

MANOS DE CRISTO, INC.  
(A Nonprofit Corporation)

INDEPENDENT AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS

December 31, 2014 and 2013

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(A Nonprofit Corporation)

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# Allman & Associates, Inc.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Manos de Cristo, Inc.

We have audited the accompanying financial statements of Manos de Cristo, Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses and cash flows for the year 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 financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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 entity'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 entity'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 Manos de Cristo, Inc. as of December 31, 2014, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Other auditors previously audited the December 31, 2013 financial statements and expressed an unmodified opinion on those financial statements in their report dated July 24, 2014.

*Allman & Associates, Inc.*

Austin, Texas  
April 10, 2015

MANOS DE CRISTO, INC.  
(A Nonprofit Corporation)

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2014 and 2013

	<b>2014</b>	<b>2013</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 232,085	\$ 432,329
Investments	260,237	249,363
Accounts receivable	5,049	6,228
Contributions receivable, due within one year	171,504	135,636
Inventory - dental supplies	26,712	17,038
Prepaid expenses	31,335	9,904
Total current assets	726,922	850,498
Contributions receivable, long-term	153,407	70,489
Fixed assets		
Land and improvements	742,571	367,678
Buildings and improvements	1,736,708	1,764,229
Furniture and equipment	493,500	441,152
Software	50,726	49,131
Less accumulated depreciation	(601,090)	(460,103)
Net fixed assets	2,422,415	2,162,087
Total Assets	\$ 3,302,744	\$ 3,083,074
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 37,057	\$ 69,881
Deferred revenue	17,200	47,875
Vacation accrual	17,376	8,830
Other accrued expenses	6,584	6,847
Current portion of long-term debt	23,743	22,755
Total current liabilities	101,960	156,188
Long-term debt	627,111	338,310
Total Liabilities	729,071	494,498
Net Assets		
Unrestricted net assets		
Board designations	450,000	450,000
Undesignated	1,832,693	2,072,438
Total unrestricted net assets	2,282,693	2,522,438
Temporarily restricted net assets	290,980	66,138
Total Net Assets	2,573,673	2,588,576
Total Liabilities and Net Assets	\$ 3,302,744	\$ 3,083,074

See accompanying auditors' report and notes to financial statements.

MANOS DE CRISTO, INC.  
(A Nonprofit Corporation)

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2014

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Revenues and Other Support			
Program service fees	\$ 1,346,056	\$ -	\$ 1,346,056
Contributions	267,661	179,306	446,967
Grants and contracts	79,888	406,665	486,553
Fundraising - special events, net of direct expenses of \$84,365	113,276	-	113,276
Contributed goods and services	186,949	-	186,949
Investment income	13,716	-	13,716
Net assets released from restriction	361,129	(361,129)	-
	<b>2,368,675</b>	<b>224,842</b>	<b>2,593,517</b>
Total Revenues and Other Support			
Expenses			
Program Services			
Basic needs services	74,871	-	74,871
Dental Clinic	1,735,568	-	1,735,568
Education	259,280	-	259,280
Back to school	91,881	-	91,881
Total Program Services	<b>2,161,600</b>	<b>-</b>	<b>2,161,600</b>
Supporting Services			
Management and general	184,503	-	184,503
Fundraising	262,317	-	262,317
Total Supporting Services	<b>446,820</b>	<b>-</b>	<b>446,820</b>
Total Expenses	<b>2,608,420</b>	<b>-</b>	<b>2,608,420</b>
Change in net assets	(239,745)	224,842	(14,903)
Net assets, beginning of year	<b>2,522,438</b>	<b>66,138</b>	<b>2,588,576</b>
Net assets, end of year	<b>\$ 2,282,693</b>	<b>\$ 290,980</b>	<b>\$ 2,573,673</b>

See accompanying auditors' report and notes to financial statements.

