015 and 2014

	2015	2014
ASSETS		
Current Assets:		
Cash	\$ 95,168	\$ 73,519
Contributions Receivable, Current Portions	3,000	16,625
Book Inventory to be Distributed	144,990	-
Total Current Assets	243,158	90,144
Long-Term Assets:		
Cash Held for Operational Reserve	10,000	5,000
Total Long-Term Assets	10,000	5,000
Total Assets	\$ 253,158	\$ 95,144
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 30,996	\$ 14,323
Credit Card Payable	779	1,074
Total Liabilities	31,775	15,397
Net Assets:		
Unrestricted:		
General	66,393	59,747
Operational Reserves	10,000	5,000
Total Unrestricted	76,393	64,747
Temporarily Restricted	144,990	15,000
Total Net Assets	221,383	79,747
Total Liabilities and Net Assets	\$ 253,158	\$ 95,144

See independent auditors report and accompanying notes to financial statements.

HANDS ACROSS THE SEA, INC.

Statement of Activities

Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
Public Support and Revenue:			
Public Support:			
Contributions and Grants			
Churches and Religious Organizations	\$ 364	\$ -	\$ 364
Corporate Contributions	15,209	20,251	35,460
Foundations	100,322	86,612	186,934
Individuals	114,512	15,941	130,453
Donated Services	6,201	-	6,201
Non-Cash Contributions	4,634	252,767	257,401
Total Public Support	<u>241,242</u>	<u>375,571</u>	<u>616,813</u>
Revenue:			
Interest and Dividend Income	3	-	3
Total Revenue	<u>3</u>	<u>-</u>	<u>3</u>
Net Assets Released from Restriction	<u>245,581</u>	<u>(245,581)</u>	<u>-</u>
Total Public Support and Revenue	<u>486,826</u>	<u>129,990</u>	<u>616,816</u>
Program Expenses:			
Program Services	<u>408,799</u>	<u>-</u>	<u>408,799</u>
Supporting Service Expenses:			
Management and General Expenses	26,086	-	26,086
Fundraising Expenses	40,295	-	40,295
Total Supporting Service Expenses	<u>66,381</u>	<u>-</u>	<u>66,381</u>
Total Expenses	<u>475,180</u>	<u>-</u>	<u>475,180</u>
Increases in Net Assets	11,646	129,990	141,636
Net Assets, Beginning of Year	<u>64,747</u>	<u>15,000</u>	<u>79,747</u>
Net Assets, End of Year	<u>\$ 76,393</u>	<u>\$ 144,990</u>	<u>\$ 221,383</u>

See independent auditors' report and accompanying notes to financial statements.

HANDS ACROSS THE SEA, INC.

Statement of Activities

Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
Public Support and Revenue:			
Public Support:			
Contributions and Grants			
Churches and Religious Organizations	\$ 200	\$ -	\$ 200
Corporate Contributions	3,787	5,989	9,776
Foundations	56,340	119,443	175,783
Individuals	79,904	26,050	105,954
Governmental Grants	4,451	-	4,451
Donated Services	7,250	-	7,250
Non-Cash Contributions	142,516	-	142,516
Total Public Support	<u>294,448</u>	<u>151,482</u>	<u>445,930</u>
Revenue:			
Interest and Dividend Income	12	-	12
Total Revenue	<u>12</u>	<u>-</u>	<u>12</u>
Net Assets Released from Restriction	<u>166,482</u>	<u>(166,482)</u>	<u>-</u>
Total Public Support and Revenue	<u>460,942</u>	<u>(15,000)</u>	<u>445,942</u>
Program Expenses:			
Program Services	<u>429,108</u>	<u>-</u>	<u>429,108</u>
Supporting Service Expenses:			
Management and General Expenses	28,851	-	28,851
Fundraising Expenses	36,687	-	36,687
Total Supporting Service Expenses	<u>65,538</u>	<u>-</u>	<u>65,538</u>
Total Expenses	<u>494,646</u>	<u>-</u>	<u>494,646</u>
Decreases in Net Assets	<u>(33,704)</u>	<u>(15,000)</u>	<u>(48,704)</u>
Net Assets, Beginning of Year	<u>98,451</u>	<u>30,000</u>	<u>128,451</u>
Net Assets, End of Year	<u>\$ 64,747</u>	<u>\$ 15,000</u>	<u>\$ 79,747</u>

See independent auditors' report and accompanying notes to financial statements.

