MANO A MANO INTERNATIONAL PARTNERS

REPORT ON AUDIT

DECEMBER 31, 2011

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LETHERT, SKWIRA, SCHULTZ & CO. LLP
CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS
Helping Business Conduct Business Since 1918

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
Mano A Mano International Partners

We have audited the accompanying statement of financial position of **Mano A Mano International Partners** (a Minnesota nonprofit organization) as of **December 31, 2011**, and the related statements of activities, 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 is included. The prior year summarized comparative information has been derived from Mano A Mano Organization's 2010 financial statements and, in our report dated October 3, 2011, we expressed an unqualified opinion on those financial statements.

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 provide 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, 2011**, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

August 24, 2012

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MANO A MANO INTERNATIONAL PARTNERS

MANO A MANO INTERNATIONAL PARTNERS
Statement of Financial Position
December 31, 2011
(with comparative totals for 2010)

	2011			2010
ASSETS	**Unrestricted**	**Temporarily Restricted**	**Total**	Total
Cash	$ 473,709	$ 240,340	$ 714,049	$ 508,018
Contributions receivable, current (Note 3)	6,098	199,400	205,498	235,174
Inventory	-	1,198,231	1,198,231	1,165,438
Allowance for obsolescence	-	(119,000)	(119,000)	(102,357)
Prepayments	5,860	-	5,860	3,871
Notes receivable (Notes 4 and 7)	205,932	-	205,932	205,932
Total Current Assets	691,599	1,518,971	2,210,570	2,016,076
Property and Equipment				
Vehicle	8,000	-	8,000	8,000
Less: Accumulated depreciation	8,000	-	8,000	8,000
Total Property and Equipment	-	-	-	-
Other Assets				
Contributions receivable, noncurrent (Note 3)	-	258,487	258,487	615,000
Deposits	5,500	-	5,500	-
Total Other Assets	5,500	258,487	263,987	615,000
Total Assets	$ 697,099	$ 1,777,458	$ 2,474,557	$ 2,631,076
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	284,121	-	284,121	160,773
Accrued payroll and related	11,211	-	11,211	9,277
Total Current Liabilities	295,332	-	295,332	170,050
Long-Term Debt (Notes 5 and 7)				
Note payable	60,000	-	60,000	70,000
Net Assets (Note 6)	341,767	1,777,458	2,119,225	2,391,026
TOTAL LIABILITIES AND NET ASSETS	$ 697,099	$ 1,777,458	$ 2,474,557	$ 2,631,076

The accompanying notes are an integral part of this financial statement.

MANO A MANO INTERNATIONAL PARTNERS
Statement of Activities
Years Ended **December 31, 2011**
(with comparative totals for 2010)

	2011			2010
	Unrestricted	**Temporarily Restricted**	**Total**	Total
Support				
Contributions	$ **1,129,714**	$ **23,108**	$ **1,152,822**	$ 594,136
In-kind medical surplus, transportation and related	**369,420**	**-**	**369,420**	718,792
In-kind other	**-**	**59,400**	**59,400**	15,000
Miscellaneous	**24,839**	**-**	**24,839**	16,423
Investment income	**2,282**	**-**	**2,282**	8,187
Net Assets Released from Restrictions	**666,329**	**(666,329)**	**-**	-
Total Support	**2,192,584**	**(583,821)**	**1,608,763**	1,352,538
Expenses				
Program Services				
Program services	**1,692,123**	**-**	**1,692,123**	1,140,202
Supporting Services				
Management and general	**99,853**	**-**	**99,853**	84,653
Fund raising	**88,588**	**-**	**88,588**	63,070
Total Supporting Services	**188,441**	**-**	**188,441**	147,723
Total Expenses	**1,880,564**	**-**	**1,880,564**	1,287,925
Increase (Decrease) in Net Assets	**312,020**	**(583,821)**	**(271,801)**	64,613
Net Assets, Beginning of Year	**29,747**	**2,361,279**	**2,391,026**	2,326,413
Net Assets, End of Year	$ **341,767**	$ **1,777,458**	$ **2,119,225**	$ 2,391,026

The accompanying notes are an integral part of this financial statement.