MANOS DE CRISTO, INC.  
(A Nonprofit Corporation)

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2013

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Revenues and Other Support			
Program service fees	\$ 919,956	\$ -	\$ 919,956
Contributions	413,763	73,902	487,665
Grants and contracts	93,754	504,333	598,087
Fundraising - special events, net of direct benefits to donors of \$84,938	116,475	-	116,475
Contributed goods and services	103,842	-	103,842
Investment income	(472)	-	(472)
Net assets released from restriction	1,577,516	(1,577,516)	-
<b>Total Revenues and Other Support</b>	<b>3,224,834</b>	<b>(999,281)</b>	<b>2,225,553</b>
Expenses			
Program Services			
Basic needs services	130,200	-	130,200
Dental Clinic	1,033,421	-	1,033,421
Education	251,331	-	251,331
Back to school	71,354	-	71,354
<b>Total Program Services</b>	<b>1,486,306</b>	<b>-</b>	<b>1,486,306</b>
Supporting Services			
Management and general	41,299	-	41,299
Fundraising	223,675	-	223,675
<b>Total Supporting Services</b>	<b>264,974</b>	<b>-</b>	<b>264,974</b>
<b>Total Expenses</b>	<b>1,751,280</b>	<b>-</b>	<b>1,751,280</b>
Change in net assets	1,473,554	(999,281)	474,273
Net assets, beginning of year	1,048,884	1,065,419	2,114,303
Net assets, end of year	\$ 2,522,438	\$ 66,138	\$ 2,588,576

See accompanying auditors' report and notes to financial statements.

MANOS DE CRISTO, INC.  
(A Nonprofit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2014

Expenses	Program Services				Supporting Services		Totals
	Basic Needs	Dental Center	Education	Back to School	Management & General	Fundraising	
Salaries	\$ 28,029	\$ 1,104,229	\$ 95,433	\$ 8,036	\$ 61,085	\$ 177,653	\$ 1,474,465
Payroll taxes	2,110	83,944	7,250	692	4,627	12,911	111,534
Employee benefits	4,632	80,880	9,560	-	17,947	11,086	124,105
Total personnel costs	34,771	1,269,053	112,243	8,728	83,659	201,650	1,710,104
Programs and event supplies	4,945	221,811	14,794	60,838	-	2,570	304,958
Contributed goods and services	21,795	36,548	82,541	22,315	-	-	163,199
Depreciation	12,449	110,773	18,578	-	578	4,818	147,196
Occupancy	437	27,976	11,055	-	22,915	-	62,383
Contract labor	-	-	9,265	-	2,450	25,003	36,718
Insurance	-	9,442	5,224	-	15,076	-	29,742
Printing and photos	-	836	334	-	-	10,944	12,114
Office supplies	-	8,623	3,927	-	9,839	6,896	29,285
Interest	-	6,873	-	-	8,061	-	14,934
Repairs and maintenance	474	5,126	719	-	5,585	-	11,904
Bank service charges	-	13,022	-	-	6,190	-	19,212
Legal and accounting	-	3,864	-	-	5,136	-	9,000
Telephone & internet	-	6,042	-	-	6,594	4,261	16,897
Computer program maintenance	-	917	-	-	-	1,057	1,974
Postage and delivery	-	-	-	-	1,747	1,644	3,391
Mileage	-	-	-	-	2,992	-	2,992
Staff training	-	9,150	500	-	2,087	615	12,352
Memberships and subscriptions	-	3,046	-	-	800	1,587	5,433
Payroll processing	-	-	-	-	3,104	-	3,104
Meetings and food	-	-	-	-	1,637	1,272	2,909
Miscellaneous	-	-	100	-	2,400	-	2,500
Licenses, bonds and fees	-	2,466	-	-	-	-	2,466
Gifts	-	-	-	-	3,653	-	3,653
<b>Total expenses</b>	<b>\$ 74,871</b>	<b>\$ 1,735,568</b>	<b>\$ 259,280</b>	<b>\$ 91,881</b>	<b>\$ 184,503</b>	<b>\$ 262,317</b>	<b>\$ 2,608,420</b>

See accompanying auditors' report and notes to financial statements.

