

MANOS DE CRISTO, INC.

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

YEARS ENDED DECEMBER 31, 2009 and 2008

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Manos de Cristo, Inc.
Austin, Texas

We have audited the accompanying statements of financial position of **Manos de Cristo, Inc.** (a nonprofit organization) as of December 31, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years 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 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 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 audits 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 **Manos de Cristo, Inc.** as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Gindler, Chappell, Morrison & Co., P.C.

Austin, Texas
April 16, 2010

FINANCIAL STATEMENTS

MANOS DE CRISTO, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2009 and 2008

	2009	2008
ASSETS		
Current assets		
Cash	\$ 299,124	\$ 289,962
Investments (note 2)	78,042	69,873
Receivables		
Grants	6,000	66,750
Allocations	30,000	30,000
Prepaid expenses	5,746	9,194
Total current assets	418,912	465,779
Fixed assets		
Land and building (note 3)	865,986	865,986
Furniture and equipment	196,114	159,266
Leasehold improvements	15,152	10,042
Software	9,099	9,099
Less accumulated depreciation	(266,958)	(239,165)
Net fixed assets	819,393	805,231
Total assets	\$1,238,305	\$1,271,010
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 5,662	\$ 7,522
Vacation accrual	8,792	7,523
Current portion of long-term debt (note 3)	34,324	32,115
Total current liabilities	48,778	47,160
Long-term debt (note 3)	417,332	451,657
Commitments - operating lease (note 6)		
Total liabilities	466,110	498,817
Net assets		
Unrestricted net assets		
Available for general operations	126,121	168,577
Board designations (note 4)	130,812	130,812
Investment in fixed assets	402,061	321,459
Total unrestricted net assets	658,994	620,848
Temporarily restricted net assets (note 5)	113,201	151,345
Permanently restricted net assets	-	-
Total net assets	772,195	772,193
Total liabilities and net assets	\$1,238,305	\$1,271,010

See accompanying Notes to Financial Statements.

MANOS DE CRISTO, INC.

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2009 and 2008

	2009			
	Current Operating Funds		Permanently Restricted	Total
	Unrestricted	Temporarily Restricted		
REVENUES AND OTHER SUPPORT				
Program service fees-patient fees	\$ 843,525	\$ -	\$ -	\$ 843,525
Grants, allocations and contracts	13,317	204,514	-	217,831
Contributions	177,225	38,949	-	216,174
Contributed goods and services (note 7)	108,800	-	-	108,800
Fund raising - special events	68,615	33,604	-	102,219
Investment income (note 2)	8,761	-	-	8,761
Book sales and miscellaneous revenues	6,964	-	-	6,964
Net assets released from donor imposed restrictions (note 5)	<u>315,211</u>	<u>(315,211)</u>		<u>-</u>
Total revenues and other support	<u>1,542,418</u>	<u>(38,144)</u>	<u>-</u>	<u>1,504,274</u>
EXPENSES				
Program services				
Basic Needs Services	94,077	-	-	94,077
Dental Clinic	952,071	-	-	952,071
Education	153,612	-	-	153,612
Back to School	83,836	-	-	83,836
Total program services	<u>1,283,596</u>	<u>-</u>	<u>-</u>	<u>1,283,596</u>
Supporting services				
Management and general	56,066	-	-	56,066
Fund raising	<u>162,110</u>	<u>-</u>	<u>-</u>	<u>162,110</u>
Total expenses	<u>1,501,772</u>	<u>-</u>	<u>-</u>	<u>1,501,772</u>
CHANGE IN NET ASSETS (decrease)	40,646	(38,144)	-	2,502
Other changes in net assets				
Refund of prior year fees	(2,500)	-	-	(2,500)
NET ASSETS				
Beginning of year	<u>620,848</u>	<u>151,345</u>	<u>-</u>	<u>772,193</u>
End of Year	<u>\$ 658,994</u>	<u>\$ 113,201</u>	<u>\$ -</u>	<u>\$ 772,195</u>

See accompanying Notes to Financial Statements.

MANOS DE CRISTO, INC.

