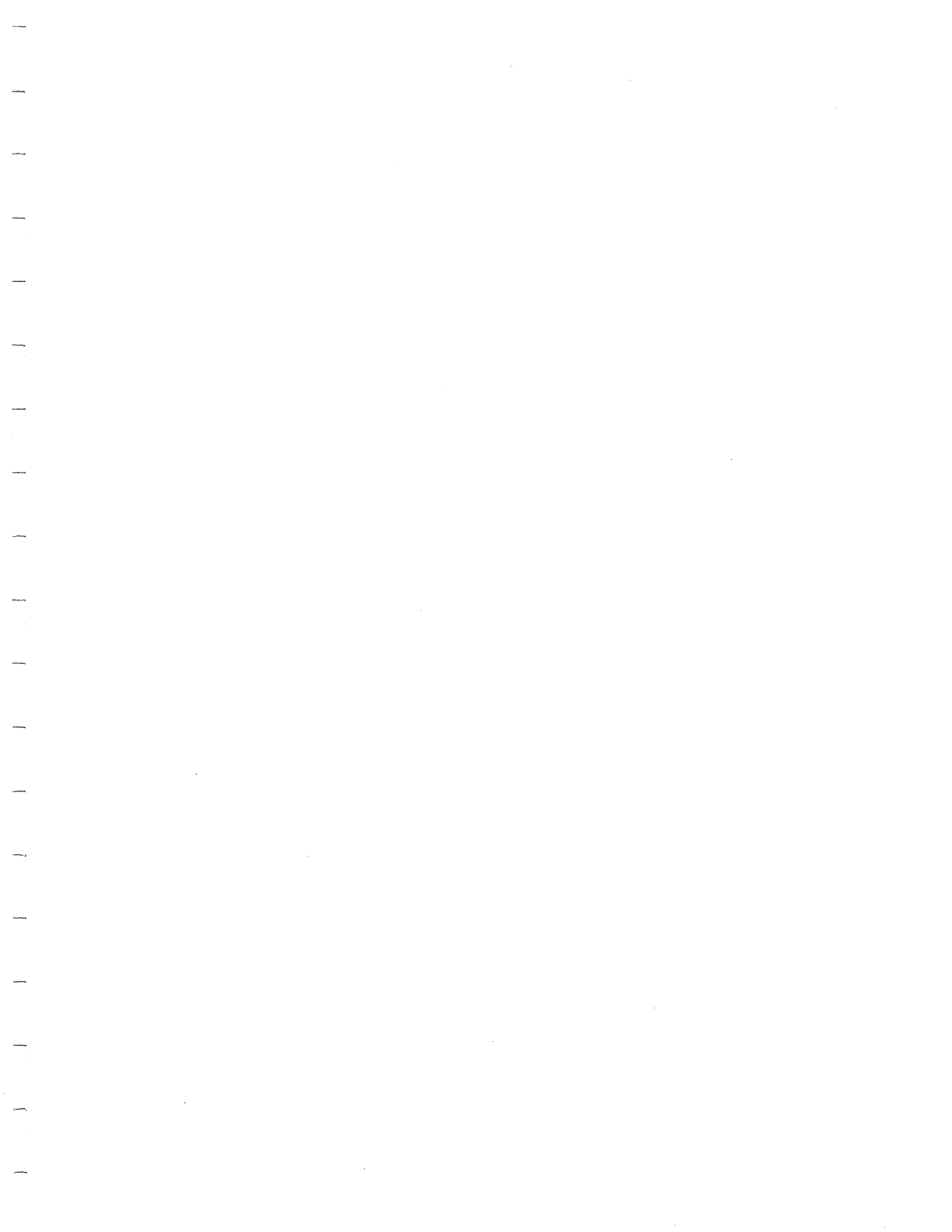


**MANO A MANO INTERNATIONAL PARTNERS**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2008**



MANO A MANO INTERNATIONAL PARTNERS

FINANCIAL STATEMENTS

For the Year Ended December 31, 2008

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To the Board of Directors  
Mano A Mano International Partners  
Mendota Heights, Minnesota

### INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of Mano A Mano International Partners (the Organization) as of December 31, 2008, and the related statements of activities and changes in net assets, functional expenses and 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 prior year summarized comparative information has been derived from the Organization's 2007 financial statements and, in our report dated April 25, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. 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, 2008, 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.

