

**MANO A MANO INTERNATIONAL PARTNERS**

**FINANCIAL STATEMENTS**

**December 31, 2009 and 2008**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
**MANO A MANO INTERNATIONAL PARTNERS**  
Mendota Heights, Minnesota

We have audited the accompanying statement of financial position of **MANO A MANO INTERNATIONAL PARTNERS** (a Minnesota tax-exempt organization) as of December 31, 2009 and the related statement of activities, statement of functional expenses and statement of cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of **MANO A MANO INTERNATIONAL PARTNERS** as of December 31, 2008 were audited by other auditors whose report, dated August 19, 2009, expressed an unqualified opinion.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **MANO A MANO INTERNATIONAL PARTNERS**, as of December 31, 2009 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

THOMAS LEWIS & ASSOCIATES, P.A.

October 18, 2010



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**MANO A MANO INTERNATIONAL PARTNERS**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2009 and 2008

<b>ASSETS</b>				
2009				
	Unrestricted	Temporarily Restricted	Total	2008
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 100,021	\$ 554,788	\$ 654,809	\$ 385,663
Contributions receivable, current	35,601	291,206	326,807	1,447,720
Inventory	-	486,125	486,125	838,975
Prepaid expenses	4,737	-	4,737	4,643
Notes receivable	250,000	-	250,000	250,000
Current portion, contract for deed	2,164	-	2,164	-
Total current assets	392,523	1,332,119	1,724,642	2,927,001
<b>INVESTMENTS</b>	-	267,071	267,071	367,071
<b>PROPERTY AND EQUIPMENT (at cost)</b>				
Vehicles	8,000	-	8,000	8,000
Less, accumulated depreciation	7,000	-	7,000	5,400
Net property and equipment	1,000	-	1,000	2,600
<b>OTHER ASSETS</b>				
Contributions receivable, noncurrent	-	730,261	730,261	-
Real estate held for sale	-	-	-	71,000
Contract for deed, net of current portion	47,143	-	47,143	-
Security deposit	1,000	-	1,000	-
Total other assets	48,143	730,261	778,404	71,000
Total Assets	\$ 441,666	\$ 2,329,451	\$ 2,771,117	\$ 3,367,672
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 28,632	\$ -	\$ 28,632	\$ 10,905
Grants payable	327,995	-	327,995	157,356
Accrued payroll and related	8,077	-	8,077	6,903
Total current liabilities	364,704	-	364,704	175,164
<b>LONG-TERM LIABILITIES</b>				
Note payable	80,000	-	80,000	90,000
Total liabilities	444,704	-	444,704	265,164
<b>NET ASSETS</b>	(3,038)	2,329,451	2,326,413	3,102,508
Total Liabilities and Net Assets	\$ 441,666	\$ 2,329,451	\$ 2,771,117	\$ 3,367,672

See independent auditor's report and notes to financial statements

**MANO A MANO INTERNATIONAL PARTNERS**  
**STATEMENTS OF ACTIVITIES**  
For the Years Ended December 31, 2009 and 2008

	2009			Total 2008
	Unrestricted	Temporarily Restricted	Total	
<b>REVENUES AND SUPPORT</b>				
Contributions and grants	\$ 1,115,426	\$ 50,888	\$ 1,166,314	\$ 1,248,260
In-kind medical surplus, transportation and related	497,213	-	497,213	967,481
In-kind other	15,000	-	15,000	11,619
Craft sales	6,162	-	6,162	10,379
Interest income	18,464	-	18,464	20,753
Prior year grant converted to note receivable	-	-	-	150,000
Impairment loss on property held for sale	(1,000)	-	(1,000)	(69,000)
<b>Total revenues and support</b>	<b>1,651,265</b>	<b>50,888</b>	<b>1,702,153</b>	<b>2,339,492</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>422,488</b>	<b>(422,488)</b>	<b>-</b>	<b>-</b>
<b>EXPENSES</b>				
Program services	2,326,934	-	2,326,934	2,096,161
Management and general	63,493	-	63,493	73,113
Fundraising	87,821	-	87,821	58,037
<b>Total expenses</b>	<b>2,478,248</b>	<b>-</b>	<b>2,478,248</b>	<b>2,227,311</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(404,495)</b>	<b>(371,600)</b>	<b>(776,095)</b>	<b>112,181</b>
<b>NET ASSETS, beginning of year</b>	<b>401,457</b>	<b>2,701,051</b>	<b>3,102,508</b>	<b>2,990,327</b>
<b>NET ASSETS, end of year</b>	<b>\$ (3,038)</b>	<b>\$ 2,329,451</b>	<b>\$ 2,326,413</b>	<b>\$ 3,102,508</b>