STATEMENTS OF ACTIVITIES - continued

Years Ended December 31, 2009 and 2008

	2008			
	Current Operating Funds			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Program service fees-patient fees	\$ 689,402	\$ -	\$ -	\$ 689,402
Grants, allocations and contracts	255,545	96,750	-	352,295
Contributions	228,156	15,324	-	243,480
Contributed goods and services	81,105	-	-	81,105
Fund raising - special events	102,914	-	-	102,914
Investment income (note 2)	2,018	-	-	2,018
Book sales and miscellaneous revenues	12,083	-	-	12,083
Net assets released from donor imposed restrictions (note 5)	20,664	(20,664)	-	-
Total revenues and other support	1,391,887	91,410	-	1,483,297
EXPENSES				
Program services				
Basic Needs Services	103,997	-	-	103,997
Dental Clinic	866,988	-	-	866,988
Education	147,940	-	-	147,940
Back to School	55,996	-	-	55,996
Total program services	1,174,921	-	-	1,174,921
Supporting services				
Management and general	61,557	-	-	61,557
Fund raising	161,731	-	-	161,731
Total expenses	1,398,209	-	-	1,398,209
CHANGE IN NET ASSETS (decrease)	(6,322)	91,410	-	85,088
Other changes in net assets				
Adjustments to fixed assets	(8,276)	-	-	(8,276)
NET ASSETS				
Beginning of year	635,446	59,935	-	695,381
End of Year	\$ 620,848	\$ 151,345	\$ -	\$ 772,193

See accompanying Notes to Financial Statements.

MANOS DE CRISTO, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2009 and 2008

EXPENSES	2009						
	Program Services				Supporting Services		Total
	Basic Needs	Dental Clinic	Education	Back to School	Management & General	Fund Raising	
Salaries	\$ 47,480	\$ 622,921	\$ 57,710	\$ 12,627	\$ 28,440	\$ 54,445	\$ 823,623
Payroll taxes	3,622	47,097	4,460	966	2,308	4,025	62,478
Employee benefits	3,029	20,646	3,029	739	6,307	4,311	38,061
Total personnel	54,131	690,664	65,199	14,332	37,055	62,781	924,162
Programs and events supplies	4,212	127,781	5,276	39,890	-	43,989	221,148
Contributed goods and services	-	44,856	32,400	25,905	1,575	4,064	108,800
Depreciation	12,992	8,761	18,692	-	3,671	6,962	51,078
Occupancy	6,744	27,929	7,883	389	1,828	2,305	47,078
Interest	10,113	-	14,258	-	2,754	4,177	31,302
Contract labor	-	-	-	420	-	13,375	13,795
Insurance	2,092	9,169	3,016	-	1,239	1,432	16,948
Office supplies	627	9,576	1,147	321	1,283	1,174	14,128
Printing and photos	-	-	-	225	925	11,097	12,247
Repairs and maintenance	922	4,918	1,300	-	261	381	7,782
Bank service charges	28	6,229	44	60	140	893	7,394
Computer program maintenance	-	1,232	152	-	-	4,119	5,503
Telephone	637	3,178	846	24	425	254	5,364
Postage and delivery	65	781	262	1,808	408	1,630	4,954
Legal and accounting	735	1,470	980	-	980	735	4,900
Staff training	20	2,544	20	-	720	140	3,444
Furnishings and equipment	-	3,061	269	-	41	70	3,441
Licenses, bonds and fees	-	2,667	-	95	100	100	2,962
Medical testing	20	2,474	55	-	25	95	2,669
Mileage	72	1,192	112	65	250	784	2,475
Gifts	100	1,269	100	-	600	238	2,307
Payroll processing	294	669	373	26	457	341	2,160
Meetings and food	21	1,080	69	276	318	376	2,140
Internet services	232	536	309	-	66	93	1,236
Memberships and subscriptions	-	35	-	-	618	275	928
Education testing	-	-	850	-	-	-	850
Miscellaneous	20	-	-	-	327	-	347
Outreach	-	-	-	-	-	170	170
Advertising	-	-	-	-	-	60	60
Total expenses	\$ 94,077	\$ 952,071	\$ 153,612	\$ 83,836	\$ 56,066	\$ 162,110	\$1,501,772

See accompanying Notes to Financial Statements.

MANOS DE CRISTO, INC.