*Mahoney Ulbrich  
Christiansen Russ P.A.*

Saint Paul, Minnesota  
August 19, 2009

MANO A MANO INTERNATIONAL PARTNERS

STATEMENT OF FINANCIAL POSITION

December 31, 2008  
(With Comparative Totals for 2007)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash	\$ 295,126	\$ 138,815
Cash - restricted for programs in Bolivia	90,537	479,377
Investments - restricted for programs in Bolivia	367,071	-
Investments - unrestricted	-	267,071
Prepaid expenses	4,643	6,324
Contributions receivable	1,447,720	1,265,024
Notes receivable	250,000	-
Inventory - medical supplies	833,003	768,777
Inventory - crafts	5,972	5,972
Property held for sale	71,000	140,000
Deposit on airplane	-	25,575
Vehicle, less accumulated depreciation of \$5,400 in 2008 and \$3,800 in 2007	2,600	4,200
	<u>\$ 3,367,672</u>	<u>\$ 3,101,135</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 10,905	\$ 8,307
Grants payable	157,356	-
Accrued payroll and related	6,903	2,501
Note payable	90,000	100,000
Total liabilities	<u>265,164</u>	<u>110,808</u>
Net assets:		
Unrestricted	401,457	477,149
Temporarily restricted	2,701,051	2,513,178
Total net assets	<u>3,102,508</u>	<u>2,990,327</u>
	<u>\$ 3,367,672</u>	<u>\$ 3,101,135</u>

See accompanying notes to financial statements.

MANO A MANO INTERNATIONAL PARTNERS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2008  
(With Comparative Totals for 2007)

	2008			2007
	Unrestricted	Temporarily restricted	Total	
Revenues and support:				
Contributions	\$ 213,162	\$ 1,035,098	\$ 1,248,260	\$ 406,783
Contributions - in kind medical surplus, transportation and related	-	967,481	967,481	1,220,756
Contributions - in kind other	11,619	-	11,619	151,040
Craft income	10,379	-	10,379	18,646
Interest income	20,753	-	20,753	30,133
Gain on investments	-	-	-	2,200
Prior year grant converted to note receivable	150,000	-	150,000	-
Impairment loss on property held for sale	(69,000)	-	(69,000)	-
Net assets released from restrictions	1,814,706	(1,814,706)	-	-
Total revenues and support	2,151,619	187,873	2,339,492	1,829,558
Expenses:				
Program services:				
Medical surplus	902,455	-	902,455	914,720
Community clinic	439,490	-	439,490	486,092
Environmental health/basic services, schools and teacher housing	186,990	-	186,990	305,337
Emergency air response	244,546	-	244,546	117,645
Agricultural water reservoirs	322,680	-	322,680	353,565
	2,096,161	-	2,096,161	2,177,359
Management and general	73,113	-	73,113	36,730
Fundraising	58,037	-	58,037	65,355
Total expenses	2,227,311	-	2,227,311	2,279,444
Change in net assets	(75,692)	187,873	112,181	(449,886)
Net assets at beginning of year	477,149	2,513,178	2,990,327	3,440,213
Net assets at end of year	\$ 401,457	\$ 2,701,051	\$ 3,102,508	\$ 2,990,327

See accompanying notes to financial statements.

MANO A MANO INTERNATIONAL PARTNERS

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2008  
(With Comparative Totals for 2007)

