

**ALL HANDS VOLUNTEERS, INC.
AND AFFILIATE**

Consolidated Financial Statements
and Additional Information
For the Years Ended
August 31, 2012 and 2011
with
Independent Auditors' Report

ALL HANDS VOLUNTEERS, INC. AND AFFILIATE

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
All Hands Volunteers, Inc. and Affiliate
Carlisle, Massachusetts

We have audited the accompanying consolidated statements of financial position of All Hands Volunteers, Inc. and Affiliate (nonprofit organizations) as of August 31, 2012 and 2011, and the related consolidated statements of activities and changes in net assets (deficit), of functional expenses, and of cash flows for the years then ended. These consolidated financial statements are the responsibility of management of the organizations. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of All Hands Volunteers, Inc. and Affiliate as of August 31, 2012 and 2011, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information included on pages 10 and 11 is presented for purposes of additional analysis of the basic 2012 consolidated financial statements rather than to present the financial position, changes in net assets (deficit) and cash flows of the individual organizations, and is not a required part of the consolidated 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 2012 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the 2012 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2012 consolidated financial statements or to the 2012 consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2012 consolidated financial statements as a whole.

Champion Travis Besaw & Kershner LLP

April 24, 2013

ALL HANDS VOLUNTEERS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2012 AND 2011

	2012	2011
ASSETS		
Cash and cash equivalents	\$ 76,649	\$ 662,532
Accounts receivable	2,000	16,272
Grants receivable	-	27,619
Prepaid expenses	26,843	28,101
Property and equipment, net of accumulated depreciation of \$20,679 and \$73,491, respectively	15,188	106,910
Other assets	8,706	9,384
	<u>\$ 129,386</u>	<u>\$ 850,818</u>
 LIABILITIES AND NET ASSETS (DEFICIT)		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 13,081	\$ -
Grant funds payable	119,810	-
	<u>132,891</u>	<u>-</u>
 NET ASSETS (DEFICIT):		
Unrestricted net assets (deficit)	<u>(3,505)</u>	<u>850,818</u>
	<u>\$ 129,386</u>	<u>\$ 850,818</u>

See notes to consolidated financial statements.

ALL HANDS VOLUNTEERS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)
FOR THE YEARS ENDED AUGUST 31, 2012 AND 2011

	2012	2011
UNRESTRICTED NET ASSETS		
REVENUE AND OTHER SUPPORT:		
Contributions	\$ 906,605	\$ 2,293,512
Grants	560,858	728,432
Rental income	163,597	298,324
Special events	-	30,301
Investment income	113	259
Other income	19,643	7,915
	<u>1,650,816</u>	<u>3,358,743</u>
TOTAL REVENUE AND OTHER SUPPORT		
EXPENSES:		
Program expenses	1,980,659	2,690,653
Management and general expenses	283,430	131,595
Fundraising expenses	239,411	82,377
	<u>2,503,500</u>	<u>2,904,625</u>
TOTAL EXPENSES		
CHANGE IN UNRESTRICTED NET ASSETS BEFORE CHANGE IN FOREIGN CURRENCY TRANSLATION	(852,684)	454,118
CHANGE IN FOREIGN CURRENCY TRANSLATION	<u>(1,639)</u>	<u>769</u>
CHANGE IN UNRESTRICTED NET ASSETS	(854,323)	454,887
UNRESTRICTED NET ASSETS, beginning of year	<u>850,818</u>	<u>395,931</u>
UNRESTRICTED NET ASSETS (DEFICIT), end of year	<u>\$ (3,505)</u>	<u>\$ 850,818</u>

See notes to consolidated financial statements.

ALL HANDS VOLUNTEERS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2012 AND 2011