HANDS ACROSS THE SEA, INC.
Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Increase (Decrease) in Net Assets	\$ 141,636	\$ (48,704)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Donated Book Inventory to be Distributed	(144,990)	-
Changes in:		
Contributions Receivable	13,625	18,375
Accounts Payable and Accrued Expenses	16,673	12,440
Credit Card Payable	(295)	1,074
Total Adjustments	<u>(114,987)</u>	<u>31,889</u>
Net Cash Provided by (Used in) Operating Activities	<u>26,649</u>	<u>(16,815)</u>
Cash Flows from Financing Activities:		
Increase in Cash Held for Operational Reserve	<u>(5,000)</u>	<u>(5,000)</u>
Net Cash Used in Investing Activities	<u>(5,000)</u>	<u>(5,000)</u>
Net Increase (Decrease) in Cash	21,649	(21,815)
Cash, Beginning of Year	<u>73,519</u>	<u>95,334</u>
Cash, End of Year	<u>\$ 95,168</u>	<u>\$ 73,519</u>

See independent auditors' report and accompanying notes to financial statements.

HANDS ACROSS THE SEA, INC.

Notes to Financial Statements

December 31, 2015 and 2014

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 to 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 lending 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. Since incorporation, the Organization has provided over 209,000 books and various teaching resources to 336 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 80,000 students.

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, 2015 and 2014.

HANDS ACROSS THE SEA, INC.

Notes to Financial Statements

December 31, 2015 and 2014

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. Book Inventory to be Distributed:

Book inventory to be distributed consists of books that were donated to the Organization at the end of 2015. These books have been recognized at fair value and will be used in the Organization's program.

D. Financial Instruments:

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

E. 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, 2015, 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 three tax year-ends.

HANDS ACROSS THE SEA, INC.

Notes to Financial Statements

December 31, 2015 and 2014

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

F. Monetary Risk:

The Organization maintains its cash in bank deposits, which at times may exceed federally insured limits. At December 31, 2015 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.

G. Advertising:

The Organization expenses advertising costs as incurred.

H. 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.

I. 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 7 for a summary of the contributed services that have been recorded.

J. Subsequent Events Evaluation

Management of the Organization has evaluated subsequent events through May 14, 2016, the date the financial statements were available to be issued.

K. 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, 2015 and 2014

2. Contributions Receivable:

Contributions receivable is all due currently as of December 31, 2015.

\$15,000 of the contributions receivable was due from one donor at December 31, 2014.

3. Temporarily Restricted Net Assets:

Temporarily restricted net assets consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
Purpose Restriction:		
Book Inventory to be Distributed	\$144,990	\$ -
Time Restriction:		
To be Received in Future Year	<u>-</u>	<u>\$15,000</u>
Total Temporarily Restricted Net Assets	<u>\$144,990</u>	<u>\$15,000</u>

4. Net Assets Released From Restrictions:

Net Assets were released from restriction for the following at December 31:

	<u>2015</u>	<u>2014</u>
Purpose Restrictions:		
Books, Libraries and School Supplies/Expenses	\$230,581	\$147,069
Literacy Links – Costs for Services	-	2,000
Cash Grants Paid	-	2,413
Time Restriction Satisfied	<u>15,000</u>	<u>15,000</u>
Total Net Assets Released from Restriction	<u>\$245,581</u>	<u>\$166,482</u>

5. Related Party Transactions:

The co-founders of the Organization, who are related by marriage, work as the Organization's Executive Director and Communications Manager.

Board members donated approximately \$21,000 and \$19,000 during the years ended December 31, 2015 and 2014, respectively.

HANDS ACROSS THE SEA, INC.

Notes to Financial Statements

December 31, 2015 and 2014

6. Concentration:

Approximately 40 and 28 percent of total public support, consisting of donated books and resources, was received from one donor during the years ended December 31, 2015 and 2014, respectively.

