



HANDS ACROSS THE SEA, INC.

Financial Statements

December 31, 2020 and 2019

HANDS ACROSS THE SEA, INC.

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December 31, 2020 and 2019

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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, 2020 and 2019, 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 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 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, 2020 and 2019, 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
April 14, 2021

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Anthony J. Caliri, MBA, CPA, CVA
One Worthington Road
Cranston, RI 02920
401-270-6136 Fax (401) 941-1867

Nancy L. Mancini, CPA
PO Box 207
Exeter, RI 02822
401-268-3926 Fax (401) 667-7203

Ralph J. Barbieri, CPA, MS
1845 Smith Street
North Providence, RI 02911
401-231-7736 Fax (401) 231-3896

Blair J. Barbieri, CPA, MS
6 Angell Road
Narragansett, RI 02881
401-782-8971 Fax (401) 231-3896

HANDS ACROSS THE SEA, INC.**Statements of Financial Position****December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets:		
Cash	\$ 225,047	\$ 91,611
Contributions Receivable, Current Portions	22,818	86,805
Refundable Expenses	55	1,250
Prepaid Expenses	-	1,396
Book Inventory to be Distributed	119	1,350
Total Current Assets	<u>248,039</u>	<u>182,412</u>
Long-Term Assets:		
Cash Held for Operational Reserve	50,000	50,000
Website Design, Net of Accumulated Amortization	9,235	-
Total Long-Term Assets	<u>59,235</u>	<u>50,000</u>
Total Assets	<u>\$ 307,274</u>	<u>\$ 232,412</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 30,693	\$ 5,265
Credit Cards Payable	6,798	3,126
Total Liabilities	<u>37,491</u>	<u>8,391</u>
Net Assets:		
Without Donor Restrictions:		
General	219,664	129,971
Operational Reserves	50,000	50,000
Total Without Donor Restrictions	269,664	179,971
With Donor Restrictions	119	44,050
Total Net Assets	<u>269,783</u>	<u>224,021</u>
Total Liabilities and Net Assets	<u>\$ 307,274</u>	<u>\$ 232,412</u>

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

HANDS ACROSS THE SEA, INC.**Statement of Activities****Year Ended December 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Public Support and Revenue:			
Public Support:			
Contributions and Grants			
Corporate Contributions	\$ 10,127	\$ 74,252	\$ 84,379
Foundations	68,237	31,174	99,411
Individuals	257,392	18,400	275,792
Forgiveness of Cares Act Paycheck			
Protection Program Loan	29,187	-	29,187
Donated Services	8,454	-	8,454
Non-Cash Contributions	-	101,356	101,356
Total Public Support	373,397	225,182	598,579
Revenue:			
Other	50	-	50
Total Revenue	50	-	50
Net Assets Released from Restriction	269,113	(269,113)	-
Total Public Support and Revenue, After Net Assets Released From Restriction	642,560	(43,931)	598,629
Program Expenses:			
Program Services	428,334	-	428,334
Supporting Service Expenses:			
Management and General Expenses	60,707	-	60,707
Fundraising Expenses	63,826	-	63,826
Total Supporting Service Expenses	124,533	-	124,533
Total Expenses	552,867	-	552,867
Increase (Decrease) in Net Assets	89,693	(43,931)	45,762
Net Assets, Beginning of Year	179,971	44,050	224,021
Net Assets, End of Year	\$ 269,664	\$ 119	\$ 269,783

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

HANDS ACROSS THE SEA, INC.**Statement of Activities****Year Ended December 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Public Support and Revenue:			
Public Support:			
Contributions and Grants			
Churches and Religious Organizations	\$ 550	\$ -	\$ 550
Corporate Contributions	35,316	82,374	117,690
Foundations	97,958	123,486	221,444
Individuals	196,617	23,116	219,733
Donated Services	7,774	-	7,774
Non-Cash Contributions	-	6,555	6,555
Total Public Support	338,215	235,531	573,746
Revenue:			
Interest and Dividend Income	27	-	27
Other	867	-	867
Total Revenue	894	-	894
Net Assets Released from Restriction	204,231	(204,231)	-
Total Public Support and Revenue, After Net Assets Released From Restriction	543,340	31,300	574,640
Program Expenses:			
Program Services	416,841	-	416,841
Supporting Service Expenses:			
Management and General Expenses	42,923	-	42,923
Fundraising Expenses	33,938	-	33,938
Total Supporting Service Expenses	76,861	-	76,861
Total Expenses	493,702	-	493,702
Increase in Net Assets	49,638	31,300	80,938
Net Assets, Beginning of Year	130,333	12,750	143,083
Net Assets, End of Year	\$ 179,971	\$ 44,050	\$ 224,021

