



**HANDS ACROSS THE SEA, INC.**

***Financial Statements***

***December 31, 2018 and 2017***

**HANDS ACROSS THE SEA, INC.**

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***December 31, 2018 and 2017***

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Hands Across the Sea, Inc.  
Boston, Massachusetts

We have audited the accompanying financial statements of Hands Across the Sea, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

### Auditors' 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 misstatements.

An audit involves performing procedures to obtain 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 organization's preparation and fair presentation of the 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 organization'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 financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hands Across the Sea, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Caliri, Mancini & Barbieri, PC*

Exeter, Rhode Island  
March 19, 2019

**HANDS ACROSS THE SEA, INC.**

**Statements of Financial Position**

**December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 55,777	\$ 70,713
Contributions Receivable, Current Portions	57,244	83,377
Prepaid Expenses	1,218	-
Book Inventory to be Distributed	<u>12,750</u>	<u>33,310</u>
<b>Total Current Assets</b>	<u>126,989</u>	<u>187,400</u>
<b>Long-Term Assets:</b>		
Cash Held for Operational Reserve	<u>25,000</u>	<u>20,000</u>
<b>Total Long-Term Assets</b>	<u>25,000</u>	<u>20,000</u>
<b>Total Assets</b>	<u>\$ 151,989</u>	<u>\$ 207,400</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Expenses	\$ 6,311	\$ 7,380
Credit Card Payable	<u>2,595</u>	<u>2,497</u>
<b>Total Liabilities</b>	<u>8,906</u>	<u>9,877</u>
<b>Net Assets:</b>		
Without Donor Restrictions:		
General	105,333	76,524
Operational Reserves	<u>25,000</u>	<u>20,000</u>
Total Without Donor Restrictions	<u>130,333</u>	<u>96,524</u>
With Donor Restrictions	<u>12,750</u>	<u>100,999</u>
<b>Total Net Assets</b>	<u>143,083</u>	<u>197,523</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 151,989</u>	<u>\$ 207,400</u>

*See independent auditors' report and accompanying notes to financial statements.*

**HANDS ACROSS THE SEA, INC.**  
**Statement of Activities**  
**Year Ended December 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
<b>Public Support and Revenue:</b>			
<b>Public Support:</b>			
Contributions and Grants			
Churches and Religious Organizations	\$ 300	\$ -	\$ 300
Corporate Contributions	13,145	46,524	59,669
Foundations	49,271	102,302	151,573
Individuals	162,987	27,628	190,615
Donated Services	7,766	-	7,766
Non-Cash Contributions	-	102,766	102,766
<b>Total Public Support</b>	<u>233,469</u>	<u>279,220</u>	<u>512,689</u>
<b>Revenue:</b>			
Interest and Dividend Income	9	-	9
<b>Total Revenue</b>	<u>9</u>	<u>-</u>	<u>9</u>
<b>Net Assets Released from Restriction</b>	<u>367,469</u>	<u>(367,469)</u>	<u>-</u>
<b>Total Public Support and Revenue,   After Net Assets Released From Restriction</b>	<u>600,947</u>	<u>(88,249)</u>	<u>512,698</u>
 <b>Program Expenses:</b>			
Program Services	<u>487,026</u>	<u>-</u>	<u>487,026</u>
 <b>Supporting Service Expenses:</b>			
Management and General Expenses	46,469	-	46,469
Fundraising Expenses	33,643	-	33,643
<b>Total Supporting Service Expenses</b>	<u>80,112</u>	<u>-</u>	<u>80,112</u>
 <b>Total Expenses</b>	<u>567,138</u>	<u>-</u>	<u>567,138</u>
 <b>Increase (Decrease) in Net Assets</b>	33,809	(88,249)	(54,440)
 <b>Net Assets, Beginning of Year</b>	<u>96,524</u>	<u>100,999</u>	<u>197,523</u>
 <b>Net Assets, End of Year</b>	<u>\$ 130,333</u>	<u>\$ 12,750</u>	<u>\$ 143,083</u>

*See independent auditors' report and accompanying notes to financial statements.*

