

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

Consolidated Financial Statements
and Additional Information
For the Years Ended
August 31, 2013 and 2012
with
Independent Auditors' Report

ALL HANDS VOLUNTEERS, INC. AND AFFILIATES

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	i – 2
FINANCIAL STATEMENTS:	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities and Changes in Net Assets (Deficit)	4
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7 – 10
CONSOLIDATING INFORMATION AS OF AND FOR THE YEAR ENDED AUGUST 31, 2013:	
Consolidating Statement of Financial Position	11
Consolidating Statement of Activities and Changes in Net Assets	12

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
All Hands Volunteers, Inc. and Affiliates
Carlisle, 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, 2013 and 2012, 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, 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 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 auditor's 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, 2013 and 2012, 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 2013 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 2013 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the 2013 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 2013 consolidated financial statements or to the 2013 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 2013 consolidated financial statements as a whole.

Changjin Travis Bernad J. Kerl UP

October 15, 2013

ALL HANDS VOLUNTEERS, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2013 AND 2012

	2013	2012
ASSETS		
Cash and cash equivalents	\$ 637,194	\$ 76,649
Accounts receivable	250,000	2,000
Prepaid expenses	114,298	26,843
Property and equipment, net	87,104	15,188
Other assets	8,027	8,706
	<u>\$ 1,096,623</u>	<u>\$ 129,386</u>
LIABILITIES AND NET ASSETS (DEFICIT)		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 59,718	\$ 13,081
Grant funds payable	24,575	119,810
	<u>84,293</u>	<u>132,891</u>
NET ASSETS:		
Unrestricted net assets (deficit)	262,473	(3,505)
Temporarily restricted net assets	749,857	-
	<u>1,012,330</u>	<u>(3,505)</u>
	<u>\$ 1,096,623</u>	<u>\$ 129,386</u>

See notes to consolidated financial statements.

ALL HANDS VOLUNTEERS, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)
FOR THE YEARS ENDED AUGUST 31, 2013 AND 2012

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND OTHER SUPPORT:						
Contributions	\$ 606,692	\$ 1,583,914	\$ 2,190,606	\$ 667,104	\$ 57,543	\$ 724,647
Grants	310,243	1,339,115	1,649,358	49,329	693,487	742,816
Other income	86,762	-	86,762	113	-	113
Investment income	2,841	-	2,841	19,643	-	19,643
Rental income	-	-	-	163,597	-	163,597
Net assets released from restrictions	2,173,172	(2,173,172)	-	1,715,622	(1,715,622)	-
TOTAL REVENUE AND OTHER SUPPORT	3,179,710	749,857	3,929,567	2,615,408	(964,592)	1,650,816
EXPENSES:						
Program expenses	2,489,215	-	2,489,215	1,980,659	-	1,980,659
Management and general expenses	222,851	-	222,851	283,430	-	283,430
Fundraising expenses	201,541	-	201,541	239,411	-	239,411
TOTAL EXPENSES	2,913,607	-	2,913,607	2,503,500	-	2,503,500
CHANGE IN NET ASSETS BEFORE CHANGE IN FOREIGN CURRENCY TRANSLATION	266,103	749,857	1,015,960	111,908	(964,592)	(852,684)
CHANGE IN FOREIGN CURRENCY TRANSLATION	(125)	-	(125)	(1,639)	-	(1,639)
CHANGES IN NET ASSETS	265,978	749,857	1,015,835	110,269	(964,592)	(854,323)
NET ASSETS (DEFICIT), beginning of year	(3,505)	-	(3,505)	(113,774)	964,592	850,818
NET ASSETS (DEFICIT), end of year	\$ 262,473	\$ 749,857	\$ 1,012,330	\$ (3,505)	\$ -	\$ (3,505)

See notes to consolidated financial statements.

