

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

Consolidated Financial Statements  
and Consolidating Information  
For the Years Ended  
August 31, 2014 and 2013  
with  
Independent Auditors' Report

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

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
All Hands Volunteers, Inc. and Affiliates  
Mattapoisett, Massachusetts

We have audited the accompanying consolidated financial statements of All Hands Volunteers, Inc. and Affiliates (nonprofit organizations) which comprise the consolidated statements of financial position as of August 31, 2014 and 2013, and the related consolidated statements of activities and changes in net assets, of functional expenses, and of cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 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 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **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 Affiliates as of August 31, 2014 and 2013, 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.

### **Other Matter**

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 11 and 12 is presented for purposes of additional analysis of the basic 2014 consolidated financial statements rather than to present the financial position, changes in net assets 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 2014 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the 2014 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 2014 consolidated financial statements or to the 2014 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 consolidating information is fairly stated in all material respects in relation to the 2014 consolidated financial statements as a whole.

*Changou Travis Besant Kerchner LLP*

October 28, 2014

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AUGUST 31, 2014 AND 2013**

	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 667,712	\$ 637,194
Accounts receivable	610,211	250,000
Prepaid expenses	53,502	114,298
Property and equipment, net	151,363	87,104
Other assets, net	22,369	8,027
	<u>\$ 1,505,157</u>	<u>\$ 1,096,623</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Demand note payable	\$ 249,469	\$ -
Accounts payable and accrued expenses	124,343	59,718
Note payable	6,368	-
Grant funds payable	-	24,575
	<u>380,180</u>	<u>84,293</u>
<b>NET ASSETS:</b>		
Unrestricted net assets	268,273	262,473
Temporarily restricted net assets	856,704	749,857
	<u>1,124,977</u>	<u>1,012,330</u>
	<u>\$ 1,505,157</u>	<u>\$ 1,096,623</u>

See notes to consolidated financial statements.

ALL HANDS VOLUNTEERS, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED AUGUST 31, 2014 AND 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND OTHER SUPPORT:						
Contributions	\$ 1,350,387	\$ 1,540,201	\$ 2,890,588	\$ 606,692	\$ 1,583,914	\$ 2,190,606
Grants	106,916	1,077,727	1,184,643	310,243	1,339,115	1,649,358
Other income	9,585	-	9,585	86,762	-	86,762
Investment income (loss)	(1,775)	-	(1,775)	2,841	-	2,841
Net assets released from restrictions	2,511,081	(2,511,081)	-	2,173,172	(2,173,172)	-
TOTAL REVENUE AND OTHER SUPPORT	3,976,194	106,847	4,083,041	3,179,710	749,857	3,929,567
EXPENSES:						
Program expenses	3,404,978	-	3,404,978	2,489,215	-	2,489,215
Management and general expenses	311,048	-	311,048	222,851	-	222,851
Fundraising expenses	255,366	-	255,366	201,541	-	201,541
TOTAL EXPENSES	3,971,392	-	3,971,392	2,913,607	-	2,913,607
CHANGE IN NET ASSETS BEFORE CHANGE IN FOREIGN CURRENCY TRANSLATION	4,802	106,847	111,649	266,103	749,857	1,015,960
CHANGE IN FOREIGN CURRENCY TRANSLATION	998	-	998	(125)	-	(125)
CHANGES IN NET ASSETS	5,800	106,847	112,647	265,978	749,857	1,015,835
NET ASSETS (DEFICIT), beginning of year	262,473	749,857	1,012,330	(3,505)	-	(3,505)
NET ASSETS, end of year	\$ 268,273	\$ 856,704	\$ 1,124,977	\$ 262,473	\$ 749,857	\$ 1,012,330

See notes to consolidated financial statements.

ALL HANDS VOLUNTEERS, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED AUGUST 31, 2014 AND 2013