	2008				2007
	Program services	Management and general	Fundraising	Total	
Salaries	\$ 66,822	\$ 20,173	\$ 39,084	126,079	\$ 141,807
Payroll taxes	6,375	1,924	3,729	12,028	15,325
Other benefits	10,011	3,022	5,855	18,888	24,937
Total payroll expense	83,208	25,119	48,668	156,995	182,069
Medical supplies - in kind	903,255	-	-	903,255	570,546
Transportation - in kind	-	-	-	-	88,000
Grants to Bolivia	1,000,075	-	-	1,000,075	1,283,639
Craft expense	-	-	7,440	7,440	13,248
Professional fees	9,000	23,209	-	32,209	29,186
Payroll fees	-	1,427	-	1,427	1,587
Office supplies	2,013	229	46	2,288	4,463
Telephone	5,464	621	124	6,209	5,781
Postage and shipping	3,535	402	80	4,017	1,458
Printing and publications	23,705	2,694	538	26,937	13,189
Equipment and maintenance	3,701	421	84	4,206	14,766
Travel	18,165	2,064	413	20,642	18,132
Training and education	785	-	-	785	-
Holding costs on property held for sale	-	13,704	-	13,704	-
Storage	13,296	-	-	13,296	13,296
Insurance	2,992	340	68	3,400	1,389
Vehicle expense	2,154	245	49	2,448	3,080
Utilities	2,871	326	65	3,262	2,692
Office rent	15,840	1,800	360	18,000	18,000
Volunteer expenses	2,772	315	63	3,150	7,366
Depreciation expense	1,600	-	-	1,600	1,600
Miscellaneous	1,730	197	39	1,966	5,957
	<u>\$ 2,096,161</u>	<u>\$ 73,113</u>	<u>\$ 58,037</u>	<u>\$ 2,227,311</u>	<u>\$ 2,279,444</u>

See accompanying notes to financial statements.

MANO A MANO INTERNATIONAL PARTNERS

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2008  
(With Comparative Totals for 2007)

Increase (Decrease) in Cash

	2008	2007
Cash flows from operating activities:		
Change in net assets	\$ 112,181	\$ (449,886)
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation	1,600	1,600
Unrealized (gain)/loss on investments	-	(2,200)
Note payable converted to contribution	(10,000)	-
Conversion of prior year grant to note receivable	(150,000)	-
Impairment loss on property held for sale	69,000	-
Donation of property held for sale	-	(140,000)
Change in operating assets and liabilities:		
Contributions receivable	(182,696)	1,061,729
Prepaid expenses	1,681	(1,098)
Inventory	(64,226)	(562,513)
Deposit on airplane	25,575	-
Accounts payable	2,598	5,733
Grants payable	157,356	-
Accrued payroll and related	4,402	(12,910)
Net cash from operating activities	(32,529)	(99,545)
Cash flows from investing activities:		
Purchase of investments	(100,000)	-
Sale of investments	-	538,581
Issuance of notes receivable	(100,000)	-
Deposit on airplane	-	(25,575)
Net cash from investing activities	(200,000)	513,006
Cash flows from financing activities:		
Proceeds from note payable	-	100,000
Net cash from financing activities	-	100,000
Net increase (decrease) in cash	(232,529)	513,461
Cash, beginning of year	618,192	104,731
Cash, end of year	385,663	618,192
Cash consists of:		
Cash	\$ 295,126	\$ 138,815
Cash - restricted for programs in Bolivia	90,537	479,377
	\$ 385,663	\$ 618,192

See accompanying notes to financial statements.



MANO A MANO INTERNATIONAL PARTNERS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2008  
(With Comparative Totals for 2007)

1. **ORGANIZATION**

Mano A Mano International Partners (formerly Mano a Mano Medical Resources) was incorporated 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. Since the mission has evolved from simply sending medical supplies to community development, the name of the Organization was changed to Mano a Mano International Partners during 2007 to more accurately depict the programs of the Organization.

The Organization collaborates with three organizations in Bolivia: Mano a Mano – Bolivia, Mano a Mano - Apoyo Aereo, and Mano a Mano - Nuevo Mundo. Through these partners, it operates the following programs (stated program accomplishments are unaudited):

**Medical Surplus Program** – Volunteers collect donations of surplus medical supplies, instruments, and equipment from hospitals, nursing homes, and other health care facilities in Minnesota and prepare them for shipment to Bolivia where they are distributed without charge to Mano a Mano's community clinics and to 150 other non-profit health programs that serve the impoverished. Since its inception, Mano a Mano has shipped over 2,300,000 pounds of medical surplus (mostly new) items to Bolivia.