MANO A MANO INTERN
Statement of Func
December
(with comparative

Salaries
Employee benefits
Payroll taxes
Total Salaries and Related Benefits

Donated materials
Grants to Bolivia
Professional services
Office supplies
Other supplies
Telephone
Postage
Occupancy costs
Utilities
Repairs and maintenance
Printing and publications
Travel
Vehicle expense
Conferences, conventions, and meetings
Bank charges
Payroll fees
Insurance
Miscellaneous
Volunteer expenses
Fund raising expenses
Depreciation
Total Expenses

	2011			2010
s	Management and General	Fund Raising	Total	Total
4	$ 40,263	$ 34,068	$ 123,885	$ 115,322
2	5,737	4,855	17,654	18,221
0	3,274	2,770	10,074	10,311
6	49,274	41,693	151,613	143,854
5	11,528	-	16,643	141,894
7	-	4,442	1,550,049	841,667
3	16,027	-	18,310	26,528
9	1,919	-	2,418	1,754
5	533	3,921	5,109	3,263
4	1,831	1,549	5,634	5,073
4	388	775	1,857	1,712
8	640	-	30,828	30,796
0	680	-	2,730	2,122
3	2,904	2,456	8,933	1,891
1	5,919	5,848	19,868	23,482
5	5,398	286	25,419	29,867
4	110	-	4,854	3,695
	964	-	964	400
6	428	362	1,316	1,562
5	630	533	1,938	1,848
6	680	575	2,091	2,339
0	-	-	2,450	6,450
2	-	-	1,392	2,023
	-	26,148	26,148	14,705
	-	-	-	1,000
3	$ 99,853	$ 88,588	$ 1,880,564	$ 1,287,925

MANO A MANO INTERNATIONAL PARTNERS
Statement of Cash Flows
Years Ended **December 31, 2011**
(with comparative totals for 2010)

Cash Flows From Operating Activities	2011	2010
Increase (decrease) in net assets	$ (271,801)	$ 64,613
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	-	1,000
Note payable converted to contribution	(10,000)	(10,000)
Increase (decrease) in cash flows from:		
Contributions receivable	386,189	204,730
Inventory	(16,150)	(576,956)
Prepayments	(1,989)	866
Notes receivable	-	44,068
Deposits	(5,500)	1,000
Accounts payable	123,348	132,141
Grants payable	-	(327,995)
Accrued payroll and related	1,934	1,200
Net Cash Provided (Used) by Operating Activities	206,031	(465,333)
Cash Flows From Investing Activities		
Proceeds from sale of investments	-	267,071
Principal payments received on contract for deed	-	51,471
Net Cash Provided by Investing Activities	-	318,542
Net Increase (Decrease) in Cash	206,031	(146,791)
Cash, Beginning of Year	508,018	654,809
Cash, End of Year	$ 714,049	$ 508,018

NOTE 1 NATURE OF ORGANIZATION

Mano A Mano International Partners (the "Organization) is guided by the simple premise that groups of committed individuals can reach across national boundaries to make a dramatic difference in the lives of others. The power of this premise has been demonstrated by the extent to which the Organization has grown. Mano a Mano was established in 1994 and has created an infrastructure for health care and economic development in hundreds of rural communities. This infrastructure is constructed, supported, and run by Bolivians. Mano a Mano accomplishes its work in Bolivia through three counterpart organizations which it helped create: Mano a Mano – Bolivia, which focuses on health and education; Mano a Mano - Nuevo Mundo (New World), which addresses the economic development aspect of its mission; and, Mano a Mano – Apoyo Aereo (Air Support), which provides emergency air rescue to rural communities and air transport for Mano a Mano and other organizations with similar missions. These organizations are headquartered in the Andean city of Cochabamba, located in the Department (state) of Cochabamba.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND USE OF ACCOUNTING ESTIMATES

Financial Statement 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 have no donor imposed restrictions, or the donor imposed restrictions have expired. Unrestricted net assets has been designated for specific purposes by the Board of Directors.

Temporarily restricted net assets have donor imposed restrictions that are satisfied either by the passage of time or expenditures that meet the donor specified purpose.

Permanently restricted net assets have donor imposed restrictions which do not expire.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND USE OF ACCOUNTING ESTIMATES (CONTINUED)

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with an original maturity 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 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 stated at cost. Depreciation is provided on the straight-line method over the estimated useful life of five years.

Maintenance and repairs of property and equipment are charged to operations, and major renewals 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 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND USE OF ACCOUNTING ESTIMATES (CONTINUED)

Donated Materials and Services

Donated materials are reflected as contributions in the financial statements at their estimated fair values at the date of receipt. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. In-kind contributions, consisting primarily of medical supplies, totaled **$428,820** and $733,792 for the years ended **December 31, 2011** and 2010, respectively.

Donated services, which consisted of 19,759 hours by 250 volunteers, did not meet recognition criteria under generally accepted accounting principles and, accordingly, are not included in the Statement of Activities.