STATEMENTS OF FUNCTIONAL EXPENSES - continued

Years Ended December 31, 2009 and 2008

EXPENSES	2008						
	Program Services				Supporting Services		Total
	Basic Needs	Dental Clinic	Education	Back to School	Management & General	Fund Raising	
Salaries	\$ 51,618	\$ 594,629	\$ 53,807	\$ 9,392	\$ 31,555	\$ 61,330	\$ 802,331
Payroll taxes	3,967	45,703	4,072	719	2,527	4,487	61,475
Employee benefits	2,131	8,493	279	568	5,013	1,871	18,355
Total personnel	57,716	648,825	58,158	10,679	39,095	67,688	882,161
Programs and events supplies	4,226	101,841	3,095	28,003	-	40,788	177,953
Contributed goods and services	-	32,539	29,304	15,163	1,553	-	78,558
Depreciation	15,722	4,829	22,168	-	4,751	7,003	54,473
Occupancy	8,613	26,048	7,250	1,008	2,317	2,143	47,379
Interest	10,689	-	15,060	-	3,007	4,415	33,171
Repairs and maintenance	1,600	14,028	3,234	-	1,050	963	20,875
Insurance	2,470	8,674	3,399	-	1,841	1,658	18,042
Contract labor	-	700	-	40	-	15,568	16,308
Office supplies	389	7,292	983	44	1,960	1,467	12,135
Printing and photos	-	-	-	-	-	9,897	9,897
Telephone	765	3,699	1,026	-	349	304	6,143
Bank service charges	389	3,315	521	-	801	793	5,819
Legal and accounting	735	1,470	980	-	980	735	4,900
Postage and delivery	-	726	53	752	391	2,478	4,400
Equipment purchase	220	1,812	1,963	-	162	105	4,262
Staff training	-	2,059	15	-	75	2,062	4,211
Mileage	10	624	115	165	733	1,423	3,070
Meetings and food	79	790	244	142	777	635	2,667
Gifts	200	1,300	100	-	652	200	2,452
Licenses, bonds and fees	-	2,312	-	-	-	-	2,312
Medical testing	-	1,830	20	-	175	40	2,065
Computer program maintenance	-	1,221	-	-	186	565	1,972
Memberships and subscriptions	16	340	36	-	615	461	1,468
Internet services	158	494	216	-	87	65	1,020
Miscellaneous	-	220	-	-	-	-	220
Advertising	-	-	-	-	-	275	275
Total expenses	\$ 103,997	\$ 866,988	\$ 147,940	\$ 55,996	\$ 61,557	\$ 161,731	\$ 1,398,209

See accompanying Notes to Financial Statements.

MANOS DE CRISTO, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES		
Change in net assets	\$ 2,552	\$ 85,088
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	51,078	54,473
Unrealized (gain) loss on investments	(4,792)	2,799
Other non-cash accounting entries	(1,435)	-
(Increase) decrease in operating assets		
Receivables	60,750	(13,432)
Prepaid expenses	3,449	(9,194)
Increase (decrease) in operating liabilities		
Accounts payable	(1,860)	7,500
Payroll taxes payable	-	546
Vacation accrual	1,269	282
Net cash provided by operating activities	<u>111,011</u>	<u>128,062</u>
CASH FLOWS PROVIDED BY (USED BY) INVESTING ACTIVITIES		
Purchase of fixed assets	(63,904)	(42,530)
Purchase of investments	(3,329)	(3,093)
Net cash provided by (used by) investing activities	<u>(67,233)</u>	<u>(45,623)</u>
CASH FLOWS PROVIDED BY (USED BY) FINANCING ACTIVITIES		
Reduction of long-term debt	(32,116)	(15,228)
NET INCREASE IN CASH	9,162	67,211
Other changes in cash - refund of prior year fees	(2,500)	-
CASH		
Beginning of year	<u>289,962</u>	<u>222,751</u>
End of year	<u>\$ 299,124</u>	<u>\$ 289,962</u>
Supplementary Information		
Interest paid	<u>\$ 32,302</u>	<u>\$ 33,171</u>
Taxes paid	<u>\$ -</u>	<u>\$ -</u>
Non-cash investing activities		
Disposal of fixed assets	<u>\$ 23,048</u>	<u>\$ 13,540</u>
Accumulated depreciation related to disposal	<u>\$ (22,501)</u>	<u>\$ (13,540)</u>
Other adjustments to fixed assets	<u>\$ -</u>	<u>\$ (8,276)</u>

See accompanying Notes to Financial Statements.

