

MANY HANDS FOR HAITI
FINANCIAL STATEMENTS
Year Ended December 31, 2020

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MANY HANDS FOR HAITI

OFFICIALS

January 1, 2020 – December 31, 2020

<u>Name</u>	<u>Board of Directors</u>	<u>Term Expires</u>
Darin Wogen	President	2021
Eric Recker	Vice President	2022
Dave Vanderhoff	Treasurer	2021
Jennifer Browne	Secretary	2021
Greg Ebeling	Board Member	2021
Tim Van Maanen	Board Member	2022

Officials

Tim Brand	Executive Leader	Indefinite
Marcena Schwab	Financial Manager	Indefinite



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, 2020, and the related statements of activities, functional expenses, and cash flows to 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.

Auditor's 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 and 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 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 evaluation 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.

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., Many Hands Thrift West Des Moines, 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, 2020, 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.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer, & Nikkel, P.C.

December 8, 2021

Many Hands for Haiti

Many Hands for Haiti
Statement of Financial Position
Year ended December 31, 2020

ASSETS

Current assets:

Cash and cash equivalents	\$ 941,884
Prepaid expense	9,750
Due from related parties	142,394
Notes receivable - related parties, current portion	49,256

TOTAL CURRENT ASSETS 1,143,284

Property and equipment:

Equipment	26,331
Accumulated depreciation	(13,745)

NET PROPERTY AND EQUIPMENT 12,586

Other Noncurrent Assets

Investment in Many Hands Thrift, LLC	5,000
Investment in Many Hands Thrift Grimes, LLC	5,000
Investment in Many Hands Thrift West Des Moines, LLC	5,000
Notes receivable - related parties, net of current portion	-

TOTAL OTHER NONCURRENT ASSETS 15,000

TOTAL ASSETS \$ 1,170,870

LIABILITIES AND NET ASSETS

LIABILITIES

Current liabilities:

Accounts payable	\$ 18,254
Accrued payroll tax	19,316
Accrued deductions	239
Accrued interest	2,080
Due to related party	1,489
Current portion of long term notes payable	54,179

TOTAL CURRENT LIABILITIES 95,557

Long-term liabilities:

Notes payable, net of current portion	155,077
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TOTAL LONG-TERM LIABILITIES 155,077

TOTAL LIABILITIES 250,634

NET ASSETS

Without donor restrictions	490,753
With donor restrictions	429,483

TOTAL NET ASSETS 920,236

TOTAL LIABILITIES AND NET ASSETS \$ 1,170,870

See notes to financial statements.

Many Hands for Haiti
Statement of Activities
Year ended December 31, 2020

	Without donor restrictions	With donor restrictions	Total
OPERATING ACTIVITIES:			
Operating support and revenue:			
Contributions:			
Contributions - cash	\$ 588,288	533,210	1,121,498
In-kind donations	335,886	60,000	395,886
Total contributions	<u>924,174</u>	<u>593,210</u>	<u>1,517,384</u>
Revenue:			
Management fee income	88,449	-	88,449
Mission trips	-	100,710	100,710
Other income	7,445	-	7,445
Grants	152,990	-	152,990
Interest income	7,176	-	7,176
Net assets released from restrictions	878,358	(878,358)	-
Total revenue	<u>1,134,418</u>	<u>(777,648)</u>	<u>356,770</u>
TOTAL OPERATING SUPPORT AND REVENUE	<u>2,058,592</u>	<u>(184,438)</u>	<u>1,874,154</u>
Operating expenditures:			
Program services:			
Agriculture	416,822	-	416,822
Education	286,179	-	286,179
Economic	7,956	-	7,956
Medical	38,803	-	38,803
Safe homes	44,348	-	44,348
Short term trips	255,484	-	255,484
Spiritual	134,057	-	134,057
Campus construction	66,360	-	66,360
Many Hands Thrift Grimes, LLC	3,422	-	3,422
Supporting services:			
Management and general	418,142	-	418,142
Fundraising	27,312	-	27,312
TOTAL OPERATING EXPENDITURES	<u>1,698,885</u>	<u>-</u>	<u>1,698,885</u>
CHANGE IN NET ASSETS	<u>359,707</u>	<u>(184,438)</u>	<u>175,269</u>
NET ASSETS AT BEGINNING OF YEAR	<u>131,046</u>	<u>613,921</u>	<u>744,967</u>
NET ASSETS AT END OF YEAR	<u>\$ 490,753</u>	<u>429,483</u>	<u>920,236</u>

See notes to financial statements.