Income Taxes

The Organization was granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Organization is not classified as a private foundation. Accordingly, no provision for income taxes has been provided for in these financial statements.

The Organization follows a "more likely than not" criterion for recognizing the tax benefits. The Organization has identified no such exposures. The current tax years open are 2008 through 2011. During the upcoming 12 months, the Organization expects no material changes to occur related to Accounting for Uncertainty in Income Taxes. The Organization recognizes interest and penalties related to income taxes and accrued unrecognized tax benefits in interest and penalties. The amount of interest and penalties expensed totaled **$0** and $0 for the years ended **December 31, 2011** and 2010, respectively.

Functional Expense Allocation

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function are allocated to components of these services based on allocation measures determined by management.

MANO A MANO INTERNATIONAL PARTNERS
Notes to Financial Statements
December 31, 2011 and 2010

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable at **December 31, 2011** and 2010, are measured at present value of estimated future cash flows using an interest rate of 5.00%. Collection of receivables is expected as follows:

	2011	2010
Due in one year	$ **205,498**	$ 235,174
Due in two to five years	**300,000**	659,746
Total	**505,498**	894,920
Less: Discount to net present value	**(41,513)**	(44,746)
Total Contributions Receivable	$ **463,985**	$ 850,174

NOTE 4 NOTES RECEIVABLE

	2011	2010
Note receivable, Mano a Mano - Nuevo Mundo (related party). Non-interest bearing, due in full 2012.	$ **131,932**	$ 131,932
Note receivable, Mano a Mano - Apoyo Aereo (related party). Non-interest bearing, due in full 2012.	**74,000**	74,000
Total Notes Receivable	$ **205,932**	$ 205,932

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 2, a property in Florida was donated to the Organization in 2007 and sold in 2010. The proceeds were recognized and received in 2010.

MANO A MANO INTERNATIONAL PARTNERS
Notes to Financial Statements
December 31, 2011 and 2010

NOTE 5 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 **2011** and 2010, the board member agreed to convert $10,000 to a contribution, reducing the note payable balance to **$60,000** and $70,000 at **December 31, 2011** and 2010, respectively. This note has been extended in the past and the Board feels the balance will be carried into the following year if funds are not available or requested.

NOTE 6 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

	2011	2010
Constructing, equipping, and staffing health clinics in Bolivia	$ **681,747**	$ 850,174
Garden project and miscellaneous	**16,480**	-
Agricultural water reservoirs in Bolivia	-	422,024
Reforestation	-	14,000
Medical inventory	**1,079,231**	1,063,081
Time restricted	-	12,000
Total Temporarily Restricted Net Assets	$ **1,777,458**	$ 2,361,279

Corresponding assets were as follows:

	2011	2010
Cash	$ **240,340**	$ 448,024
Contributions receivable	**457,887**	850,174
Inventory - medical supplies	**1,079,231**	1,063,081
Total Temporarily Restricted Net Assets	$ **1,777,458**	$ 2,361,279

NOTE 7 RELATED PARTY TRANSACTIONS

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:

	2011	2010
Mano a Mano - Bolivia	$ **396,962**	$ 720,506
Mano a Mano - Apoyo Aereo	**549,257**	203,399
Mano a Mano - International	**20,620**	-
Mano a Mano - Nuevo Mundo	**277,502**	376,373
Total Related Party Grants	$ **1,244,341**	$ 1,300,278

In 2006, the Organization entered into a lease with the president of its Board of Directors as described in Note 8.

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 5).

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).

NOTE 8 OPERATING LEASES

The Organization began leasing office space on a month-to-month basis from its president in July, 2006. Rent expense under this lease totaled **$18,000** in **2011** and 2010. The Organization also leases warehouse space on a month-to-month basis. Rent expense under this lease for the years ended **December 31, 2011** and 2010, was **$13,296** and $13,296, respectively

NOTE 9 COMMITMENTS AND CONTINGENCIES

During the years ended **December 31, 2011** and 2010, one and two donors accounted for **28%** and 47%, respectively, of the Organization's support and revenues and **39%** and 90% of its contributions receivable at **December 31, 2011** and 2010 , respectively.

NOTE 10 CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITED IN EXCESS OF INSURED LIMITS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization maintains its cash balances at one financial institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Accounts at other institutions may be privately insured.

At **December 31, 2011** and 2010, amounts not insured by the FDIC were approximately **$470,000** and $250,000, respectively.

NOTE 11 SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through **August 24, 2012**, the date the financial statements were available to be issued.