Grants to Bolivia fund the following programs:

**Community Clinic Program** – Mano a Mano – Bolivia has implemented a community-oriented approach to constructing, staffing and operating health clinics in partnership with rural communities, Bolivian government entities, churches, and businesses. Mano a Mano equips and supplies these clinics with inventory donated and shipped from the Twin Cities. Through extensive community organization and the involvement of public health officials, Mano a Mano teaches community residents to gradually assume responsibility for operating these clinics and to obtain government funding for staffing and ongoing operations, thus ensuring the long-term viability of this program. Mano a Mano constructed 13 community clinics during 2008. Mano a Mano has constructed and opened a total of 108 clinics, making health care available to over 1,400,000 previously unserved Bolivian patients.

**Environmental Health (Sanitation) Programs, Schools and Teacher Housing (Educational Infrastructure) Programs** – Through community clinic health education programs, residents learn to identify risks to their health posed by unsafe water, improper sewage disposal, and inadequate personal hygiene. As these risks are recognized, Mano a Mano partners with communities and their local governments to construct and learn to use properly a public water supply, public showers and bathrooms, and community laundry tubs with appropriate drainage. Responding to requests from parents in these communities, Mano a Mano also constructs new classrooms and builds simple duplexes for teachers in order to retain competent professionals in these rural areas. Mano a Mano has completed environmental health and education infrastructure projects in 32 rural communities.

(Continued)

MANO A MANO INTERNATIONAL PARTNERS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2008  
(With Comparative Totals for 2007)

1. **ORGANIZATION (Continued)**

**Emergency Air Response** – Using its recently purchased six-passenger Cessna aircraft, Mano a Mano - Apoyo Aereo airlifts seriously injured or ill persons from rural areas to city hospitals in which their medical needs can be addressed. Over 450 patients have been airlifted to life saving care.

**Agricultural Water Reservoir and Road Construction** – Mano a Mano began a new program in 2005, the construction of water reservoirs and roads in rural communities. Reservoirs allow farmers to retain snow-melt and rain water for use in irrigating their fields and watering livestock during the dry season.

The resulting increase in crop production substantially improves the local diet and resulted in an average increase of 100% in annual income of participating farmers within the first year after completion of its first reservoir. Mano a Mano has completed two major reservoirs and six farm ponds which now serve 1,300 families. Mano a Mano has done extensive improvement of existing roads and completed over 100 kilometers of new roads on which produce can be transported to city markets.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Financial Statement Presentation** – Revenues and support are classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- Unrestricted net assets represent the portion of net assets that are not subject to donor restrictions.
- Temporarily restricted net assets arise from contributions that are restricted by donors for specific purposes or time periods.
- Permanently restricted net assets arise from contributions that are permanently restricted by donors for specific purposes. The Organization has no permanently restricted net assets.

**Investments** – Investments consist of certificates of deposit that have a maturity of seven to nine months. Investments are recorded at their fair values. Unrealized gains and losses are included in the statement of activities and changes in net assets.

**Concentration of Credit Risk** – The Organization maintains its cash in bank deposit accounts at two financial institutions. These accounts exceeded federally insured limits by \$220,377 at December 31, 2008 and \$782,845 at December 31, 2007. The Organization has not experienced any losses as a result of these deposits.

(Continued)

MANO A MANO INTERNATIONAL PARTNERS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2008  
(With Comparative Totals for 2007)

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Cash Equivalents** – The Organization considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

**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 increases in 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.

**Contributed Materials** – Contributed materials are recorded as contributions, when received, at their fair value.

**Contributed Services** – Contributed services are recorded as contributions, at their fair value, if the service creates or enhances a nonfinancial asset or if the service requires specialized skills, is provided by an individual possessing those skills, and would need to be purchased if not provided by donation. No contributed services were recognized in 2008.

A substantial number of volunteers donate significant amounts of their time to the Organization's program and supporting services. The value of this contributed time is not reflected in these statements since it does not meet the criteria described above.

**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 calculated on a straight-line basis over 5 years. Maintenance and repairs are charged to income 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 is held for the intention of sale. In 2008, it was determined that the fair market value had decreased and an impairment loss was recorded based on the sale price of the property in 2009.

**Functional Expenses** – Expenses are directly allocated by function when possible. Other expenses have been allocated among program and supporting services classifications based primarily upon management's estimates of how employees spend their time.

(Continued)

MANO A MANO INTERNATIONAL PARTNERS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2008  
(With Comparative Totals for 2007)

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes** – The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and applicable Minnesota Statutes.