	2014			2013		
	Program	Management and General	Total	Program	Management and General	Total
Salary expense	\$ 826,902	\$ 63,858	\$ 1,046,099	\$ 438,793	\$ 60,402	\$ 549,483
Outside services	691,366	47,276	779,164	210,440	71,104	305,269
Disaster relief supplies and expenses	416,427	9,222	428,370	1,084,580	7,777	1,094,284
Rent	385,587	19,065	408,465	68,647	1,000	69,647
Travel	273,959	10,574	292,935	129,183	16,856	153,726
Volunteer support	235,754	880	237,785	92,698	202	93,027
Insurance	133,450	6,143	139,593	21,158	2,181	23,339
Stipends/professional fees	23,717	83,411	107,128	1,180	9,377	10,586
Depreciation and amortization	83,872	-	83,872	64,611	-	64,611
Office expense	66,865	11,520	79,215	14,084	7,929	23,717
Payroll taxes	56,637	4,792	73,414	21,932	4,195	29,689
Website expense	56,282	8,216	70,192	42,406	8,477	57,425
Telephone	60,170	3,972	68,855	37,763	6,498	47,552
Advertising	28,413	24,233	53,582	60,113	6,667	66,820
Printing	11,847	7,912	32,407	6,639	6,633	14,071
Equipment rental & maintenance	22,533	1,710	24,243	2,500	-	2,500
Dues and subscriptions	4,648	3,901	10,839	6,161	100	8,261
Staff development	7,545	1,902	10,419	3,334	1,800	5,403
Bank and credit card fees	7,478	212	7,690	3,320	460	3,792
Fundraising	-	-	3,350	3,488	-	101,338
Interest expense	1,203	1,359	2,562	-	-	-
GIA All Hands Asia donation	-	-	-	100,000	-	100,000
Other project expenses	10,323	890	11,213	76,185	11,193	89,067
	\$ 3,404,978	\$ 311,048	\$ 3,971,392	\$ 2,489,215	\$ 222,851	\$ 2,913,607
		\$ 255,366	\$ 3,971,392	\$ 201,541	\$ 201,541	\$ 2,913,607

See notes to consolidated financial statements.

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED AUGUST 31, 2014 AND 2013**

	<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 112,647	\$ 1,015,835
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Donated securities	(176,902)	-
Proceeds from sale of donated securities	175,018	-
Depreciation and amortization expense	83,872	64,611
Loss on sale of property and equipment	1,565	9,894
Net realized loss on investments	1,884	-
Changes in operating assets and liabilities:		
Accounts receivable	(360,096)	(248,000)
Prepaid expenses	60,818	(87,455)
Other assets	(15,020)	-
Accounts payable and accrued expenses	64,625	46,637
Grant funds payable	(24,575)	(95,235)
Net cash provided by (used in) operating activities	<u>(76,164)</u>	<u>706,287</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(156,518)	(148,246)
Proceeds from sale of property and equipment	7,500	2,504
Net cash used in investing activities	<u>(149,018)</u>	<u>(145,742)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net increase in demand note payable	249,469	-
Proceeds from long-term debt	7,500	-
Repayments of long-term debt	(1,132)	-
Net cash provided by financing activities	<u>255,837</u>	<u>-</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>(137)</u>	<u>-</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>30,518</b>	<b>560,545</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	<u>637,194</u>	<u>76,649</u>
End of year	<u><u>\$ 667,712</u></u>	<u><u>\$ 637,194</u></u>

See notes to consolidated financial statements.



## ALL HANDS VOLUNTEERS, INC. AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2014 AND 2013

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#### 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities** – All Hands Volunteers, Inc. (“All Hands”) and Affiliates (collectively the “Organizations”) 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 and hurricanes, disaster recovery and other humanitarian projects around the world.

**Principles of Consolidation** – The consolidated financial statements include the accounts of All Hands and its affiliates, All Hands Volunteers (UK) Trust (the “Trust”) and All Hands Volunteers Philippines, Inc. (“All Hands Philippines”) (collectively the “Affiliates”). The Trust is a non-profit organization formed in the United Kingdom, 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 Hands Philippines is a non-profit organization formed in the Philippines, whose purpose is to provide relief for victims of natural disasters in the Philippines. The majority of the voting members of All Hands Philippines 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 Affiliates from their functional currency, British Pound and Philippine Peso, 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 consolidated 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, 2014 and 2013, management has determined that all accounts receivable are collectible.

**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.

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

**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. All Hands' 2011 through 2014 tax years remain subject to examination by the Internal Revenue Service. 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. Temporarily restricted net assets represent contributions received for the victims of natural disasters which have not been expended as of August 31, 2014 and 2013.

During the years ended August 31, 2014 and 2013, approximately 28% and 26% of contribution revenue was provided to the Organizations by two donors and one donor, respectively.

**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 or stipends/professional fees in the accompanying consolidated statements of functional expenses.

Additionally, in-kind donations for the years ended August 31, 2014 and 2013, primarily consist of construction services performed on homes affected by Hurricane Sandy and the flooding in Colorado and various equipment used for disaster recovery efforts, and are recorded in the consolidated financial statements when they are specifically identifiable and can be objectively valued. Included in contribution revenue at August 31, 2014 and 2013, is approximately \$663,000 and \$488,000, respectively, of in-kind services received by All Hands.

**Advertising** – Advertising costs are expensed in the period in which the advertising takes place. Advertising expense for the years ended August 31, 2014 and 2013, was approximately \$54,000 and \$67,000, respectively.

**Subsequent Events** – Management of the Organizations has evaluated the effects of all subsequent events through October 28, 2014, 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:

	<b>2014</b>	<b>2013</b>
Vehicles	\$ 219,494	\$ 74,635
Furniture and fixtures	<u>83,479</u>	<u>83,479</u>
	302,973	158,114
Less accumulated depreciation	<u>151,610</u>	<u>71,010</u>
	<u>\$ 151,363</u>	<u>\$ 87,104</u>

Depreciation expense for the years ending August 31, 2014 and 2013 was \$83,194 and \$63,933, respectively.

