

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

Consolidated Financial Statements  
and Additional Information  
For the Years Ended  
August 31, 2011 and 2010  
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, 2011 and 2010, and the related consolidated statements of activities and changes in net assets, 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, 2011 and 2010, 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 2011 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 2011 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the 2011 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 2011 consolidated financial statements or to the 2011 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 2011 consolidated financial statements as a whole.

*Chiam pou Travis Besaw & Kershner LLP*

January 10, 2012

ALL HANDS VOLUNTEERS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AUGUST 31, 2011 AND 2010

	2011	2010
<b>ASSETS</b>		
Cash and cash equivalents	\$ 662,532	\$ 231,586
Accounts receivable	16,272	34,754
Grants receivable	27,619	-
Prepaid expenses	28,101	44,747
Property and equipment, net of accumulated depreciation of \$73,491 and \$21,146, respectively	106,910	88,702
Other assets	9,384	10,062
	<u>\$ 850,818</u>	<u>\$ 409,851</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ -	\$ 13,920
<b>NET ASSETS:</b>		
Unrestricted net assets	<u>850,818</u>	<u>395,931</u>
	<u>\$ 850,818</u>	<u>\$ 409,851</u>

See notes to consolidated financial statements.

ALL HANDS VOLUNTEERS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED AUGUST 31, 2011 AND 2010

	2011	2010
<b>UNRESTRICTED NET ASSETS</b>		
REVENUE AND OTHER SUPPORT:		
Contributions	\$ 2,293,512	\$ 1,225,536
Grants	728,432	-
Rental income	298,324	36,699
Special events	30,301	-
Investment income	259	4,944
Other income	7,915	500
	<u>3,358,743</u>	<u>1,267,679</u>
TOTAL REVENUE AND OTHER SUPPORT		
EXPENSES:		
Program expenses	2,690,653	864,315
Management and general expenses	131,595	68,981
Fundraising expenses	82,377	62,364
	<u>2,904,625</u>	<u>995,660</u>
TOTAL EXPENSES		
CHANGE IN UNRESTRICTED NET ASSETS BEFORE CHANGE IN FOREIGN CURRENCY TRANSLATION	454,118	272,019
CHANGE IN FOREIGN CURRENCY TRANSLATION	769	-
CHANGE IN UNRESTRICTED NET ASSETS	454,887	272,019
UNRESTRICTED NET ASSETS, beginning of year	395,931	123,912
UNRESTRICTED NET ASSETS, end of year	<u>\$ 850,818</u>	<u>\$ 395,931</u>

See notes to consolidated financial statements.

ALL HANDS VOLUNTEERS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED AUGUST 31, 2011 AND 2010

	2011				2010			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Disaster relief supplies and expenses	\$ 729,734	\$ 5,623	\$ 2,418	\$ 737,775	\$ 319,174	\$ -	\$ 159	\$ 319,333
GIA All Hands Asia expenses	491,903	-	-	491,903	-	-	-	-
Salary expense	338,055	27,899	28,714	394,668	147,724	11,733	33,054	192,511
Travel	210,527	19,338	17,942	247,807	102,393	10,012	14,395	127,000
Outside services	201,286	2,652	7,750	211,688	61,069	-	250	61,319
Volunteer support	177,107	201	29	177,337	102,941	-	-	102,941
Equipment rental & maintenance	97,639	310	168	98,117	-	-	-	-
State project and other expenses	79,199	2,752	698	82,649	-	264	-	264
Advertising	69,228	8,080	358	77,666	50	6,800	1,382	8,232
Rent	70,864	-	-	70,864	5,000	-	-	5,000
Telephone	44,219	23,272	1,512	69,003	29,407	3,630	927	33,964
Office expense	44,666	8,814	5,308	58,788	28,313	18,894	4,403	51,610
Depreciation and amortization	53,023	-	-	53,023	9,184	113	-	9,297
Payroll taxes	19,691	1,787	2,002	23,480	9,169	4,242	3,597	17,008
Printing	8,063	12,188	2,932	23,183	320	-	-	320
Stipends/professional fees	17,841	3,711	-	21,552	16,040	-	-	16,040
Website expense	5,652	6,758	3,040	15,450	6,689	254	1,160	8,103
Bad debts	13,569	-	-	13,569	16,000	-	-	16,000
Insurance	6,762	5,603	-	12,365	3,523	8,365	-	11,888
Fundraising	4,125	-	6,173	10,298	-	-	967	967
Dues and subscriptions	3,590	-	3,333	6,833	6,205	-	2,070	8,275
Bank and credit card fees	4,000	2,607	-	6,607	914	4,674	-	5,588
	\$ 2,690,653	\$ 131,595	\$ 82,377	\$ 2,904,625	\$ 864,315	\$ 68,981	\$ 62,364	\$ 995,660

See notes to consolidated financial statements.