**HANDS ACROSS THE SEA, INC.**  
**Statement of Activities**  
**Year Ended December 31, 2017**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
<b>Public Support and Revenue:</b>			
<b>Public Support:</b>			
Contributions and Grants			
Churches and Religious Organizations	\$ 300	\$ -	\$ 300
Corporate Contributions	709	40,831	41,540
Foundations	83,194	78,746	161,940
Individuals	126,925	84,007	210,932
Governmental Grants	14,977	-	14,977
Donated Services	8,234	-	8,234
Non-Cash Contributions	-	11,772	11,772
<b>Total Public Support</b>	<u>234,339</u>	<u>215,356</u>	<u>449,695</u>
<b>Revenue:</b>			
Interest and Dividend Income	15	-	15
Realized Gain on Sale of Donated Stock	72	-	72
<b>Total Revenue</b>	<u>87</u>	<u>-</u>	<u>87</u>
<b>Net Assets Released from Restriction</b>	<u>343,686</u>	<u>(343,686)</u>	<u>-</u>
<b>Total Public Support and Revenue, After Net Assets Released From Restriction</b>	<u>578,112</u>	<u>(128,330)</u>	<u>449,782</u>
<b>Program Expenses:</b>			
Program Services	<u>477,363</u>	<u>-</u>	<u>477,363</u>
<b>Supporting Service Expenses:</b>			
Management and General Expenses	47,240	-	47,240
Fundraising Expenses	32,010	-	32,010
<b>Total Supporting Service Expenses</b>	<u>79,250</u>	<u>-</u>	<u>79,250</u>
<b>Total Expenses</b>	<u>556,613</u>	<u>-</u>	<u>556,613</u>
<b>Increase (Decrease) in Net Assets</b>	21,499	(128,330)	(106,831)
<b>Net Assets, Beginning of Year</b>	<u>75,025</u>	<u>229,329</u>	<u>304,354</u>
<b>Net Assets, End of Year</b>	<u>\$ 96,524</u>	<u>\$ 100,999</u>	<u>\$ 197,523</u>

*See independent auditors' report and accompanying notes to financial statements.*

**HANDS ACROSS THE SEA, INC.**  
**Schedule of Functional Expenses**  
**Year Ended December 31, 2018**

	<b><u>Total Program Services</u></b>	<b><u>Management and General</u></b>	<b><u>Fundraising</u></b>	<b><u>Total Supporting Service Expenses</u></b>	<b><u>2018 Totals</u></b>
<b>Salaries and Wages:</b>					
Executive Director	\$ 32,000	\$ 1,500	\$ 14,500	\$ 16,000	\$ 48,000
Communications Manager	33,540	1,290	8,170	9,460	43,000
Other Personnel	9,192	-	-	-	9,192
Employee Benefits	5,668	198	1,428	1,626	7,294
Payroll Taxes	6,606	217	1,435	1,652	8,258
Subtotal	<u>87,006</u>	<u>3,205</u>	<u>25,533</u>	<u>28,738</u>	<u>115,744</u>
<b>Other Operating Expenses:</b>					
Fees for Service:					
Operations Manager	9,313	8,387	1,825	10,212	19,525
Librarian Fees	12,345	-	-	-	12,345
Bookkeeping Services	-	12,744	-	12,744	12,744
Program Manager	10,209	-	-	-	10,209
Literacy Links - Outside Services and Related Expenses	90,473	-	-	-	90,473
Accounting Fees	-	7,280	-	7,280	7,280
Bank Charges	-	3,913	-	3,913	3,913
Books and Educational Materials	225,913	-	-	-	225,913
Insurance Expense	-	1,111	-	1,111	1,111
Mail Forwarding	-	1,329	-	1,329	1,329
Miscellaneous	-	1	79	80	80
Office Expenses	3,334	123	-	123	3,457
Other Outside Services	-	-	87	87	87
Payroll Processing Fees	-	1,562	-	1,562	1,562
Postage and Shipping	12,238	146	1,729	1,875	14,113
Printing and Copying	7,407	2,419	-	2,419	9,826
Software and IT Services	889	218	3,212	3,430	4,319
Storage - Donated Services	4,574	-	-	-	4,574
Supplies	5,863	-	-	-	5,863
State Registration Fees	-	3,440	-	3,440	3,440
Telephone, Telecommunications	1,733	548	438	986	2,719
Travel Expenses	<u>15,729</u>	<u>43</u>	<u>740</u>	<u>783</u>	<u>16,512</u>
<b>Total Functional Expenses</b>	<b><u>\$ 487,026</u></b>	<b><u>\$ 46,469</u></b>	<b><u>\$ 33,643</u></b>	<b><u>\$ 80,112</u></b>	<b><u>\$ 567,138</u></b>

*See independent auditors' report and accompanying notes to financial statements.*