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

HANDS ACROSS THE SEA, INC.**Schedule of Functional Expenses****Year Ended December 31, 2020**

	Total Program Services	Management and General	Fundraising	Total Supporting Service Expenses	2020 Totals
Salaries and Wages:					
Executive Director	\$ 79,828	\$ 12,470	\$ 40,019	\$ 52,489	\$ 132,317
Communications Director	29,981	750	6,746	7,496	37,477
Summer Intern	550	-	-	-	550
Other Personnel	12,515	-	-	-	12,515
Employee Benefits	13,626	805	2,818	3,623	17,249
Payroll Taxes	10,291	1,105	1,869	2,974	13,265
Subtotal	146,791	15,130	51,452	66,582	213,373
Other Operating Expenses:					
Fees for Service:					
Librarian Fees	2,915	-	-	-	2,915
Bookkeeping Services	-	14,163	-	14,163	14,163
Literacy Links - Outside Services and Related Expenses	103,584	-	-	-	103,584
Accounting Fees	-	8,340	-	8,340	8,340
Bank Charges	-	4,467	-	4,467	4,467
Books and Educational Materials	140,399	-	-	-	140,399
Insurance Expense	-	1,609	-	1,609	1,609
Mail Forwarding	-	1,538	-	1,538	1,538
Miscellaneous	-	600	-	600	600
Office Expenses	4,459	1,131	1,131	2,262	6,721
Payroll Processing Fees	-	3,374	-	3,374	3,374
Postage and Shipping	9,665	189	124	313	9,978
Printing and Copying	3,622	-	-	-	3,622
Professional Fees	147	4,305	2,245	6,550	6,697
Software and IT Services	2,081	1,335	7,253	8,588	10,669
Storage - Donated Services	4,879	-	-	-	4,879
Supplies	200	-	-	-	200
State Registration Fees	-	3,837	-	3,837	3,837
Telephone, Telecommunications	3,036	689	689	1,378	4,414
Travel Expenses	5,716	-	932	932	6,648
Website Amortization	840	-	-	-	840
Total Functional Expenses	\$ 428,334	\$ 60,707	\$ 63,826	\$ 124,533	\$ 552,867

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

HANDS ACROSS THE SEA, INC.**Schedule of Functional Expenses****Year Ended December 31, 2019**

	Total Program Services	Management and General	Fundraising	Total Supporting Service Expenses	2019 Totals
Salaries and Wages:					
Executive Director	\$ 37,200	\$ 1,200	\$ 9,600	\$ 10,800	\$ 48,000
Communications Director	37,440	1,440	9,120	10,560	48,000
Program Director	35,600	-	-	-	35,600
Summer Intern	8,592	-	-	-	8,592
Employee Benefits	7,406	239	1,911	2,150	9,556
Payroll Taxes	9,840	216	1,534	1,750	11,590
Subtotal	136,078	3,095	22,165	25,260	161,338
Other Operating Expenses:					
Fees for Service:					
Operations Manager	575	2,313	375	2,688	3,263
Librarian Fees	12,580	-	-	-	12,580
Bookkeeping Services	-	13,319	-	13,319	13,319
Program Director	9,400	50	-	50	9,450
Literacy Links - Outside Services and Related Expenses	122,700	-	-	-	122,700
Other Outside Services	-	2,625	-	2,625	2,625
Accounting Fees	-	8,000	-	8,000	8,000
Bank Charges	-	3,384	-	3,384	3,384
Books and Educational Materials	78,557	-	-	-	78,557
Insurance Expense	-	1,368	-	1,368	1,368
Mail Forwarding	-	1,450	-	1,450	1,450
Miscellaneous	-	-	405	405	405
Office Expenses	2,971	380	189	569	3,540
Payroll Processing Fees	-	2,156	-	2,156	2,156
Postage and Shipping	9,639	527	1,278	1,805	11,444
Printing and Copying	4,158	277	1,783	2,060	6,218
Professional Development	895	-	-	-	895
Software and IT Services	694	305	2,928	3,233	3,927
Storage - Donated Services	4,574	-	-	-	4,574
Supplies	7,754	-	-	-	7,754
State Registration Fees	-	3,140	-	3,140	3,140
Telephone, Telecommunications	2,625	534	534	1,068	3,693
Travel Expenses	23,641	-	4,281	4,281	27,922
Total Functional Expenses	\$ 416,841	\$ 42,923	\$ 33,938	\$ 76,861	\$ 493,702