See independent auditor's report and notes to financial statements

**MANO A MANO INTERNATIONAL PARTNERS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2009 with Comparative Totals for 2008

	2009			2008	
	Program Services	Management and General	Fundraising	Total	Comparative Totals
<b>PERSONNEL EXPENSES</b>					
Salaries	\$ 61,107	\$ 18,447	\$ 35,742	\$ 115,296	\$ 126,079
Payroll taxes	5,654	1,707	3,307	10,668	12,028
Employee benefits	6,820	2,059	3,989	12,868	18,888
Total Personnel Expenses	<u>73,581</u>	<u>22,213</u>	<u>43,038</u>	<u>138,832</u>	<u>156,995</u>
<b>OTHER EXPENSES</b>					
Medical supplies - in-kind	850,012	-	-	850,012	903,255
Grants to Bolivia	1,300,278	-	-	1,300,278	1,000,075
Craft expense	-	-	41,502	41,502	7,440
Professional fees	2,700	27,335	-	30,035	32,209
Payroll fees	942	284	551	1,777	1,427
Office expense	2,317	263	53	2,633	2,286
Telephone	4,218	1,205	603	6,026	6,209
Postage and shipping	1,399	159	32	1,590	4,017
Printing and publications	26,885	3,055	611	30,551	26,937
Equipment and maintenance	5,560	632	126	6,318	4,206
Travel	20,893	2,374	475	23,742	20,642
Training and education	-	-	-	-	785
Holding costs on property held for sale	-	1,819	-	1,819	13,704
Insurance	1,955	222	44	2,221	3,400
Vehicle expense	1,063	121	24	1,208	2,448
Utilities	1,615	184	37	1,836	3,263
Occupancy and storage	27,540	3,130	626	31,296	31,296
Volunteer expenses	4,376	497	99	4,972	3,150
Depreciation	1,600	-	-	1,600	1,600
Miscellaneous	-	-	-	-	1,967
Total Expenses	<u>\$2,326,934</u>	<u>\$ 63,493</u>	<u>\$ 87,821</u>	<u>\$2,478,248</u>	<u>\$ 2,227,311</u>

See independent auditor's report and notes to financial statements

**MANO A MANO INTERNATIONAL PARTNERS**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2009 and 2008

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (776,095)	\$ 112,181
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	1,600	1,600
Note payable converted to contribution	(10,000)	(10,000)
Conversion of prior year grant to note receivable	-	(150,000)
Impairment loss on property held for sale	1,000	69,000
Changes in operating assets and liabilities:		
Contributions receivable	390,652	(182,696)
Prepaid expenses	(94)	1,681
Inventory	352,850	(64,227)
Security deposits	(1,000)	25,575
Accounts payable and accrued expenses	17,726	2,598
Grants payable	170,639	157,356
Accrued payroll and related	1,174	4,402
Net Changes	924,547	(144,711)
 Net Cash Provided by (Used in) Operating Activities	 148,452	 (32,530)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	-	(100,000)
Sale of investments	100,000	-
Issuance of notes receivable	-	(100,000)
Sale of real estate held for investment	70,000	-
Issuance of contract for deed for real estate held for investment	(50,000)	-
Principal payments on contract for deed	694	-
 Net Cash Provided by (Used in) Investing Activities	 120,694	 (200,000)
 <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 269,146	 (232,530)
 <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	 385,663	 618,193
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	 \$ 654,809	 \$ 385,663

See independent auditor's report and notes to financial statements

**MANO A MANO INTERNATIONAL PARTNERS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2009 and 2008

**NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Mano a Mano International Partners (the "Organization") was founded in 1994 in Minnesota for the purpose of increasing the capacity of health care providers in Bolivia to serve impoverished patients. Its mission has evolved to creating partnerships with poor Bolivian communities that improve health and increase economic well-being.

**Basis of Presentation**

The financial statements have been prepared in conformity with the disclosure requirements of generally accepted accounting standards for not-for-profit Organizations. Under these provisions, net assets and revenues, expenses, gains and losses are classified on the existence or absence of donor-imposed restrictions.

Accordingly, the Organization's net assets and changes thereto are classified and reported as follows:

***Unrestricted Net Assets*** – Net assets that are not subject to donor-imposed or other stipulations.

***Temporarily Restricted Net Assets*** - Includes net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization or with the passage of time.