	2012				2011			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Disaster relief supplies and expenses	\$ 582,800	\$ 6,355	\$ 1,530	\$ 590,685	\$ 729,734	\$ 5,623	\$ 2,418	\$ 737,775
Salary expense	325,274	106,839	135,782	567,895	338,055	27,899	28,714	394,668
GIA All Hands Asia expenses	370,274	-	-	370,274	491,903	-	-	491,903
Outside services	129,770	66,076	10,772	206,618	201,286	2,652	7,750	211,688
State project and other expenses	188,331	5,690	1,481	195,502	79,199	2,752	698	82,649
Travel	78,783	37,524	41,576	157,883	210,527	19,338	17,942	247,807
Volunteer support	85,861	63	167	86,091	177,107	201	29	177,337
Rent	74,179	-	-	74,179	70,864	-	-	70,864
Telephone	45,322	10,869	8,284	64,475	44,219	23,272	1,512	69,003
Depreciation and amortization	47,700	-	-	47,700	53,023	-	-	53,023
Payroll taxes	19,291	7,084	9,720	36,095	19,691	1,787	2,002	23,480
Website expense	4,036	16,355	12,514	32,905	5,652	6,758	3,040	15,450
Office expense	7,308	5,985	4,037	17,330	44,666	8,814	5,308	58,788
Fundraising	-	-	12,543	12,543	4,125	-	6,173	10,298
Stipends/professional fees	3,841	7,049	-	10,890	17,841	3,711	-	21,552
Printing	1,975	7,818	973	10,766	8,063	12,188	2,932	23,183
Bank and credit card fees	5,958	518	32	6,508	4,000	2,607	-	6,607
Insurance	6,489	(195)	-	6,294	6,762	5,603	-	12,365
Dues and subscriptions	2,792	3,000	-	5,792	3,500	-	3,333	6,833
Advertising	-	2,400	-	2,400	69,228	8,080	358	77,666
Equipment rental & maintenance	675	-	-	675	97,639	310	168	98,117
Bad debts	-	-	-	-	13,569	-	-	13,569
	<u>\$ 1,980,659</u>	<u>\$ 283,430</u>	<u>\$ 239,411</u>	<u>\$ 2,503,500</u>	<u>\$ 2,690,653</u>	<u>\$ 131,595</u>	<u>\$ 82,377</u>	<u>\$ 2,904,625</u>

See notes to consolidated financial statements.

ALL HANDS VOLUNTEERS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in unrestricted net assets before change in foreign currency translation	\$ (852,684)	\$ 454,118
Adjustments to reconcile change in unrestricted net assets before change in foreign currency translation to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	47,700	53,023
Bad debts	-	13,569
Gain on disposal of property and equipment	(6,147)	-
Changes in operating assets and liabilities:		
Accounts receivable	14,272	4,913
Grants receivable	27,619	(27,619)
Prepaid expenses	1,258	16,646
Accounts payable and accrued expenses	13,081	(13,920)
Grant funds payable	119,810	-
Net cash provided by (used in) operating activities	<u>(635,091)</u>	<u>500,730</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(7,600)	(70,553)
Proceeds from disposal of property and equipment	58,447	-
Net cash provided by (used in) investing activities	<u>50,847</u>	<u>(70,553)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(1,639)</u>	<u>769</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(585,883)	430,946
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>662,532</u>	<u>231,586</u>
End of year	<u>\$ 76,649</u>	<u>\$ 662,532</u>

See notes to consolidated financial statements.

ALL HANDS VOLUNTEERS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2012 AND 2011

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – All Hands Volunteers, Inc. (“All Hands”) is a non-profit corporation incorporated in the Commonwealth of Massachusetts, whose mission is to provide aid and relief efforts for victims of natural disasters such as floods, hurricanes, disaster recovery and other humanitarian projects around the world.

Principles of Consolidation – The consolidated financial statements of the Organizations include the accounts of All Hands and its affiliate, All Hands Volunteers (UK) Trust (the “Trust”) (collectively the “Organizations”). The Trust is a non-profit organization formed in the United Kingdom during the year ended August 31, 2011 whose purpose is to solicit funds on behalf of All Hands. Amounts received by the Trust are distributed periodically to All Hands at the discretion of the Trust’s Board of Trustees. Additionally, the majority of the voting members of the Trust are also voting members of All Hands. All intercompany accounts and transactions have been eliminated in consolidation.

Foreign Currency Translation – All Hands translates the assets and liabilities of the Trust at the year-end exchange rate; revenue, expenditures, and cash flow amounts are converted at the average exchange rate for the year. Translation gains and losses are included in unrestricted net assets in the accompanying consolidated statements of financial position.

Basis of Accounting – The consolidated financial statements of the Organizations have been prepared on the accrual basis of accounting and according to current accounting standards, which require that all non-profit organizations provide a statement of financial position, a statement of activities, and a statement of cash flows. Classification of net assets and revenues, expenses, gains and losses is based on the existence or absence of donor-imposed restrictions. The standards also require that the amounts for each of three classes of net assets – permanently restricted, temporarily restricted and unrestricted – be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a consolidated statement of activities.