Many Hands for Haiti
Statement of Functional Expenses
Year ended December 31, 2020

	Program				
	Agriculture & Feeding	Education	Economic Development	Medical Assistance	Safe Homes
Compensation and related expenses:					
Compensation	\$ 34,329	87,243	2,500	12,580	2,500
Payroll taxes	2,722	6,926	193	991	193
Advertising	-	-	-	-	-
Appreciation	-	-	-	-	-
Bank & credit card fees	-	-	-	-	-
Communications	-	-	-	-	-
Depreciation	-	-	-	-	-
Dues & subscriptions	-	60	-	-	-
Hosted conference expense	-	-	-	1,700	-
Grants to other organizations	71,226	170,792	4,039	21,312	40,809
Insurance	-	-	-	-	-
Interest	-	-	-	-	-
Meals	6	6	-	19	6
Office expense	663	994	-	-	-
Postage	237	712	26	-	-
Printing	593	1,159	-	-	-
Professional fees	-	-	-	-	-
Program supplies	303,617	7,346	1,083	-	-
Rent	-	-	-	-	-
Repairs	-	-	-	-	-
Telephone	606	759	-	-	-
Travel	2,823	9,344	115	2,201	840
Trip expenses	-	838	-	-	-
Utilities	-	-	-	-	-
	<u>\$ 416,822</u>	<u>286,179</u>	<u>7,956</u>	<u>38,803</u>	<u>44,348</u>

See notes to financial statements.

Services					Supporting Services		
Short Term Trips	Spiritual Development	Campus Construction	Many Hands		Management & General	Fundraising	Total
			Thrift Grimes, LLC	Total Program Services			
38,529	17,620	2,500	-	197,801	242,510	20,000	460,311
3,056	1,395	193	-	15,669	18,915	1,545	36,129
-	-	-	-	-	926	-	926
-	-	-	-	-	1,632	-	1,632
-	-	-	-	-	6,011	-	6,011
-	-	-	-	-	3,955	-	3,955
-	-	-	-	-	4,064	-	4,064
-	-	-	-	60	33	-	93
-	-	-	-	1,700	876	-	2,576
69,603	38,332	40,945	-	457,058	4,992	-	462,050
-	-	-	-	-	17,850	-	17,850
-	-	-	3,422	3,422	4,949	-	8,371
59	145	-	-	241	2,184	-	2,425
-	-	-	-	1,657	13,484	-	15,141
28	36	-	-	1,039	10,246	-	11,285
113	-	-	-	1,865	7,535	-	9,400
-	60,000	-	-	60,000	12,000	-	72,000
7,260	12,496	22,722	-	354,524	22,345	3,204	380,073
-	-	-	-	-	15,922	2,563	18,485
-	-	-	-	-	639	-	639
-	-	-	-	1,365	7,168	-	8,533
2,682	4,033	-	-	22,038	17,071	-	39,109
134,154	-	-	-	134,992	387	-	135,379
-	-	-	-	-	2,448	-	2,448
255,484	134,057	66,360	3,422	1,253,431	418,142	27,312	1,698,885

Many Hands for Haiti
Statement of Cash Flows
Year ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 175,269
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	4,064
(Increase) decrease in operating assets:	
Prepaid expenses	40,430
Increase (decrease) in operating liabilities:	
Accounts payable	(6,362)
Accrued payroll tax	5,964
Accrued deductions	239
Accrued interest	2,080
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>221,684</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of equipment	(5,752)
Payments on related party receivables	38,160
Payments received on notes receivable	56,822
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>89,230</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from long-term debt	270,405
Repayments of long-term debt	(203,542)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>66,863</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	377,777
BEGINNING CASH AND CASH EQUIVALENTS	<u>564,107</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 941,884</u>

See notes to financial statements.