MANOS DE CRISTO, INC.  
(A Nonprofit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2013

Expenses	Program Services				Supporting Services		Totals
	Basic Needs	Dental Center	Education	Back to School	Management & General	Fundraising	
Salaries	\$ 64,304	\$ 686,231	\$ 104,568	\$ 7,125	\$ 8,521	\$ 136,539	\$ 1,007,288
Payroll taxes	4,895	51,140	7,932	517	231	10,213	74,928
Employee benefits	6,126	24,604	6,902	-	2,429	7,808	47,869
Total personnel costs	75,325	761,975	119,402	7,642	11,181	154,560	1,130,085
Programs and event supplies	3,853	128,208	15,046	50,677	748	3,106	201,638
Contributed goods and services	20,601	14,302	56,250	11,832	857	-	103,842
Depreciation	12,954	26,023	15,871	-	3,390	6,124	64,362
Occupancy	5,646	41,358	7,715	-	3,245	1,469	59,433
Contract labor	-	340	11,853	40	315	25,917	38,465
Insurance	3,537	7,104	10,505	-	605	1,052	22,803
Printing and photos	-	2,497	315	936	716	15,481	19,945
Office supplies	677	8,288	3,693	49	2,251	2,984	17,942
Interest	2,700	-	3,653	-	7,940	1,588	15,881
Repairs and maintenance	950	10,325	773	-	912	-	12,960
Bank service charges	881	8,158	1,198	63	672	144	11,116
Legal and accounting	1,181	3,337	1,594	-	781	57	6,950
Telephone	935	3,453	1,311	-	805	272	6,776
Computer program maintenance	-	2,341	-	-	74	4,221	6,636
Postage and delivery	61	277	111	-	2,585	3,025	6,059
Mileage	47	1,335	189	90	456	1,482	3,599
Staff training	-	3,296	25	-	230	-	3,551
Memberships and subscriptions	-	1,649	117	-	550	1,004	3,320
Loss on disposal of assets	-	3,287	-	-	-	-	3,287
Payroll processing	541	1,526	732	-	382	-	3,181
Internet services	311	1,264	439	-	635	254	2,903
Meetings and food	-	21	58	25	1,619	345	2,068
Furnishings and equipment	-	549	481	-	-	590	1,620
Miscellaneous	-	1,252	-	-	235	-	1,487
Licenses, bonds and fees	-	1,256	-	-	50	-	1,306
Gifts	-	-	-	-	65	-	65
Total expenses	\$ 130,200	\$ 1,033,421	\$ 251,331	\$ 71,354	\$ 41,299	\$ 223,675	\$ 1,751,280

See accompanying auditors' report and notes to financial statements.



MANOS DE CRISTO, INC.  
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STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2014 and 2013

	<b>2014</b>	<b>2013</b>
Cash Flows From Operating Activities:		
Total Change in Net Assets	\$ (14,903)	\$ 474,273
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	147,196	64,362
Unrealized (gain) loss on investments	(6,223)	6,459
(Increase) decrease in operating assets		
Receivables	(117,607)	329,195
Inventory	(9,674)	(17,038)
Prepaid expense	(21,431)	(1,068)
Increase (decrease) in operating liabilities		
Accounts payable	(32,824)	54,353
Deferred revenue	(30,675)	47,875
Payroll liabilities	(263)	6,633
Vacation accrual	8,546	1,489
Net Cash Provided by Operating Activities	<u>(77,858)</u>	<u>966,533</u>
Cash Flows From Investing Activities:		
Purchase of fixed assets	(407,523)	(1,293,879)
Purchase of investments	(4,651)	(154,894)
Net Cash Provided by Investing Activities	<u>(412,174)</u>	<u>(1,448,773)</u>
Cash Flows Provided by Financing Activities		
Proceeds from notes payable	312,543	-
Reduction of long-term debt	(22,755)	(21,808)
Cash Provided by Financing Activities	<u>289,788</u>	<u>(21,808)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(200,244)	(504,048)
Cash and Cash Equivalents at beginning of year	<u>432,329</u>	<u>936,377</u>
Cash and Cash Equivalents at end of year	<u>\$ 232,085</u>	<u>\$ 432,329</u>
Supplemental data:		
Interest paid	<u>\$ 14,934</u>	<u>\$ 15,881</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>

See accompanying auditors' report and notes to financial statements.