ALL HANDS VOLUNTEERS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED AUGUST 31, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in unrestricted net assets before change in foreign currency translation	\$ 454,118	\$ 272,019
Adjustments to reconcile change in unrestricted net assets before change in foreign currency translation to net cash provided by operating activities:		
Depreciation and amortization expense	53,023	9,297
Bad debts	13,569	16,000
Changes in operating assets and liabilities:		
Accounts receivable	4,913	(50,754)
Grants receivable	(27,619)	-
Prepaid expenses	16,646	(38,197)
Accounts payable and accrued expenses	(13,920)	3,695
Net cash provided by operating activities	<u>500,730</u>	<u>212,060</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(70,553)	(87,780)
Acquisition of trademark	-	(10,175)
Net cash used in investing activities	<u>(70,553)</u>	<u>(97,955)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>769</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	430,946	114,105
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>231,586</u>	<u>117,481</u>
End of year	<u>\$ 662,532</u>	<u>\$ 231,586</u>

See notes to consolidated financial statements.

ALL HANDS VOLUNTEERS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED AUGUST 31, 2011 AND 2010

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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. In August 2010, All Hands changed its name from Hands on Worldwide, Inc. to All Hands Volunteers, Inc.

*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 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 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, 2011 and 2010, 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, 2011, all of the Organizations’ grants receivable related to one donor. For the year ended August 31, 2011, 64% of the Organizations’ grants revenue related to three donors.



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 each of the years ended August 31, 2011 and 2010, \$250,000 of contributions was 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 receive 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, 2011 and 2010 was \$77,666 and \$8,232, respectively.

**Subsequent Events** – Management of the Organizations has evaluated the effects of all subsequent events through January 10, 2012, 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:

	2011	2010
Leasehold improvements	\$ 45,944	\$ 19,934
Furniture and fixtures	<u>134,457</u>	<u>89,914</u>
	180,401	109,848
Less accumulated depreciation and amortization	<u>73,491</u>	<u>21,146</u>
	<u>\$ 106,910</u>	<u>\$ 88,702</u>

**4. OTHER ASSETS**

Other assets consisted of the following as of August 31:

	2011	2010
Trademark fees	\$ 10,175	\$ 10,175
Less accumulated amortization	<u>791</u>	<u>113</u>
	<u>\$ 9,384</u>	<u>\$ 10,062</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, 2011, is \$678 for each year.

**5. COMMITMENTS**

All Hands has entered into an agreement to rent space for its operational base located in Haiti. The agreement, which became effective in August 2010, and expires on December 31, 2011, requires All Hands to pay a monthly fee of \$5,000 for use of the space. Future minimum payments required under this agreement are \$20,000 for the year ended August 31, 2012.

All Hands also sub-leases space to other organizations that are assisting with the Haiti relief effort on an as-needed basis at varying terms and amounts.

**6. RETIREMENT PLAN**

All Hands enrolled in a defined contribution pension plan (the "Plan") in accordance with 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 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 year ended August 31, 2011, All Hands contributed approximately \$3,700 to the Plan. There were no contributions to the Plan for year ended August 31, 2010.

**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 year ended August 31, 2011, All Hands donated \$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, 2011

	Total	All Hands Volunteers, Inc.	All Hands Volunteers (UK) Trust
<b>ASSETS</b>			
Cash and cash equivalents	\$ 662,532	\$ 617,958	\$ 44,574
Accounts receivable	16,272	16,272	-
Grants receivable	27,619	27,619	-
Prepaid expenses	28,101	28,101	-
Property and equipment, net of accumulated depreciation of \$73,491	106,910	106,910	-
Other assets	9,384	9,384	-
	<u>\$ 850,818</u>	<u>\$ 806,244</u>	<u>\$ 44,574</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES:</b>			
Accounts payable and accrued expenses	\$ -	\$ -	\$ -
<b>NET ASSETS:</b>			
Unrestricted net assets	<u>850,818</u>	<u>806,244</u>	<u>44,574</u>
	<u>\$ 850,818</u>	<u>\$ 806,244</u>	<u>\$ 44,574</u>

ALL HANDS VOLUNTEERS, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED AUGUST 31, 2011

	Total	All Hands Volunteers, Inc.	All Hands Volunteers (UK) Trust
<b>UNRESTRICTED NET ASSETS</b>			
REVENUE AND OTHER SUPPORT:			
Contributions	\$ 2,293,512	\$ 2,235,042	\$ 58,470
Grants	728,432	728,432	-
Rental income	298,324	298,324	-
Special events	30,301	29,596	705
Investment income	259	259	-
Other income	7,915	7,915	-
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<b>3,358,743</b>	<b>3,299,568</b>	<b>59,175</b>
EXPENSES:			
Program expenses	2,690,653	2,675,558	15,095
Management and general expenses	131,595	131,320	275
Fundraising expenses	82,377	82,377	-
<b>TOTAL EXPENSES</b>	<b>2,904,625</b>	<b>2,889,255</b>	<b>15,370</b>
CHANGE IN UNRESTRICTED NET ASSETS BEFORE CHANGE IN FOREIGN CURRENCY TRANSLATION	454,118	410,313	43,805
CHANGE IN FOREIGN CURRENCY TRANSLATION	769	-	769
CHANGE IN UNRESTRICTED NET ASSETS	454,887	410,313	44,574
UNRESTRICTED NET ASSETS, beginning of year	395,931	395,931	-
<b>UNRESTRICTED NET ASSETS, end of year</b>	<b>\$ 850,818</b>	<b>\$ 806,244</b>	<b>\$ 44,574</b>