**HANDS ACROSS THE SEA, INC.**  
**Schedule of Functional Expenses**  
**Year Ended December 31, 2017**

	<b><u>Total Program Services</u></b>	<b><u>Management and General</u></b>	<b><u>Fundraising</u></b>	<b><u>Total Supporting Service Expenses</u></b>	<b><u>2017 Totals</u></b>
<b>Salaries and Wages:</b>					
Executive Director	\$ 32,000	\$ 1,500	\$ 14,500	\$ 16,000	\$ 48,000
Communications Manager	42,000	1,000	5,000	6,000	48,000
Payroll Taxes	6,005	192	1,510	1,702	7,707
Subtotal	<u>80,005</u>	<u>2,692</u>	<u>21,010</u>	<u>23,702</u>	<u>103,707</u>
<b>Other Operating Expenses:</b>					
Fees for Service:					
Operations Manager	8,300	7,800	2,800	10,600	18,900
Summer Intern	8,145	-	-	-	8,145
Librarian Fees	11,140	-	-	-	11,140
Bookkeeping Services	-	10,501	-	10,501	10,501
Literacy Links - Outside Services and Related Expenses	64,089	-	-	-	64,089
Accounting Fees	-	8,782	-	8,782	8,782
Bank Charges	-	4,696	-	4,696	4,696
Books and Educational Materials	252,554	-	-	-	252,554
Insurance Expense	-	1,259	-	1,259	1,259
Mail Forwarding	-	1,478	-	1,478	1,478
Miscellaneous	-	381	-	381	381
Office Expenses	1,251	-	-	-	1,251
Other Outside Services	-	-	157	157	157
Payroll Processing Fees	-	878	-	878	878
Postage and Shipping	13,764	195	1,716	1,911	15,675
Printing and Copying	518	2,445	576	3,021	3,539
Software and IT Services	844	310	3,243	3,553	4,397
Storage - Donated Services	5,384	-	-	-	5,384
Supplies	16,884	934	-	934	17,818
State Registration Fees	-	4,418	-	4,418	4,418
Telephone, Telecommunications	2,919	392	392	784	3,703
Travel Expenses	<u>11,566</u>	<u>79</u>	<u>2,116</u>	<u>2,195</u>	<u>13,761</u>
<b>Total Functional Expenses</b>	<b>\$ <u>477,363</u></b>	<b>\$ <u>47,240</u></b>	<b>\$ <u>32,010</u></b>	<b>\$ <u>79,250</u></b>	<b>\$ <u>556,613</u></b>

*See independent auditors' report and accompanying notes to financial statements.*



**HANDS ACROSS THE SEA, INC.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Cash Flows from Operating Activities:</b>		
Decrease in Net Assets	\$ (54,440)	\$ (106,831)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used in Operating Activities:		
Change in Donated Book Inventory to be Distributed	20,560	145,094
Contributed Stock	-	(1,048)
Realized Gain on Sale of Contributed Stock	-	(72)
Changes in:		
Contributions Receivable	26,133	18,780
Prepaid Expenses	(1,218)	361
Accounts Payable and Accrued Expenses	98	(7,280)
Credit Card Payable	-	(193)
Total Adjustments	<u>44,504</u>	<u>155,642</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>(9,936)</u>	<u>48,811</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from Sale of Securities	-	1,120
<b>Net Cash Provided by Investing Activities</b>	<u>-</u>	<u>1,120</u>
<b>Cash Flows from Financing Activities:</b>		
Increase in Cash Held for Operational Reserve	(5,000)	(5,000)
<b>Net Cash Used in Investing Activities</b>	<u>(5,000)</u>	<u>(5,000)</u>
<b>Net Increase (Decrease) in Cash</b>	(14,936)	44,931
<b>Cash, Beginning of Year</b>	<u>70,713</u>	<u>25,782</u>
<b>Cash, End of Year</b>	<u>\$ 55,777</u>	<u>\$ 70,713</u>

*See independent auditors' report and accompanying notes to financial statements.*

**HANDS ACROSS THE SEA, INC.**

**Notes to Financial Statements**

**December 31, 2018 and 2017**

**1. Nature of the Organization and Summary of Significant Accounting Policies:**

**Nature of the Organization**

Hands Across the Sea, Inc. (the "Organization") was incorporated in the Commonwealth of Massachusetts in 2007. The Organization's primary purpose is to raise the literacy levels of Caribbean children by assisting schools and libraries in Caribbean communities. Hands Across the Sea's Caribbean Literacy and School Support (CLASS) Program has three main goals: (1) to send age-appropriate and culturally relevant books; (2) to create lending libraries so that the entire community has access to books; and (3) to foster library sustainability through hands-on monitoring, teacher training and professional development. Since incorporation, the Organization has provided over four hundred thousand books and various teaching resources to hundreds of schools, libraries and youth centers throughout the Eastern Caribbean islands of Antigua, St. Kitts and Nevis, Dominica, St. Lucia, St. Vincent and the Grenadines, and Grenada.