ALL HANDS VOLUNTEERS, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2013 AND 2012

	2013				2012			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Disaster relief supplies and expenses	\$ 1,084,580	\$ 7,777	\$ 1,927	\$ 1,094,284	\$ 582,800	\$ 6,355	\$ 1,530	\$ 590,685
Salary expense	438,793	60,402	50,288	549,483	325,274	106,839	135,782	567,895
Outside services	210,440	71,104	23,725	305,269	129,770	66,076	10,772	206,618
Travel	129,183	16,856	7,687	153,726	78,783	37,524	41,576	157,883
Fundraising	3,488	-	97,850	101,338	-	-	12,543	12,543
GIA All Hands Asia donation	100,000	-	-	100,000	370,274	-	-	370,274
Volunteer support	92,698	202	127	93,027	85,861	63	167	86,091
Other project expenses	76,185	11,193	1,689	89,067	188,331	5,690	1,481	195,502
Rent	68,647	1,000	-	69,647	74,179	-	-	74,179
Advertising	60,113	6,667	40	66,820	-	2,400	-	2,400
Depreciation and amortization	64,611	-	-	64,611	47,700	-	-	47,700
Website expense	42,406	8,477	6,542	57,425	4,036	16,355	12,514	32,905
Telephone	37,763	6,498	3,291	47,552	45,322	10,869	8,284	64,475
Payroll taxes	21,932	4,195	3,562	29,689	19,291	7,084	9,720	36,095
Office expense	14,084	7,929	1,704	23,717	7,308	5,985	4,037	17,330
Insurance	21,158	2,181	-	23,339	6,489	(195)	-	6,294
Printing	6,639	6,633	799	14,071	1,975	7,818	973	10,766
Stipends/professional fees	1,180	9,377	29	10,586	3,841	7,049	-	10,890
Dues and subscriptions	6,161	100	2,000	8,261	2,792	3,000	-	5,792
Staff development	3,334	1,800	269	5,403	-	-	-	-
Bank and credit card fees	3,320	460	12	3,792	5,958	518	32	6,508
Equipment rental & maintenance	2,500	-	-	2,500	675	-	-	675
	<u>\$ 2,489,215</u>	<u>\$ 222,851</u>	<u>\$ 201,541</u>	<u>\$ 2,913,607</u>	<u>\$ 1,980,659</u>	<u>\$ 283,430</u>	<u>\$ 239,411</u>	<u>\$ 2,503,500</u>

See notes to consolidated financial statements.

ALL HANDS VOLUNTEERS, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,015,835	\$ (854,323)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	64,611	47,700
Loss (gain) on disposal of property and equipment	9,894	(6,147)
Changes in operating assets and liabilities:		
Accounts receivable	(248,000)	14,272
Grants receivable	-	27,619
Prepaid expenses	(87,455)	1,258
Accounts payable and accrued expenses	46,637	13,081
Grant funds payable	(95,235)	119,810
Net cash provided by (used in) operating activities	<u>706,287</u>	<u>(636,730)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(148,246)	(7,600)
Proceeds from disposal of property and equipment	2,504	58,447
Net cash provided by (used in) investing activities	<u>(145,742)</u>	<u>50,847</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	560,545	(585,883)
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>76,649</u>	<u>662,532</u>
End of year	<u>\$ 637,194</u>	<u>\$ 76,649</u>

See notes to consolidated financial statements.

ALL HANDS VOLUNTEERS, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2013 AND 2012

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 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 “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 Hands Philippines is a non-profit organization formed in the Philippines during the year ended August 31, 2012, 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 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, 2013 and 2012, 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. 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, 2013 and 2012.

During the year ended August 31, 2013, approximately 26% of contribution revenue 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 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.

Additionally, in-kind donations for the year ended August 31, 2013 primarily consist of mold remediation services performed on homes effected by Hurricane Sandy 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, 2013 is \$488,000 of in-kind services and in-kind goods donations 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, 2013 and 2012 was \$66,820 and \$2,400, respectively.

Subsequent Events – Management of the Organizations has evaluated the effects of all subsequent events through October 15, 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.

Reclassifications – Certain 2012 balances have been reclassified for purposes of conformity with the 2013 consolidated financial statement presentation.

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:

	2013	2012
Vehicles	\$ 74,635	\$ -
Furniture and fixtures	<u>83,479</u>	<u>35,867</u>
	158,114	35,867
Less accumulated depreciation and amortization	<u>71,010</u>	<u>20,679</u>
	<u>\$ 87,104</u>	<u>\$ 15,188</u>

4. 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 which initially requested that \$119,810 in grant funds be refunded. 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 adjusted to \$24,575. Accordingly, these amounts have been recorded as grant funds payable in the accompanying consolidated statements of financial position at August 31, 2013 and 2012.