MANOS DE CRISTO, INC.  
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

1. 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 without regard to age, gender, race, or religious preference. Manos promotes dignity and self-reliance while 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 Center:** The Manos de Cristo Dental Center 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 dental center offers dentistry services including emergency treatments and preventative and restorative services at rates between the 30<sup>th</sup> and 35<sup>th</sup> percentile of average private dental practices, according to the National Dental Advisory Service – Comprehensive Fee Report. Dental health education is provided in English and/or Spanish at every visit. In 2014, the dental staff, together with 60 volunteers who donated 1,270.5 hours of service, provided 5,516 unduplicated clients with 11,900 visits and 49,791 procedures.

For twenty-five years the four-operator dental clinic operated on Cesar Chavez Street. In November 2013, the agency completed a three year project, converting under-used space in the Programs and Administration building into an eleven-operator Dental Center on Harmon Avenue.

**Basic Needs Services:** Manos de Cristo operates a Food Pantry and Clothes Closet. Six families per day who are in need of a helping hand can get about one week’s food at no charge. In 2014, 4,850 individuals in 1014 families were served in the Food Pantry. Anyone who comes to the Clothes Closet can spend 20 minutes selecting gently used clothes. We served 881 families in the Clothes Closet who accounted for 4,118 people.

This level of service was made possible by 59 volunteers who gave 755.75 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, we supplement our 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, nutrition classes and Spanish language and literacy classes. In 2014, 299 students enrolled in ESL classes, 67 participated in citizenship classes, 111 signed up for computer classes, and 57 enrolled in Spanish language literacy. Most classroom instruction is provided by 85 volunteer teachers who generously taught for 6,500 hours during morning and evening classes.

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**Back to School:** Each year, our staff and volunteers provide basic necessities to K – 5 school children. We believe 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 2014, 2,041 children received two sets of clothes, including socks and underwear, grade-appropriate school supplies and a backpack. 537 volunteers provided 2,192 hours of support preparing for the event, during the two-week distribution period and the end of program break-down and cleanup.

Volunteers for special events, computer and other services contributed 388.5 hours.

2. Summary of Significant Accounting Policies

**Basis 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:

*Unrestricted Net Assets*

Unrestricted net assets consist of net assets that are not subject to donor-imposed restrictions, including Board Designated net assets. Unrestricted net assets result from operating revenues, unrestricted contributions, unrestricted dividend and interest income, less expenses incurred in operations and for administrative functions.

*Temporarily Restricted Net Assets*

Temporarily restricted net assets consist of net assets that are subject to donor-imposed stipulations that require the passage of time or the occurrence of a specific event. When the donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Permanently Restricted Net Assets*

Permanently restricted net assets are subject to donor-imposed stipulations that are maintained permanently. Generally, the donors of these assets permit the use of all or part of the income earned on any related investments for general or specific purposes.

**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.

MANOS DE CRISTO, INC.  
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NOTES TO FINANCIAL STATEMENTS

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**Cash and Cash Equivalents**

For purposes of the statement of cash flows, highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents. Excluded from this definition are restricted cash and cash equivalents, which are limited in use to specific programs, and for payment of costs of remodeling the existing facility and of a related capital campaign. Cash and short-term investments held in a brokerage account with Texas Presbyterian Foundation are reported as investments instead of cash because those funds are in a brokerage account.

**Receivables**

Receivables reported are allocations and promises to give within one year in the form of grants or contributions. 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 2014 and 2013, no receivables are considered past due, and the allowance for doubtful accounts is \$0.

**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.

If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Depreciation of fixed assets capitalized by the Organization is computed over the estimated useful life of the asset (generally 20 years for buildings and improvements, and 3 to 5 years for other assets) using the straight-line method of computation. The organization uses the direct expensing method to account planned major maintenance activities.

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.