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

HANDS ACROSS THE SEA, INC.
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Increase in Net Assets	\$ 45,762	\$ 80,938
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Amortization of Website	840	-
Change in Donated Book Inventory to be Distributed	1,231	11,400
Forgiveness of Cares Act Paycheck Protection Program Loan	(29,187)	-
Changes in:		
Contributions Receivable	63,987	(29,561)
Refundable Expenses	1,195	(1,250)
Prepaid Expenses	1,396	(178)
Accounts Payable and Accrued Expenses	25,428	(1,046)
Credit Cards Payable	3,672	531
Total Adjustments	<u>68,562</u>	<u>(20,104)</u>
Net Cash Provided by Operating Activities	<u>114,324</u>	<u>60,834</u>
Cash Flows from Investing Activities:		
Purchase of Website Redesign	<u>(10,075)</u>	<u>-</u>
Net Cash Used in Investing Activities	<u>(10,075)</u>	<u>-</u>
Cash Flows from Financing Activities:		
Proceeds from Cares Act Paycheck Protection Program Loan	<u>29,187</u>	<u>-</u>
Net Cash Used Provided by Financing Activities	<u>29,187</u>	<u>-</u>
Net Increase in Cash	133,436	60,834
Cash, Beginning of Year	<u>141,611</u>	<u>80,777</u>
Cash, End of Year	\$ <u><u>275,047</u></u>	\$ <u><u>141,611</u></u>
Cash Consists of:		
Cash	\$ 225,047	\$ 91,611
Cash Held for Operational Reserve	<u>50,000</u>	<u>50,000</u>
Total Cash	\$ <u><u>275,047</u></u>	\$ <u><u>141,611</u></u>

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

HANDS ACROSS THE SEA, INC.

Notes to Financial Statements

December 31, 2020 and 2019

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 five hundred thousand books and various teaching resources to hundreds of schools, libraries and youth centers throughout the Eastern Caribbean islands of Antigua and Barbuda, St. Kitts and Nevis, Dominica, St. Lucia, St. Vincent and the Grenadines, and Grenada.

Summary of Significant Accounting Policies

Adopted Accounting Pronouncements:

On January 1, 2020, the Organization adopted Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230), Restricted Cash*, using the retrospective transition method to each period presented. This ASU requires that a statement of cash flows explain the change during the period in the total cash and amounts generally described as restricted cash. The Organization is now including the cash held for operational reserves with operating cash in the statements of cash flows, and then providing a reconciliation on the statements of cash flows.

The Organization adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, as it relates to resource recipients, effective January 1, 2020. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The adoption of this guidance did not have a significant impact on the financial statements.

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.

HANDS ACROSS THE SEA, INC.

Notes to Financial Statements

December 31, 2020 and 2019

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

Summary of Significant Accounting Policies: (Continued)

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:

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 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 2020 and 2019, there were no perpetual restrictions.

HANDS ACROSS THE SEA, INC.

Notes to Financial Statements

December 31, 2020 and 2019

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

Summary of Significant Accounting Policies: (Continued)

C. Net Assets: (Continued)

Net Assets With Donor Restrictions (Continued)

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.

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, 2020 approximately \$1,650 of all cash held at financial institutions was uninsured.

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.

HANDS ACROSS THE SEA, INC.

Notes to Financial Statements

December 31, 2020 and 2019

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

Summary of Significant Accounting Policies: (Continued)

F. Contributions Receivable: (Continued)

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.

H. Contributed Services:

The Organization uses individuals who 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 are expected to be used in the Organization's program in future 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.

HANDS ACROSS THE SEA, INC.

Notes to Financial Statements

December 31, 2020 and 2019

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

Summary of Significant Accounting Policies: (Continued)

J. Expense Recognition and Allocation: (Continued)

Costs common to multiple functions have been allocated among the various functions 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.

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, 2020, 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.

HANDS ACROSS THE SEA, INC.

Notes to Financial Statements

December 31, 2020 and 2019

2. Liquidity and Availability:

As of December 31, 2019, 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:	2020	2019
Cash	\$ 225,047	\$ 91,611
Contributions Receivable	22,818	86,805
Cash Held for Operational Reserve	50,000	50,000
Total Financial Assets at Year-End	297,865	228,416
Less Financial Assets Held for Operational Reserve	50,000	50,000
	\$ 247,765	\$ 178,416

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, 2020 and 2019, 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 \$22,818 at December 31, 2020, \$10,000 is receivable from one donor at December 31, 2020. Of the total contributions receivable of \$86,805 at December 31, 2019, \$60,700 was receivable from three donors at December 31, 2019.