5. 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, 2013 and 2012, All Hands contributed approximately \$14,000 and \$26,000 to the Plan, respectively.

6. 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, 2013 and 2012, respectively, All Hands donated \$100,000 and \$370,274 to GIA All Hands Asia for this mission, which is reflected in the accompanying consolidated statements of functional expenses.

7. OPERATING LEASES

All Hands leases office space under various noncancelable operating leases expiring through July 2014. Rental expense for these leases totaled approximately \$62,000 and \$72,000 for the years ended August 31, 2013 and 2012, respectively. Future minimum lease payments related to the ongoing office space leases for the year ended August 31, 2014 is \$13,800.

* * * * *

ALL HANDS VOLUNTEERS, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2013

	Total	Eliminations	All Hands Volunteers, Inc.	All Hands Volunteers (UK) Trust	All Hands Volunteers Philippines, Inc.
ASSETS					
Cash and cash equivalents	\$ 637,194	\$ -	\$ 625,934	\$ 10,288	\$ 972
Accounts receivable	250,000	-	250,000	-	-
Prepaid expenses	114,298	-	114,298	-	-
Property and equipment, net	87,104	-	87,104	-	-
Other assets	8,027	-	8,027	-	-
	<u>\$ 1,096,623</u>	<u>\$ -</u>	<u>\$ 1,085,363</u>	<u>\$ 10,288</u>	<u>\$ 972</u>
LIABILITIES AND NET ASSETS					
LIABILITIES:					
Accounts payable and accrued expenses	\$ 59,718	\$ -	\$ 59,718	\$ -	\$ -
Grant funds payable	24,575	-	24,575	-	-
	<u>84,293</u>	<u>-</u>	<u>84,293</u>	<u>-</u>	<u>-</u>
NET ASSETS:					
Unrestricted net assets	262,473	-	251,213	10,288	972
Temporarily restricted net assets	749,857	-	749,857	-	-
	<u>1,012,330</u>	<u>-</u>	<u>1,001,070</u>	<u>10,288</u>	<u>972</u>
	<u>\$ 1,096,623</u>	<u>\$ -</u>	<u>\$ 1,085,363</u>	<u>\$ 10,288</u>	<u>\$ 972</u>

ALL HANDS VOLUNTEERS, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2013

	<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>
CHANGES IN UNRESTRICTED NET ASSETS:					
REVENUE AND OTHER SUPPORT:					
Contributions	\$ 2,190,606	\$ -	\$ 2,123,650	\$ 46,041	\$ 20,915
Grants	1,649,358	(47,000)	1,482,082	-	214,276
Other income	86,762	-	86,534	-	228
Investment income	2,841	-	2,823	-	18
TOTAL REVENUE AND OTHER SUPPORT	<u>3,929,567</u>	<u>(47,000)</u>	<u>3,695,089</u>	<u>46,041</u>	<u>235,437</u>
EXPENSES:					
Program expenses	2,489,215	(47,000)	2,266,384	35,366	234,465
Management and general expenses	222,851	-	220,942	1,909	-
Fundraising expenses	201,541	-	200,134	1,407	-
TOTAL EXPENSES	<u>2,913,607</u>	<u>(47,000)</u>	<u>2,687,460</u>	<u>38,682</u>	<u>234,465</u>
CHANGE IN NET ASSETS BEFORE CHANGE IN FOREIGN CURRENCY TRANSLATION	1,015,960	-	1,007,629	7,359	972
CHANGE IN FOREIGN CURRENCY TRANSLATION	<u>(125)</u>	<u>-</u>	<u>-</u>	<u>(125)</u>	<u>-</u>
CHANGE IN NET ASSETS	1,015,835	-	1,007,629	7,234	972
NET ASSETS (DEFICIT), beginning of year	<u>(3,505)</u>	<u>-</u>	<u>(6,559)</u>	<u>3,054</u>	<u>-</u>
NET ASSETS, end of year	<u>\$ 1,012,330</u>	<u>\$ -</u>	<u>\$ 1,001,070</u>	<u>\$ 10,288</u>	<u>\$ 972</u>