**Summary of Significant Accounting Policies**

The Organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the Organization are described subsequently to enhance the usefulness and understandability of the financial statements.

*A. Basis of Accounting and Financial Statement Presentation:*

The Organization prepares its financial statements using the accrual basis of accounting and accounting principles generally accepted in the United States of America. Support and revenues are recognized when received or earned, and expenses and losses are recognized when incurred.

*B. Use of Estimates:*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Organization's management evaluates the estimates and assumptions based on historical experience and various other factors and circumstances. The Organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

*C. Net Assets:*

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on uses of the funds that are placed by its donors, as follows:

**HANDS ACROSS THE SEA, INC.**

**Notes to Financial Statements**

**December 31, 2018 and 2017**

**1. Nature of the Organization and Summary of Significant Accounting Policies: (Continued)**

**Summary of Significant Accounting Policies: (Continued)**

***C. Net Assets: (Continued)***

**Net Assets Without Donor Restrictions**

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

**Net Assets With Donor Restrictions**

Net assets with donor restrictions are resources that are restricted by a grantor or donor for a particular purpose or for use in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the grantor or donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions. For fiscal years 2018 and 2017, there were no perpetual restrictions.

The Organization's unspent grants or contributions are included in this class if the donors limited their use, as are its donor-restricted endowment funds and its beneficial interest in a perpetual charitable trust held by a financial institution, if applicable.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the grantor or donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

***D. Classification of Transactions:***

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the grantor or donor specified the use of the related resources for a particular purpose or for use in a future period. All expenses and net losses other than losses on endowment investments (if applicable) are reported as decreases in net assets without donor restrictions. If applicable, net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

**HANDS ACROSS THE SEA, INC.**

**Notes to Financial Statements**

**December 31, 2018 and 2017**

**1. Nature of the Organization and Summary of Significant Accounting Policies: (Continued)**

**Summary of Significant Accounting Policies: (Continued)**

*E. Cash and Cash Equivalents, and Monetary Risk:*

The Organization considers all short-term investments with original maturities of three months or less when purchased to be cash equivalents.

The Organization maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant risk on cash deposits. At December 31, 2018 all cash held at financial institutions was insured by the federal limit.

*F. Contributions Receivable:*

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. If significant, that fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue.

The allowance for uncollectible contributions receivable, if required, is determined based on management's evaluation of the collectability of individual promises. On a periodic basis, the Organization evaluates its contributions receivable and establishes an allowance for doubtful accounts, when deemed necessary, based on its history of past write-offs and collections and current credit conditions.

*G. Accounting for Grants and Contributions:*

Grants and contributions, including unconditional promises to give, are recognized when received. All grants and contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

**HANDS ACROSS THE SEA, INC.**

**Notes to Financial Statements**

**December 31, 2018 and 2017**

**1. Nature of the Organization and Summary of Significant Accounting Policies: (Continued)**

**Summary of Significant Accounting Policies: (Continued)**

*H. Contributed Services:*

The Organization uses individuals that volunteer their time to perform a variety of services, primarily fundraising; however, no amounts are recorded since these services do not require specialized skill, and thus do not meet the recognition criteria under current accounting standards as promulgated in the United States of America. See Note 8 for a summary of the contributed services that have been recorded.

*I. Book Inventory to be Distributed:*

Book inventory to be distributed consists of books that were donated to the Organization and had not yet been distributed at year's end. These books have been recognized at fair value and will be used in the Organization's program in the next year or years.

*J. Expense Recognition and Allocation:*

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and the 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 using a reasonable allocation method that is consistently applied, as follows:

- Personnel costs are all allocated based on estimates of time provided to each function.
- Fees for services costs are allocated based on estimates of time provided to each function
- All other costs are generally allocated by function using specific identification.

When program or service efforts change, the bases on which costs are allocated are re-evaluated.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. Additionally, advertising costs, if any, are expensed as incurred.