**Comparative Total Column** – The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2007, from which the summarized information was derived.

3. **CONTRIBUTIONS RECEIVABLE**

Contributions receivable (primarily from an anonymous donor) are due in the following years:

2009	\$ 677,960
2010	482,000
2011	140,200
2012	108,000
2013	43,000
Thereafter	37,800
Total contributions receivable	<u>1,488,960</u>
Less discount to net present value	<u>(41,240)</u>
	<u>\$ 1,447,720</u>

The discount rate used to present value contributions receivable was 3%.

4. **NOTES RECEIVABLE**

Note receivable from Mano a Mano-Nuevo Mundo. The note is non-interest bearing and is due in full in 2012. \$ 150,000

Note receivable from Mano a Mano-Apoyo Aero. The note is non-interest bearing and due in full in 2012. 100,000

\$ 250,000

Notes receivable 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 borrower's, the estimated value of the underlying collateral, and the current economic conditions.

(Continued)

MANO A MANO INTERNATIONAL PARTNERS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2008  
(With Comparative Totals for 2007)

5. **VOLUNTEER HOURS (Unaudited)**

Volunteers donated 11,736 hours of service in 2008 and 10,362 hours in 2007 doing tasks that include collecting, sorting and packing medical items, preparing program information for potential donors and doing office work.

6. **NOTE PAYABLE**

The note payable of \$100,000 was entered into in 2007 and is due to a Board member. The note has a 0% interest rate and does not require any payments until the maturity date of January 1, 2012 when the principal amount is due and payable. In 2008 the board member decided to convert \$10,000 of the note payable to a contribution, reducing the note payable to \$90,000.

7. **TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are restricted for the following purposes:

	<u>2008</u>	<u>2007</u>
Constructing, equipping and staffing health clinics in Bolivia	\$ 1,602,993	\$ 1,639,401
Environmental health/basic services, schools and teacher housing in Bolivia	227,805	5,000
Agricultural water reservoirs in Bolivia	37,250	-
Medical inventory	833,003	768,777
Time restricted	-	100,000
	<u>\$ 2,701,051</u>	<u>\$ 2,513,178</u>

Corresponding assets are as follows:

Investments	\$ 367,071	\$ -
Contributions receivable	1,410,440	1,265,024
Inventory – medical supplies	833,003	768,777
Cash	90,537	479,377
	<u>\$ 2,701,051</u>	<u>\$ 2,513,178</u>

8. **LEASES**

The Organization began leasing office space from its President in July 2006. The Organization leases office and warehouse space on a month to month basis. Rent expense was \$18,000 in 2008 and \$18,000 in 2007.

(Continued)

MANO A MANO INTERNATIONAL PARTNERS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2008  
(With Comparative Totals for 2007)

9. **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 (recipient organizations in Bolivia 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 are as follows:

	<u>2008</u>	<u>2007</u>
Mano a Mano – Bolivia	\$ 644,905	\$ 812,429
Mano a Mano – Apoyo Aereo	245,372	175,645
Mano a Mano – Nuevo Mundo	<u>109,798</u>	<u>353,565</u>
	<u>\$ 1,000,075</u>	<u>\$ 1,283,639</u>

The President of the Board of the Organization is related to the Executive Director of Mano A Mano – Bolivia.

The Executive Director of Mano A Mano – Bolivia is also an employee of the Organization and was paid a salary of \$26,903 in 2008 and \$25,000 in 2007 from the Organization.

In 2006, the Organization entered into a lease with the President of the Board as described in note 9.

In 2007 a member of the Board loaned the Organization \$100,000. See note 6.

In 2008 the Organization loaned Mano a Mano – Nuevo Mundo \$ 150,000. See Note 4.

In 2008 the Organization loaned Mano a Mano – Apoyo Aero \$100,000. See Note 4.

In 2008, payment was made in full by the Organization for the purchase of an airplane in the amount of \$230,000. The plane was transferred to Mano A Mano – Apoyo Aero upon purchase.

10. **MAJOR DONOR CONCENTRATION**

During 2008, the Organization received 16% and 13% of its contributions from two donors, and 97% of the contributions receivable at December 31, 2008 is from these two donors.