MANY HANDS FOR HAITI
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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 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.

MANY HANDS FOR HAITI
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Property and Equipment

Property and equipment purchased by the Organization are carried at cost. Donated property and equipment are 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, 2020.

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

Class	Years
Furniture and equipment	5-10

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 restriction and are used in the related campaign year unless specifically restricted by the donor. The value of in-kind donations are 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, 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 programs.

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.

MANY HANDS FOR HAITI
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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; there are currently no audits for any tax periods in progress.

Subsequent Events

Management has evaluated all subsequent events and transactions through December 8, 2021, the date the consolidated financial statements were available to be issued. The organization has created a new subsidiary, Many Hands Thrift NDM, LLC, which is scheduled to open an additional thrift store on the north side of Des Moines, Iowa, in November of 2021.

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of Many Hands for Haiti, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of Many Hands for Haiti. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to Many Hands for Haiti.

Note 2. Unconsolidated Subsidiaries

The Organization has four 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, second-hand 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. The Organization has a \$5,000 investment in Many Hands Thrift, LLC, which is valued at original cost.

Many Hands Thrift Grimes, LLC- A wholly owned subsidiary which operates a thrift store in Grimes, Iowa providing high-quality, second-hand goods at a low cost for those in need. The Organization provides various management services to Many Hands Thrift Grimes, LLC, for which they receive a management fee. The Organization has a \$5,000 investment in Many Hands Thrift Grimes, LLC, which is valued at original cost.

Many Hands Thrift West Des Moines, LLC- A wholly owned subsidiary which operates a thrift store in West Des Moines, Iowa providing high-quality, second-hand goods at a low cost for those in need. The Organization provides various management services to Many Hands Thrift West Des Moines, LLC for which they receive a management fee. The Organization has a \$5,000 investment in Many Hands Thrift West Des Moines, LLC, which is valued at original cost.

MANY HANDS FOR HAITI
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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 2020, grants to Beaucoup de Mains pour Haiti totaled approximately \$462,000.

Note 3. Net Assets with Donor Restrictions

At December 31,2020, net assets with donor restrictions were restricted for the following purposes:

Agriculture and feeding	\$46,697
Education	187,977
Economic development	4,547
Medical assistance	2,550
Short term trips	4,964
Construction	145,113
Spiritual Development	37,635
	<u>\$429,483</u>

During the year ended December 31, 2020, net assets were released from donor restrictions due to satisfaction of program restrictions as follows:

Agriculture and feeding	\$102,689
Education	276,925
Economic Development	3,876
Medical assistance	33,975
Short term trips	246,108
Spiritual Development	115,377
Construction	69,778
Staff Salaries	29,630
	<u>\$878,358</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 Grimes, LLC, and Many Hands Thrift West Des Moines, LLC which are expected to be repaid in the coming year. Amounts due from each subsidiary as of December 31,2020 were \$133,802, and \$8,592 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 the full by October 10, 2021, and had a balance of \$49,256 at December 31, 2020.

NOTE 6. Notes Payable

In June 2020, the Organization entered into a note agreement with the Small Business Administration. The note requires the organization to make monthly payments of \$641 beginning in June of 2022 continuing through May of 2050, including interest at 2.75%. At December 31,2020, the balance of the loan was \$150,000.

In April 2020, the Organization entered into a note agreement with the Small Business Administration. The note requires the organization to make monthly payments of \$1,272 beginning in September of

MANY HANDS FOR HAITI
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

2021 continuing through April of 2022, including interest at 1.00%. At December 31,2020, the balance of the loan was \$10,000. The \$10,000 balance was forgiven in February of 2021.

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, 2020, the balance of the loan was \$49,256.

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's payable are as follows:

2021	\$54,179
2022	6,865
2023	3,662
2024	3,764
2025	3,869
Thereafter	<u>136,917</u>
	\$209,256

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. Consideration 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.