Cash and Cash Equivalents – Cash and cash equivalents represent savings accounts, money market accounts and demand deposits with several financial institutions. For the purpose of the statements of cash flows, the Organizations consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable – Management considers all accounts receivable outstanding for greater than the specified term to be past due, and uses factors such as customer history and existing economic conditions to determine the likelihood of collection and whether to establish an allowance for doubtful accounts. At August 31, 2012 and 2011, management has determined that all accounts receivable are collectible.

Grants Receivable – Grants receivable are reported at the amount management expects to collect on balances outstanding at year-end. Based upon management’s assessment of the collectability of individual account balances and historical trends, it has concluded that realization losses on balances outstanding at year-end will be immaterial. At August 31, 2012, the Organization had no grants receivable. At August 31, 2011 all of the Organizations’ grants receivable related to one donor. For the year ended August 31, 2012 and 2011, 86% and 64% of the Organizations’ grants revenue related to three donors, respectively.

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment – Property and equipment is stated at cost at the date of acquisition or, if donated, at the approximate fair value at the date of the donation. Depreciation is provided by using the straight line method over the estimated useful lives of the related assets (2-7 years) for consolidated financial statement purposes. Maintenance and repairs are charged to operations as incurred; significant renewals and betterments that exceed \$1,000 and materially extend the life of the assets are capitalized.

Income Taxes – All Hands qualifies as an organization exempt from income tax as provided under Section 501(c)(3) of the Internal Revenue Code, and therefore, has no provision for income taxes. In addition, All Hands qualifies for the charitable contribution deduction under Section 170(b)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Contributions – Contributions received are measured at their fair values and are reported as an increase in net assets in the period received. The Organizations report contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the contributed assets. When a donor 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 statements of activities and changes in net assets as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support in the statements of activities and changes in net assets.

During the year ended August 31, 2011, \$250,000 of contributions were provided to the Organizations by one donor.

Donated Services – All Hands partners with other organizations that provide building materials or funds for supplies. All Hands also receives a substantial amount of services donated by their own volunteers and project managers. Volunteers on deployment for All Hands are unpaid, and are responsible for their own transportation expenses, except as noted in the following paragraph. No amounts have been reflected in the consolidated financial statements for these services, since no objective basis is available to measure their value.

Volunteers on deployment for All Hands who are deemed to provide a specific skill set and commit their time for an extended period may be entitled to receive a stipend. These costs are included in volunteer support services or stipend expenses in the accompanying consolidated statements of functional expenses.

Advertising – Advertising costs are expensed in the period in which the advertising takes place. Advertising expense for the years ended August 31, 2012 and 2011 was \$2,400 and \$77,666, respectively.

Subsequent Events – Management of the Organizations has evaluated the effects of all subsequent events through April 24, 2013, the date the consolidated financial statements were available to be issued, to determine if events or transactions occurring through that date require potential adjustment or disclosure in the consolidated financial statements.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organizations to concentrations of credit risk consist principally of cash and cash equivalents. The Organizations maintain its cash balances at several banks, which, at times, may exceed insured limits, potentially subjecting the Organizations to concentrations of credit risk. The Organizations' management believes it is not exposed to any significant credit risk with respect to its cash and cash equivalents.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of August 31:

	2012	2011
Leasehold improvements	\$ -	\$ 45,944
Furniture and fixtures	<u>35,867</u>	<u>134,457</u>
	35,867	180,401
Less accumulated depreciation and amortization	<u>20,679</u>	<u>73,491</u>
	<u>\$ 15,188</u>	<u>\$ 106,910</u>

4. OTHER ASSETS

Other assets consisted of the following as of August 31:

	2012	2011
Trademark fees	\$ 10,175	\$ 10,175
Less accumulated amortization	<u>1,469</u>	<u>791</u>
	<u>\$ 8,706</u>	<u>\$ 9,384</u>

The trademark fees are being amortized on a straight-line basis over fifteen years. The estimated amortization expense for the five years subsequent to August 31, 2012, is \$678 for each year.