4. Website Design, Net:

In the fall of 2020, the Organization invested in a newly designed website at a total cost of \$10,015. Amortization is being recorded on a straight-line basis over a three-year period. Amortization expense was \$840 for fiscal year 2020, and accumulated amortization was \$840 at December 31, 2020.

HANDS ACROSS THE SEA, INC.

Notes to Financial Statements

December 31, 2020 and 2019

5. Cares Act Paycheck Protection Program Loan:

On May 13, 2020, the Organization was granted a loan in the amount of \$29,187 at an interest rate of 1%, pursuant to the Paycheck Protection Program (the "PPP") under the CARES Act which was enacted March 27, 2020 to provide relief efforts related to the COVID-19 pandemic. The Organization used the entire loan amount for qualifying expenses and this loan was forgiven on January 8, 2021. Since the forgiveness was applied for in fiscal year 2020, the Organization has recorded the forgiveness of this loan in fiscal year 2020.

6. Net Assets With Donor Restrictions:

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

	<u>2020</u>	<u>2019</u>
Purpose Restriction:		
Book Inventory to be Distributed	\$ 119	\$ 1,350
Books, Libraries and School Supplies/Expenses	-	2,700
Time Restriction:		
To be Received in Future Year	-	40,000
Net Assets With Donor Restrictions	<u>\$ 119</u>	<u>\$ 44,050</u>

7. Net Assets Released From Restrictions:

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

	<u>2020</u>	<u>2019</u>
Purpose Restrictions:		
Books, Libraries and School Supplies/Expenses	<u>\$269,113</u>	<u>\$204,231</u>
Total Net Assets Released from Restriction	<u>\$269,113</u>	<u>\$204,231</u>

8. Related Party Transactions:

The co-founders of the Organization, who are related by marriage, worked as the Organization's Executive Director and Communications Director during the years ended December 31, 2020 and 2019.

Board members donated approximately \$9,600 and \$12,300 during the years ended December 31, 2020 and 2019, respectively.

In October 2020, the Organization added a Board member who is related to one of the Literacy Links. The related Link has been working with the Organization for many years, and the amounts expensed for fiscal year 2020 and fiscal year 2019 for this Link are \$9,973 and \$10,151, respectively.

HANDS ACROSS THE SEA, INC.

Notes to Financial Statements

December 31, 2020 and 2019

8. Related Party Transactions: (Continued)

The spouse of the Treasurer of the Organization provided certain services as Operations Manager on an as-needed basis through March 2019 and was paid as an independent contractor at an hourly rate, which totaled approximately \$3,300 for the year ended December 31, 2019.

In October 2020, the Organization added a Board member who is related to one of the Literacy Links.

A Board member who started providing Program Director services as an independent contractor in 2018 was put on payroll in fiscal year 2019. She is related to another Board member by marriage. Program Director expense related to this arrangement was \$14,038 in 2020 and \$45,000 in 2019.

9. Concentrations:

Approximately 17 percent and 14 percent, respectively, of total public support, including donated books and resources, was contributed by one donor during the year ended December 31, 2020 and one donor during the year ended December 31, 2019, respectively.

10. Donated Services and Non-Cash Contributions:

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

	<u>2020</u>	<u>2019</u>
Services:		
Storage, Shipping and Related Services	\$ 8,454	\$ 7,774
Non-Cash Contributions:		
Books and Resources	<u>101,356</u>	<u>6,555</u>
Total Donated Services and Non-Cash Contributions	<u>\$109,810</u>	<u>\$ 14,329</u>

11. Subsequent Events, Evaluation and Uncertainties:

On January 30, 2021, the Organization was granted a second-round loan in the amount of \$33,374 at an interest rate of 1%, pursuant to the Paycheck Protection Program (the "PPP") through the Small Business Administration and under the CARES Act which was enacted March 27, 2020 to provide relief efforts related to the COVID-19 pandemic. Funds from the loan may only be used for qualifying expenses (e.g., payroll costs, costs used to continue group health care benefits, and utilities incurred). If the Organization later submits the required information to support the use for qualifying expenses, this loan may be forgiven. The loan is uncollateralized and is fully guaranteed by the Federal Government. The Organization believes the full amount of the loan will be forgiven under the terms of the PPP.

HANDS ACROSS THE SEA, INC.

Notes to Financial Statements

December 31, 2020 and 2019

12. Subsequent Events, Evaluation and Uncertainties: (Continued)

The Organization has evaluated subsequent events through April 14, 2021, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required, including the uncertainties with respect to the current conditions as a result of the Corona Virus Pandemic and the National and States of emergency.