**Revenues**

Manos receives program service fees through fees charged at the Dental Clinic and through student fees and book sales charged by the Education Programs.

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December 31, 2014 and 2013

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give to Manos, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if that restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

**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 financial 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.

**Inventories**

Inventories, which consist of dental supplies, are valued at the lower of cost or market. Cost is determined on the first-in, first-out method. Donated items are recorded at estimated fair value at the date of donation.

**Functional Allocation of Expenses**

Manos de Cristo allocates common costs such as salaries and benefits, rent, and other occupancy costs between program services, management and general, and fundraising 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.

**Reclassifications**

Certain prior year amounts have been reclassified in order to conform to the current year presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

MANOS DE CRISTO, INC.  
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NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

**Federal Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization believes that it is no longer subject to examination by the IRS for years prior to 2011.

**Subsequent Events**

Management has evaluated subsequent events through April 10, 2015, which is the date the financial statements were available to be issued. In management's opinion there are no subsequent events requiring disclosure as of that date.

**Fair Value Measurements**

The requirements of *Fair Value Measurements and Disclosures* of the Accounting Standards Codification apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement is the same in both cases – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price). *Fair Value Measurements and Disclosures* also establish a fair value hierarchy that prioritizes the inputs used in valuation methodologies into the following three levels:

- Level 1 Inputs – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
- Level 2 Inputs – Inputs other than quoted prices included with Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 Inputs – Unobservable inputs for the asset or liability.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

3. Investments and Investment Income

Investments have been valued using a market approach for 2014 and 2013 as follows –

Description	Amount	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable inputs (Level 3)
<b>2014</b>				
Cash and cash equivalents	\$ 2,912	\$ 2,912	\$ -	\$ -
Fixed income - pooled funds	257,325	-	257,325	-
Total	<u>\$ 260,237</u>	<u>\$ 2,912</u>	<u>\$ 257,325</u>	<u>\$ -</u>
<b>2013</b>				
Cash and cash equivalents	\$ 1,837	\$ 1,837	\$ -	\$ -
Fixed income - pooled funds	247,526	-	247,526	-
Total	<u>\$ 249,363</u>	<u>\$ 1,837</u>	<u>\$ 247,526</u>	<u>\$ -</u>

The fair value of Manos' remaining current assets and current liabilities approximate the carrying amounts of such instruments due to their short maturity.

Investment securities are carried at fair value (see above table) and consist of following as of December 31:

Type of Investment	2014		2013	
	Cost	Fair Value	Cost	Fair Value
Fidelity Investments - cash	\$ 1,001	\$ 1,001	\$ 1,527	\$ 1,527
Texas Presbyterian Foundation				
Cash	1,911	1,911	310	310
Pooled funds - fixed income	242,016	257,325	237,182	247,526
	<u>\$ 244,928</u>	<u>\$ 260,237</u>	<u>\$ 239,019</u>	<u>\$ 249,363</u>

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

<u>Components of Investment Return</u>	<u>2014</u>	<u>2013</u>
Interest and dividend income	\$ 7,493	\$ 3,774
Realized and unrealized gains (losses)	6,223	(4,246)
	\$ 13,716	\$ (472)

4. Contributions Receivable

The Organization has received pledged contributions in support of renovating property to expand the capacity to provide services for specific programs and for general operations.

Contributions receivable with due dates extending beyond one year are valued using a present value discount of .5%. Annual amortization of the present value discount is reported as temporarily restricted contributions in the statement of activities. During 2014 and 2013, there were no contributions receivable written off, and the allowance for doubtful accounts was \$0. At year end 2014 and 2013, no contributions receivable were considered past due. The allowance for uncollectible contributions receivable is considered a significant accounting estimate. The present value discount is considered an accounting estimate. The estimates may be adjusted as more current information becomes available and any adjustment could be significant.