MANOS DE CRISTO, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008

NOTE 1: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Mission: Manos de Cristo, Inc. ("Manos" or the "Organization") is dedicated to empowering low-income individuals with a loving hand of assistance and without regard to age, gender, race, or religious preference. Manos promotes dignity and self-reliance by providing essential oral care, furthering educational development, and meeting basic needs with food and clothing.

Vision: Manos' life changing services empower people of all backgrounds to build self-esteem and self-confidence and the ability to participate fully in the life of the community.

Manos de Cristo fulfills this mission through programs in these targeted areas:

Dental Clinic: The Manos de Cristo Dental Clinic serves families who do not have dental insurance, earn too much to qualify for assistance programs and generally are 150% or less of the Federal Poverty Guidelines. The Clinic offers a full array of general dentistry services including emergency treatments and preventative and restorative services at about 47% of private practice rates. Dental health education is provided in English and/or Spanish at every visit. In 2009, the Clinic staff, together with 154 volunteers who donated 1,831 hours of service, provided 3,627 unduplicated clients with 9,099 visits and 25,190 procedures. The Clinic experienced a 23% increase in the number of clients served over 2008.

Basic Needs Services: Manos de Cristo operates a Food Pantry and Clothes Closet. On Tuesday through Thursday, six families a day who are in need of a helping hand can get about one week's food at no charge. In 2009, 4,607 individuals in 984 families were served. Anyone who comes to the Clothes Closet Monday through Friday can spend 20 minutes selecting gently used clothes. The Clothes Closet served 1,175 families who accounted for 5,784 people. There were 4,607 people from 984 families who took advantage of the Food Pantry program. Overall, the Basic Needs program saw a growth of 9% in the number of individuals served over last year.

This level of service was made possible by 345 volunteers who gave 965 hours of support in the Food Pantry and Clothes Closet, as well as continued generous donations of food and gently used clothes from the community. To ensure fully stocked shelves, Manos 'shops' at the Capital Area Food Bank. During those times when the Food Bank's inventories are low, the Food Pantry supplements food supplies with judicious purchases at local warehouse and discount stores.

Education: Manos de Cristo offers several levels of English as a Second Language (ESL), introductory and intermediate computer classes, US Citizenship classes, and GED classes (offered in partnership with Austin Community College). In 2009, 368 students enrolled in ESL classes, 17 participated in Citizenship classes, 10 enrolled in GED classes and 175 signed up for computer classes. Most classroom instruction is provided by 48 volunteer teachers who generously taught for 1,800 hours during morning and evening classes.

Back to School: Each year, our staff and volunteers provide basic necessities to K - 5 school children. Manos believes that if a child has grade-appropriate school supplies and nice clothes, they may feel more at ease at school and be more open to learning. In 2009, Manos provided a record-setting 2,221 children with two sets of clothes, including socks and underwear, grade appropriate school supplies and a backpack. Four hundred and fifty volunteers provided 2,036 hours of support preparing for and during the two-week distribution period.

Manos de Cristo is exempt from Federal income tax under Internal Revenue Code Section 501(c)(3) for income related to its exempt purpose. The Organization is classified by the Internal Revenue Service as an organization other than a private foundation.

Summary of Significant Accounting Policies

Accounting Estimates: The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Method of Accounting: Manos de Cristo uses the accrual basis method of accounting. Using this method of accounting, revenues and other support and related accounts receivable are reported when funds are considered earned, regardless of when cash is received. Expenses and related accounts payable are reported when an obligation is incurred, regardless of when cash is disbursed.

Net Assets Classes: Manos de Cristo reports the following net assets classes.

MANOS DE CRISTO, INC.
NOTES TO FINANCIAL STATEMENTS – continued
Years Ended December 31, 2009 and 2008

NOTE 1: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Permanently restricted net assets The part of the net assets of a not-for-profit organization resulting from contributions whose use by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization are considered permanently restricted net assets. An example of a permanently restricted net asset would be the donation of funds (or other assets) to the Organization in which the donor imposed a restriction that the funds not be expended, but that the Organization would be permitted to use or expend part or all of the income (or other economic benefit) derived from the donation.

Temporarily restricted net assets Not-for-profit organizations receive contributions and other resources whose use is limited by stipulations that are more specific than the broad limits resulting from the nature and purpose of the organization and its programs. Resources (net assets) with such stipulations that either expire by passage of time or can be fulfilled by actions of the organization are reported as temporarily restricted net assets.