**Revenues**

Donations, grants, contributions, and all other forms of revenue are considered unrestricted as to use unless specifically restricted by the donor.

**Functional Expenses**

Operating expenses directly identifiable with a functional area are charged to that area and where expenses affect more than one area, they are allocated on the basis of ratios determined by management.

**Income Taxes**

The Organization is exempt from federal and state income taxes as organizations described under Section 501(c)(3) of the Internal Revenue Code and section 290.05 of the Minnesota Statute. The Organization's open audit periods are the years ended December 31, 2006 through 2009.

The Organization has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2009.



**MANO A MANO INTERNATIONAL PARTNERS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2009 and 2008

**NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for tax return years prior to the year ended December 31, 2006.

The Organization's policy is to classify any income tax related interest and penalties in interest expense and other expenses, respectively.

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

**Reclassifications**

Certain 2008 amounts have been reclassified in order to conform to the 2009 financial statement presentation.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of unrestricted demand deposits.

**Contributions Receivable**

Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions that are restricted by the donor are reported as unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Contributions receivable expected to be collected in greater than one year are reflected in the financial statements at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received. Amortization of the discounts is recorded as contribution revenue.

**Inventory**

Inventory consists of donated and purchased medical supplies and crafts and is recorded at fair market value if donated or cost if purchased.

**Vehicle**

The vehicle is carried at cost. Depreciation is provided using the straight-line method with an estimated useful life of five years in accordance with generally accepted accounting principles. Maintenance and repairs are charged to expense as incurred; significant renewals or betterments in excess of \$5,000 are capitalized.

**Property Held for Sale**

In 2007 the Organization received a donation of property in Florida which was recognized at fair market value and held with the intention of sale. In 2008, it was determined that the fair market value had decreased and, accordingly, an impairment loss was recorded in 2009 based on the sale price of the property in 2010.

**MANO A MANO INTERNATIONAL PARTNERS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2009 and 2008

**NOTE B – CONTRIBUTIONS RECEIVABLE**

Contributions receivable (primarily from an anonymous donor) are due in the following amounts, by year:

<u>Year</u>	<u>Amount</u>
2010	\$ 526,807
2011	141,588
2012	143,520
2013	147,420
2014	<u>147,732</u>
Total contributions receivable	\$1,107,067
Less discount to net present value	<u>(49,999)</u>
Net contributions receivable	<u>\$1,057,068</u>

**NOTE C – NOTES RECEIVABLE**

Note receivable, Mano a Mano – Nuevo Mundo (related party). Non-interest bearing, due in full 2012.	\$ 150,000
Note receivable, Mano a Mano – Apoyo Aereo (related party). Non-interest bearing, due in full 2012.	<u>100,000</u>
Total notes receivable	<u>\$ 250,000</u>

Notes receivable, secured by the assets of the borrowers, are considered by management to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary. In making that determination, management evaluated the financial condition of the borrowers, the estimated value of the underlying collateral and current economic conditions.

**Contract for Deed**

As indicated in Note A, a property in Florida was donated to the Organization in 2007 and sold in 2010. The sale was consummated in part in exchange for a 15-year, 6% per annum contract for deed, dated August 15, 2009, secured by the property, with an initial principal balance of \$50,000. Monthly payments consisting of principal and interest are \$421.93. A quitclaim deed transferring title of the property was filed on February 12, 2010.

Future principal payments receivable on the contract for deed are as follows for the years ending December 31:

<u>Year</u>	<u>Amount</u>
2010	\$ 2,164
2011	2,297
2012	2,439
2013	2,589
2014	2,749
Thereafter	<u>37,069</u>
Total	49,307
Less, current portion	<u>2,164</u>
	<u>\$ 47,143</u>

**MANO A MANO INTERNATIONAL PARTNERS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2009 and 2008

**NOTE D – INVESTMENTS**

The Organization's investments at December 31, 2009 and 2008 are stated at fair value and consist exclusively of certificates of deposit.

"Fair value" is defined as the price that an Organization would receive upon selling in an advantageous market for the investment. Various inputs are used in determining the value of an Organization's investments. The accounting standards establish a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad Levels listed below:

*Level 1* - Quoted prices in active markets for identical securities.

*Level 2* - Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

*Level 3* - Significant unobservable inputs (including the Organization's own assumptions in determining fair value of investments).

All of the Organization's investments are measured at fair value on a recurring basis based upon Level 1 inputs. The Organization's certificates of deposit earn interest at a rate of 2.25% and have maturities of seven to nine months.