7. Donated Services and Non-Cash Contributions:

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

	<u>2015</u>	<u>2014</u>
Services:		
Storage, Shipping and Related Services	\$ 6,201	\$ 7,250
Non-Cash Contributions:		
Books and Resources	<u>257,401</u>	<u>142,516</u>
Total Donated Services and Non-Cash Contributions	<u>\$263,602</u>	<u>\$149,766</u>

HANDS ACROSS THE SEA, INC.
Schedule of Functional Expenses
Year Ended December 31, 2015

	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Service Expenses</u>	<u>2015 Totals</u>
Salaries and Wages:					
Executive Director	\$ 26,843	\$ 4,474	\$ 13,421	\$ 17,895	\$ 44,738
Communications Manager	37,096	2,318	6,955	9,273	46,369
Other Personnel	45,615	-	-	-	45,615
Payroll Taxes	10,570	211	1,995	2,206	12,776
Subtotal	<u>120,124</u>	<u>7,003</u>	<u>22,371</u>	<u>29,374</u>	<u>149,498</u>
Other Operating Expenses:					
Accounting Fees	-	7,012	-	7,012	7,012
Bank Charges	-	651	-	651	651
Bookkeeping	-	4,530	-	4,530	4,530
Books and Educational Materials	201,787	-	-	-	201,787
Credit Card Charges	-	-	2,452	2,452	2,452
Grants and Donations - Cash	9,699	-	-	-	9,699
Insurance Expense	-	1,298	-	1,298	1,298
Literacy Links - Outside Services and Related Expenses	30,774	-	-	-	30,774
Mail Forwarding	-	1,319	-	1,319	1,319
Office Expenses	3,465	297	260	557	4,022
Postage and Shipping	11,382	230	1,909	2,139	13,521
Printing and Copying	1,566	530	1,048	1,578	3,144
Professional Development	-	-	5,220	5,220	5,220
Software and IT Services	540	432	3,209	3,641	4,181
State Registration Fees	-	2,087	-	2,087	2,087
Storage - Donated Services	3,401	-	-	-	3,401
Supplies	13,305	-	-	-	13,305
Telephone, Telecommunications	3,194	334	1,726	2,060	5,254
Travel Expenses	9,562	363	2,100	2,463	12,025
Total Functional Expenses	<u>\$ 408,799</u>	<u>\$ 26,086</u>	<u>\$ 40,295</u>	<u>\$ 66,381</u>	<u>\$ 475,180</u>

See independent auditors' report and accompanying notes to financial statements.

HANDS ACROSS THE SEA, INC.**Schedule of Functional Expenses****Year Ended December 31, 2014**

	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Service Expenses</u>	<u>2014 Totals</u>
Salaries and Wages:					
Executive Director	\$ 36,400	\$ 5,200	\$ 10,400	\$ 15,600	\$ 52,000
Communications Manager	42,502	2,500	5,000	7,500	50,002
Other Personnel	42,909	-	-	-	42,909
Payroll Taxes	11,733	742	1,483	2,225	13,958
Subtotal	<u>133,544</u>	<u>8,442</u>	<u>16,883</u>	<u>25,325</u>	<u>158,869</u>
Other Operating Expenses:					
Accounting Fees	-	5,785	-	5,785	5,785
Bank Charges	-	412	-	412	412
Bookkeeping	-	4,532	-	4,532	4,532
Books and Educational Materials	216,631	-	-	-	216,631
Consulting	800	-	-	-	800
Credit Card Charges	-	-	1,426	1,426	1,426
Grants and Donations - Cash	6,945	-	-	-	6,945
Insurance Expense	-	1,311	-	1,311	1,311
Literacy Links - Outside Services and Related Expenses	21,843	-	-	-	21,843
Mail Forwarding	-	689	-	689	689
Miscellaneous	405	147	1,500	1,647	2,052
Office Expenses	3,114	321	521	842	3,956
Payroll Processing Fees	-	14	-	14	14
Postage and Shipping	9,122	129	1,454	1,583	10,705
Printing and Copying	2,034	1,440	1,009	2,449	4,483
Professional Development	-	-	4,869	4,869	4,869
Professional Fees	-	669	-	669	669
Software and IT Services	496	1,453	1,685	3,138	3,634
Storage - Donated Services	4,100	-	-	-	4,100
Supplies	20,237	-	-	-	20,237
State Registration Fees	-	1,464	-	1,464	1,464
Telephone, Telecommunications	2,241	265	2,707	2,972	5,213
Travel Expenses	7,596	1,778	4,633	6,411	14,007
Total Functional Expenses	<u>\$ 429,108</u>	<u>\$ 28,851</u>	<u>\$ 36,687</u>	<u>\$ 65,538</u>	<u>\$ 494,646</u>

See independent auditors' report and accompanying notes to financial statements.