Unrestricted net assets Resources not included in the above categories are considered unrestricted net assets. While these resources are reported as unrestricted, an organization manages them in compliance with its exempt purposes, Board of Director designations, legal requirements and contractual obligations.

Fair Value Measurements: Manos measures and discloses fair value measurements in accordance with the Statement of Financial Accounting Standards ("SFAS") No. 157 hierarchy. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There are three general valuation techniques that may be used to measure fair value, as described below.

Market approach (level 1) - uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources.

Cost approach (level 2) - based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Income approach (level 3) - uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Eligible financial assets and financial liabilities such as cash, receivables, accounts payable and note payables are valued using an alternative fair value option as management believes the use of the fair value option for eligible items or group of similar eligible items provides more relevant and understandable information for financial statement users because the fair value option reflects the current cash equivalent of the financial instruments rather than another measure. The fair value of such assets and liabilities are deemed to be the face value of the instrument due to either the short term nature of the instrument or to an interest rate that is considered to be a market rate.

Changes in fair value of financial instruments and unrealized gains or losses on financial instruments are reported in the statement of activities. Investment income and gains and losses on investments are reported as an increase or decrease in unrestricted net assets unless a donor or law temporarily or permanently restricts their use.

Receivables: Receivables reported are allocations and promises to give in the form of grants. The receivables create a credit risk for the Organization, should the parties to the receivables fail to perform as obligated. The Organization's policy for determining when these type receivables are past due is based on when the payments are promised. At year end 2009 and 2008, no receivables are considered past due.

Fixed Assets: Fixed assets are capitalized at cost if the value of the item is more than \$1,000 and the estimated useful service life of the item is more than one year. Donations of fixed assets are recorded as support at their estimated fair value at the date of donation. Depreciation of fixed assets capitalized by the Organization is computed over the estimated useful service life of the asset (generally 20-30 years for the building and improvements and 3-5 years for other assets) using the straight line method of computation. The Organization uses the direct expensing method to account for planned major maintenance activities.

MANOS DE CRISTO, INC.
NOTES TO FINANCIAL STATEMENTS – continued
Year Ended December 31, 2008

NOTE 1: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Depreciation expense and accumulated depreciation reported in the financial statements are an accounting estimate. These estimates may be adjusted as more current information becomes available and any adjustment could be significant.

Contributed Services: Contributed services are recorded in the financial statements if one of the following criteria is met: 1) contributed services must create or enhance nonfinancial assets of the Organization, or 2) contributed services must require specialized skills that the Organization would otherwise need to purchase. The value of the contributed services reported in the financial statements is an accounting estimate. These estimates may be adjusted as more current information becomes available and any adjustment could be significant.

Additionally, Manos de Cristo receives a substantial amount of volunteer hours. These hours do not meet the criteria for reporting in the financial statements, but are critical for the accomplishment of the Organization’s mission.

Allocation of Costs: Manos de Cristo allocates common costs such as salaries and benefits, rent, and other occupancy costs between program services, management and general, and fund raising based on management’s judgment of the estimated costs related to the Organization's activities. The estimated allocation of costs are reviewed periodically and the allocations revised, if necessary, to reflect changes in the activities of the Organization. The allocation of costs reported in the financial statements is an accounting estimate. These estimates may be adjusted as more current information becomes available and any adjustment could be significant.

NOTE 2: INVESTMENTS AND INVESTMENT INCOME

Investments reported in the financial statements consist of the following. The fair value of investments is computed using Level 1 inputs under SFAS No, 157.

Type of Investment	2009		2008	
	Cost	Fair Value	Cost	Fair Value
Mutual fund shares				
Balanced growth fund	\$ -	\$ -	\$ 1,624	\$ 1,139
Texas Presbyterian Foundation				
Cash	354	354	460	460
Pooled Funds - Fixed income	70,829	77,688	66,206	68,274
Investments	<u>\$ 71,183</u>	<u>\$ 78,042</u>	<u>\$ 68,290</u>	<u>\$ 69,873</u>

Components of Investment Return

Investment income reported in the financial statements consists of the following.

	2009	2008
Interest and dividend income	\$ 3,850	\$ 4,817
Gain on sale of investments	119	-
Unrealized gains (losses)	4,792	(2,799)
Investment income	<u>\$ 8,761</u>	<u>\$ 2,018</u>

NOTE 3: LONG-TERM DEBT

Long-term debt at year end 2009 consists of the following.