**NOTE E – IN KIND CONTRIBUTIONS**

The Organization records all donated goods at fair market value at the date of the donation and services at fair market value when specialized skills have been provided during the year. In kind contributions, consisting primarily of medical supplies, totaled \$512,213 and \$979,100 for the years ended December 31, 2009 and 2008.

Donated services, which consisted of 17,837 hours by 210 volunteers, did not meet recognition criteria under generally accepted accounting principles and, accordingly, are not included in the Statements of Activities.

**NOTE F – NOTE PAYABLE**

In 2007, the Organization received a \$100,000 loan from a board member. The note is non-interest bearing and is payable in full on January 1, 2012. During both 2009 and 2008, the board member agreed to convert \$10,000 to a contribution, reducing the note payable balance to \$80,000 and \$90,000 at December 31, 2009 and 2008, respectively.

**MANO A MANO INTERNATIONAL PARTNERS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2009 and 2008

**NOTE G – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted assets were restricted for the following purposes at December 31:

	<u>2009</u>	<u>2008</u>
Constructing, equipping and staffing health clinics in Bolivia	\$ 1,470,019	\$ 1,602,993
Environmental health/basic care services, schools and teacher housing in Bolivia	13,757	227,805
Agricultural water reservoirs in Bolivia	333,550	37,250
Reforestation	14,000	-
Medical inventory	486,125	833,003
Time restricted	<u>12,000</u>	<u>-</u>
 Total restricted net assets	 <u>\$ 2,329,451</u>	 <u>\$ 2,701,051</u>

Corresponding assets were as follows:

Cash	\$ 554,788	\$ 90,537
Investments	267,071	367,071
Contributions receivable	1,021,467	1,410,440
Inventory - medical supplies	<u>486,125</u>	<u>833,003</u>
 Total restricted assets	 <u>\$ 2,329,451</u>	 <u>\$ 2,701,051</u>

**NOTE H – RELATED PARTIES**

The president of the board of the Organization is an honorary board member of Mano a Mano – Bolivia, Mano a Mano – Apoyo Aereo and Mano a Mano – Nuevo Mundo. These organizations, which are located in Bolivia, are recipients of grants from the Organization. As an honorary board member, the president has veto power over any disbursements that are contrary to the mission of the Organization. Grants paid to the recipient organizations were as follows for the years ended December 31:

	<u>2009</u>	<u>2008</u>
Mano a Mano - Bolivia	\$ 720,506	\$ 644,905
Mano a Mano - Apoyo Aereo	203,399	245,372
Mano a Mano - Nuevo Mundo	<u>376,373</u>	<u>109,798</u>
 Total related party grants	 <u>\$ 1,300,278</u>	 <u>\$ 1,000,075</u>

In 2006, the Organization entered into a lease with the president of its board of directors as described in Note H.

In 2007, a member of the Board loaned the Organization \$100,000, and subsequently has converted a portion of the loan to contributions. See Note F.

**MANO A MANO INTERNATIONAL PARTNERS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2009 and 2008

**NOTE H – RELATED PARTIES (Continued)**

In 2008, the Organization loaned Mano a Mano – Nuevo Mundo \$150,000. See Note C.

In 2008, the Organization loaned Mano a Mano – Apoyo Aero \$100,000. See Note C.

**NOTE I – COMMITMENTS AND CONTINGENCIES**

**Lease Obligations**

The Organization began leasing office space on a month-to-month basis from its president in July 2006. Rent expenses under this lease totaled \$18,000 in 2009 and 2008. The Organization also leases warehouse space on a month to month basis. Rent expense under this agreement was \$13,296 in 2009 and 2008.

**Concentrations**

During 2009, two donors accounted for 39% of the Organization's support and revenues and 28% of its contributions receivable at December 31, 2009. 69% of contributions receivable at December 31, 2009 were from an anonymous donor.

**Federal Deposit Insurance**

The Federal Deposit Insurance Corporation insures checking and savings account balances up to \$250,000 per financial institution. The Organization maintains its cash in bank accounts at two financial institutions. Balances exceeded insured limits by a total of \$341,246 and \$220,377 at December 31, 2009 and 2008, respectively. The Organization has not experienced any losses in these accounts.

**Going Concern**

The Organization sustained a net loss of \$776,095 during the year, however, management believes that continuing cost cutting measures and the availability of net assets of \$2,326,413 will be adequate to meet the commitments of the Organization through the year ending December 31, 2010.

**NOTE J – SUBSEQUENT EVENTS**

The Organization did not have any subsequent events through October 27, 2010, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended December 31, 2009.