5. GRANT FUNDS PAYABLE

During the year ended August 31, 2012, All Hands completed its disaster response work in Haiti, and was audited by one of the project's grant funding sources. Subsequent to August 31, 2012, All Hands was notified by this funding source to return \$119,810 of grant funds received in a prior year to this funding source. Accordingly, this amount has been recorded as grant funds payable in the accompanying consolidated statements of financial position.

6. RETIREMENT PLAN

All Hands enrolled in a defined contribution pension plan (the "Plan") in accordance with Internal Revenue Code Section 403(b) for all employees meeting certain employment requirements effective January 1, 2010. For each participant who contributes under the Plan, All Hands will contribute a matching contribution of 100% of deferrals, not to exceed 4% of compensation. All employees of All Hands are eligible for participation after meeting certain age and service requirements. For the years ended August 31, 2012 and 2011, All Hands contributed approximately \$26,000 and \$3,700 to the Plan, respectively.

7. RELATED PARTY TRANSACTIONS

General Incorporated Association All Hands Asia ("GIA All Hands Asia") is an organization formed in Japan during the year ended August 31, 2011, and provides relief efforts for victims of the 2011 tsunami disaster in Japan. During the years ended August 31, 2012 and 2011, respectively, All Hands donated \$370,274 and \$491,903 to GIA All Hands Asia for this mission, which is reflected in the accompanying consolidated statements of functional expenses.

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ALL HANDS VOLUNTEERS, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2012

	<u>Total</u>	<u>Eliminations</u>	<u>All Hands Volunteers, Inc.</u>	<u>All Hands Volunteers (UK) Trust</u>
ASSETS				
Cash and cash equivalents	\$ 76,649	\$ -	\$ 73,595	\$ 3,054
Accounts receivable	2,000	-	2,000	-
Prepaid expenses	26,843	-	26,843	-
Property and equipment, net of accumulated depreciation of \$20,679	15,188	-	15,188	-
Other assets	8,706	-	8,706	-
	<u>\$ 129,386</u>	<u>\$ -</u>	<u>\$ 126,332</u>	<u>\$ 3,054</u>
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts payable and accrued expenses	\$ 13,081	\$ -	\$ 13,081	\$ -
Grant funds payable	119,810	-	119,810	-
	<u>132,891</u>	<u>-</u>	<u>132,891</u>	<u>-</u>
NET ASSETS (DEFICIT):				
Unrestricted net assets (deficit)	<u>(3,505)</u>	<u>-</u>	<u>(6,559)</u>	<u>3,054</u>
	<u>\$ 129,386</u>	<u>\$ -</u>	<u>\$ 126,332</u>	<u>\$ 3,054</u>

ALL HANDS VOLUNTEERS, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)
FOR THE YEAR ENDED AUGUST 31, 2012

	<u>Total</u>	<u>Eliminations</u>	<u>All Hands Volunteers, Inc.</u>	<u>All Hands Volunteers (UK) Trust</u>
UNRESTRICTED NET ASSETS				
REVENUE AND OTHER SUPPORT:				
Contributions	\$ 906,605	\$ (67,152)	\$ 918,084	\$ 55,673
Grants	560,858	-	560,858	-
Rental income	163,597	-	163,597	-
Investment income	113	-	113	-
Other income	19,643	-	19,643	-
TOTAL REVENUE AND OTHER SUPPORT	1,650,816	(67,152)	1,662,295	55,673
EXPENSES:				
Program expenses	1,980,659	(67,152)	1,955,131	92,680
Management and general expenses	283,430	-	281,804	1,626
Fundraising expenses	239,411	-	238,163	1,248
TOTAL EXPENSES	2,503,500	(67,152)	2,475,098	95,554
CHANGE IN UNRESTRICTED NET ASSETS BEFORE CHANGE IN FOREIGN CURRENCY TRANSLATION	(852,684)	-	(812,803)	(39,881)
CHANGE IN FOREIGN CURRENCY TRANSLATION	(1,639)	-	-	(1,639)
CHANGE IN UNRESTRICTED NET ASSETS	(854,323)	-	(812,803)	(41,520)
UNRESTRICTED NET ASSETS, beginning of year	850,818	-	806,244	44,574
UNRESTRICTED NET ASSETS (DEFICIT), end of year	<u>\$ (3,505)</u>	<u>\$ -</u>	<u>\$ (6,559)</u>	<u>\$ 3,054</u>