Note payable to a bank dated June, 2005, original amount \$600,000, interest accrues at 6.58% fixed rate, \$5,285 monthly payments until May, 2012, when the balance of the note is due, collateral is a deed of trust on real estate	\$ 451,656
Less current portion of long-term debt	(34,324)
Long-term debt, net of current portion	<u>\$ 417,332</u>

MANOS DE CRISTO, INC.
NOTES TO FINANCIAL STATEMENTS – continued
Years Ended December 31, 2009 and 2008

NOTE 3: LONG-TERM DEBT – continued

Annual maturity of principal due on the long-term debt is estimated as the following: 2010- \$34,324; 2011- \$36,686; 2012- \$380,646; and 2013- \$-0-.

Interest incurred and charged to expense for 2009 and 2008 was \$31,302 and \$33,171, respectively.

NOTE 4: UNRESTRICTED NET ASSETS – DESIGNATIONS

Unrestricted net assets may be earmarked for future use by action of the board of directors such as for future programs, investments, contingencies, purchase or construction of fixed assets, or other uses. Designations by board of directors are subject to the actions of future boards.

For 2009 and 2008, the board of directors designated remaining proceeds from the 2005 sale of the Willow property, in the amount of \$130,812, for payment on the Harmon property note payable and for future expansion of program services.

NOTE 5: TEMPORARILY RESTRICTED NET ASSETS

In 2009 and 2008, temporarily restricted net assets of \$315,211 and \$20,664, respectively were released from their accompanying stipulations due to the Organization’s actions or through the passage of time and are considered net assets released from restrictions and reported as transfers from temporarily restricted net assets to unrestricted net assets in the statements of activity.

At year end, Manos had the following temporarily restricted net assets in the form of cash and receivables available for use under certain restrictions.

Funding Source	2009	2008	Restrictions Imposed
Contributions	\$ 62,811	\$ 94,927	for the Harmon project
United Way Capital Area allocation	30,000	30,000	time restricted for future periods
Foundation contribution	5,000	-	time restricted for 2010
Contributions	1,000	11,136	for Back to School program
Foundation grants	12,942	8,104	for purchase of fixed assets
Contributions	1,448	5,729	for Food Pantry
Total	<u>\$ 113,201</u>	<u>\$ 151,345</u>	

NOTE 6: COMMITMENTS – OPERATING LEASES

Manos is obligated on a lease for the dental clinic building which, for accounting purposes, is reported as an operating lease. The future obligation under the lease is not reported as a liability in the financial statements. The future minimum lease payments required under the lease are the following: 2010- \$15,840; 2011- \$15,840; 2012- \$7,920 and 2013- \$-0-.

Lease expense for the years 2009 and 2008 under operating leases was \$14,520 and \$13,200, respectively.

NOTE 7: CONTRIBUTED GOODS AND SERVICES

During the year Manos received the following non-cash donations of goods and services that have been reflected in the financial statements. The non-cash donations benefited the following programs and supporting services.

	Education	Dental Clinic	Back to School	Management & General	Fund Raising	Total
Contributed goods						
Backpacks and school supplies	\$ -	\$ -	\$ 18,811	\$ -	\$ -	\$ 18,811
Room dividers	-	-	1,032	-	-	1,032
Other goods	-	-	850	-	-	850

MANOS DE CRISTO, INC.
NOTES TO FINANCIAL STATEMENTS – continued
Years Ended December 31, 2009 and 2008

NOTE 7: CONTRIBUTED GOODS AND SERVICES - continued

	<u>Education</u>	<u>Dental Clinic</u>	<u>Back to School</u>	<u>Management & General</u>	<u>Fund Raising</u>	<u>Total</u>
Contributed services						
Teachers	32,400	-	-	1,575	-	33,975
Web design	-	-	-	-	4,000	4,000
Event space design	-	-	5,000	-	-	5,000
Dental clinic repairs	-	2,794	-	-	-	2,794
Dentists and assistants	-	41,907	-	-	-	41,907
Other contributed services	-	155	212	-	64	431
Total	<u>\$ 32,400</u>	<u>\$ 44,856</u>	<u>\$ 25,905</u>	<u>\$ 1,575</u>	<u>\$ 4,064</u>	<u>\$ 108,800</u>