**HANDS ACROSS THE SEA, INC.**

**Notes to Financial Statements**

**December 31, 2018 and 2017**

**1. Nature of the Organization and Summary of Significant Accounting Policies:  
(Continued)**

**Summary of Significant Accounting Policies: (Continued)**

**K. Tax Status:**

The Internal Revenue Service has determined the Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes. The Organization is not classified as a private foundation. The Organization evaluates all significant tax positions as required by accounting principles generally accepted in the United States. As of December 31, 2018, the Organization does not believe it has taken any tax positions that would require the recognition of a tax liability or any unrealized tax benefit that would either increase or decrease within the next twelve months. Tax years that are open for examination by taxing authorities are generally the last three tax year-ends.

**L. Change in Accounting Principles:**

The Organization implemented FASB ASU No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

- Temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a disclosure about liquidity and availability of resources (Note 2).

**2. Liquidity and Availability:**

As of December 31, 2018, the following table shows the total financial assets held by the Organization and the amounts of those financial assets that could be made available within one year of the statement of financial position date to meet general expenditures (i.e. without donor or other restrictions limiting their use within one year):

Financial Assets at Year-End:

Cash	\$ 55,777
Contributions Receivable	57,244
Cash Held for Operational Reserve	25,000
Total Financial Assets at Year-End	138,021
Less Financial Assets Held for Operational Reserve	25,000
	<u>\$ 113,021</u>

**HANDS ACROSS THE SEA, INC.**

**Notes to Financial Statements**

**December 31, 2018 and 2017**

**2. Liquidity and Availability: (Continued)**

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and minimizing medium and long-term obligations. Hands Across the Sea has a Liquidity Policy to maintain current financial assets less current liabilities at a minimum of 30 days operating expenses and to target a year-end balance of reserves of unrestricted net assets to meet 45 days of expected expenditures. To achieve these targets, the Organization forecasts future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. The Organization considers contributions restricted for programs which are ongoing and central to its annual operations to be available to meet cash needs for general expenditures. During the years ended December 31, 2018, the level of liquidity and reserves was managed within the policy requirements, and the Organization did not incur any long-term obligations.

**3. Contributions Receivable:**

Of the total contributions receivable of \$57,244, \$39,175 is receivable from three donors at December 31, 2018. Of the total contributions receivable of \$83,377, \$39,593 is receivable from two donors at December 31, 2017.

**4. Net Assets With Donor Restrictions:**

Net assets With Donor Restrictions consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Purpose Restriction:		
Book Inventory to be Distributed	\$ 12,750	\$ 33,310
Books, Libraries and School Supplies/Expenses	-	42,689
Time Restriction:		
To be Received in Future Year	<u>-</u>	<u>25,000</u>
Net Assets With Donor Restrictions	<u>\$ 12,750</u>	<u>\$100,999</u>

**5. Net Assets Released From Restrictions:**

Net Assets were released from restriction for the following at December 31:

	<u>2018</u>	<u>2017</u>
Purpose Restrictions:		
Books, Libraries and School Supplies/Expenses	<u>\$367,469</u>	<u>\$343,686</u>
Total Net Assets Released from Restriction	<u>\$367,469</u>	<u>\$343,686</u>

**HANDS ACROSS THE SEA, INC.**

**Notes to Financial Statements**

**December 31, 2018 and 2017**

**6. Related Party Transactions:**

The co-founders of the Organization, who are related by marriage, work as the Organization's Executive Director and Communications Manager.

Board members donated approximately \$15,100 and \$23,000 during the years ended December 31, 2018 and 2017, respectively.

The spouse of the Treasurer of the Organization provides certain services as Operations Manager on an as-needed basis and is paid as an independent contractor at an hourly rate, which totaled approximately \$19,500 and \$18,900 for the years ended December 31, 2018 and 2017, respectively.

A Board member who started providing program management services as an independent contractor in 2018 is related to another Board member by marriage. Program manager expense related to this arrangement was \$10,209 in 2018.

**7. Concentrations:**

Approximately 28 percent and 13 percent, respectively, of total public support, including donated books and resources, was contributed by three donors during the year ended December 31, 2018 and two donors during the year ended December 31, 2017.

**8. Donated Services and Non-Cash Contributions:**

Donated services and non-cash contributions consist of the following at the year ended December 31:

	<u>2018</u>	<u>2017</u>
Services:		
Storage, Shipping and Related Services	\$ 7,766	\$ 8,234
Non-Cash Contributions:		
Books and Resources	<u>102,766</u>	<u>11,772</u>
Total Donated Services and Non-Cash Contributions	\$ <u>110,532</u>	\$ <u>20,006</u>

**9. Subsequent Events Evaluation:**

The Organization has evaluated subsequent events through March 19, 2019, the date the financial statements were available to be issued.