**4. DEMAND NOTE PAYABLE**

In February 2014 All Hands entered into an agreement with a bank for a revolving line of credit for working capital purposes, providing for borrowings up to \$250,000 with interest payable at the banks' base rate plus .5% with a floor of 4.5% (4.5% at August 31, 2014). Borrowings are secured by substantially all assets of All Hands. Interest on the outstanding principal balance of the loan must be repaid monthly. The outstanding principal balance is due on demand and is subject to an annual review by the bank. Total borrowings under the revolving line of credit were \$249,469 at August 31, 2014.

**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 funding sources. Subsequent to August 31, 2013, All Hands was notified of the final determination by this funding source and the grant funds required to be refunded was \$24,575. Accordingly, this amount was recorded as grant funds payable in the accompanying consolidated statements of financial position at August 31, 2013. The grant was repaid in full during the year ended August 31, 2014.

**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, 2014 and 2013, All Hands contributed approximately \$6,000 and \$14,000 to the Plan, respectively, which is reflected in salary expense on the accompanying consolidated statements of functional expenses.

**7. OPERATING LEASES**

All Hands leases office space under various noncancelable operating leases expiring through December 2015. Rental expense for these leases totaled approximately \$113,000 and \$62,000 for the years ended August 31, 2014 and 2013, respectively. Future minimum lease payments related to the ongoing office space leases for the year ended August 31, 2015 and 2016 is \$72,000 and \$24,000, respectively.

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ALL HANDS VOLUNTEERS, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
AUGUST 31, 2014

	<u>Total</u>	<u>Eliminations</u>	<u>All Hands Volunteers, Inc.</u>	<u>All Hands Volunteers (UK) Trust</u>	<u>All Hands Volunteers Philippines, Inc.</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 667,712	\$ -	\$ 629,586	\$ 8,962	\$ 29,164
Accounts receivable	610,211	-	584,029	-	26,182
Prepaid expenses	53,502	-	48,380	-	5,122
Property and equipment, net	151,363	-	151,363	-	-
Other assets, net	22,369	-	22,369	-	-
	<u>\$ 1,505,157</u>	<u>\$ -</u>	<u>\$ 1,435,727</u>	<u>\$ 8,962</u>	<u>\$ 60,468</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES:</b>					
Demand note payable	\$ 249,469	\$ -	\$ 249,469	\$ -	\$ -
Accounts payable and accrued expenses	124,343	-	124,343	-	-
Note payable	6,368	-	6,368	-	-
	<u>380,180</u>	<u>-</u>	<u>380,180</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS:</b>					
Unrestricted net assets	271,273	-	201,843	8,962	60,468
Temporarily restricted net assets	853,704	-	853,704	-	-
	<u>1,124,977</u>	<u>-</u>	<u>1,055,547</u>	<u>8,962</u>	<u>60,468</u>
	<u>\$ 1,505,157</u>	<u>\$ -</u>	<u>\$ 1,435,727</u>	<u>\$ 8,962</u>	<u>\$ 60,468</u>

ALL HANDS VOLUNTEERS, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED AUGUST 31, 2014

	Total	Eliminations	All Hands Volunteers, Inc.	All Hands Volunteers (UK) Trust	All Hands Volunteers Philippines, Inc
REVENUE AND OTHER SUPPORT:					
Contributions	\$ 2,890,588	\$ -	\$ 2,476,673	\$ 154,139	259,776
Grants	1,184,643	(153,249)	1,190,508	-	147,384
Other income	9,585	(202,359)	53,771	8,898	149,275
Investment income (loss)	(1,775)	-	(1,813)	-	38
TOTAL REVENUE AND OTHER SUPPORT	4,083,041	(355,608)	3,719,139	163,037	556,473
EXPENSES:					
Program expenses	3,404,978	(355,608)	3,100,938	162,393	497,255
Management and general expenses	311,048	-	311,048	-	-
Fundraising expenses	255,366	-	252,676	2,690	-
TOTAL EXPENSES	3,971,392	(355,608)	3,664,662	165,083	497,255
CHANGE IN NET ASSETS BEFORE CHANGE IN FOREIGN CURRENCY TRANSLATION	111,649	-	54,477	(2,046)	59,218
CHANGE IN FOREIGN CURRENCY TRANSLATION	998	-	-	720	278
CHANGES IN NET ASSETS	112,647	-	54,477	(1,326)	59,496
NET ASSETS, beginning of year	1,012,330	-	1,001,070	10,288	972
NET ASSETS, end of year	<u>\$ 1,124,977</u>	<u>\$ -</u>	<u>\$ 1,055,547</u>	<u>\$ 8,962</u>	<u>\$ 60,468</u>