The contributions receivable are reported in the financial statements as follows:

	<u>2014</u>	<u>2013</u>
Receivable in less than one year	\$ 171,504	\$ 135,636
Receivable in one to five years	153,407	71,471
Total pledges	\$ 324,911	\$ 207,107
Receivable in one to five years	\$ 153,407	\$ 71,471
Present value discount	-	(982)
Pledges due in future periods	\$ 153,407	\$ 70,489



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5. Long-Term Debt

Long-term debt consists of three notes payable as follows –

Note payable to a bank dated March 2011. The original amount is \$417,000, interest accrues at a fixed rate of 4.20%, and monthly payments are \$3,142 until April 2016, when the balance of the note is due. Collateral is a deed of trust on real estate with original cost including improvements of \$865,986.

The Organization purchased land in December 2014 using a note payable in the amount of \$301,000, with the purchased land as collateral. The note accrues interest at a fixed rate of 1.0%, and one payment including interest and principal is due by June 8, 2016.

The Organization entered into a note payable in December 2014 in the amount of \$11,543, to pay for the closing costs on the land purchase. This note payable is unsecured. The note accrues interest at a fixed rate of 0.0%, and one payment including interest and principal is due by July 8, 2016.

	<u>2014</u>	<u>2013</u>
Balance outstanding at year-end	\$ 650,854	\$ 361,065
Less current portion of long-term debt	<u>(23,743)</u>	<u>(22,755)</u>
Long-term debt, net of current portion	<u><u>\$ 627,111</u></u>	<u><u>\$ 338,310</u></u>

6. Unrestricted Net Assets – Board 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 the board of directors are subject to the actions of future boards. For 2014 and 2013, the board of directors had designated \$450,000 and \$450,000, respectively, for operating reserves.

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7. Temporarily Restricted Net Assets

At year end, Manos had the following temporarily restricted net assets:

<u>Restricted Purpose</u>	<u>2014</u>	<u>2013</u>
Capital campaign	\$ 33,859	\$ 36,276
Back to School program	5,736	-
Dental Clinic	41,835	-
Education program	209,550	29,862
Total	<u>\$ 290,980</u>	<u>\$ 66,138</u>

8. Contributed Goods and Services

Manos received the following non-cash contributions of goods and services that have been reported in the financial statements. The contributions benefited the following programs and supporting services:

	<u>2014</u>					<u>Total</u>
	<u>Basic Needs</u>	<u>Education</u>	<u>Dental Clinic</u>	<u>Back to School</u>	<u>Management &amp; General</u>	
Contributed goods						
Food for food pantry	\$ 21,795	\$ -	\$ -	\$ -	\$ -	\$ 21,795
Backpacks, clothing, and school supplies	-	-	-	9,815	-	9,815
Event space	-	-	-	12,500	-	12,500
Computer equipment	-	1,750	-	-	-	1,750
Contributed services						
Consultants	-	-	23,500	-	-	23,500
Teachers	-	76,923	-	-	-	76,923
Technology specialist	-	3,868	-	-	-	3,868
Dentists and assistants	-	-	36,548	-	-	36,548
Other	-	-	-	-	250	250
Total	<u>\$ 21,795</u>	<u>\$ 82,541</u>	<u>\$ 60,048</u>	<u>\$ 22,315</u>	<u>\$ 250</u>	<u>\$ 186,949</u>

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	<b>2013</b>					
	<u>Basic Needs</u>	<u>Education</u>	<u>Dental Clinic</u>	<u>Back to School</u>	<u>Management &amp; General</u>	<u>Total</u>
Contributed goods						
Food for food pantry	\$ 20,601	\$ -	\$ -	\$ -	\$ -	\$ 20,601
Backpacks, clothing, and school supplies	-	-	-	582	-	582
Event space	-	-	-	11,250	-	11,250
Contributed services						-
Consultants	-	-	2,595	-	-	2,595
Teachers	-	56,250	-	-	-	56,250
Technology specialist	-	-	-	-	857	857
Dentists and assistants	-	-	11,707	-	-	11,707
Total	<u>\$ 20,601</u>	<u>\$ 56,250</u>	<u>\$ 14,302</u>	<u>\$ 11,832</u>	<u>\$ 857</u>	<u>\$ 103,842</u>

9. Concentration of Credit Risk

Cash balances with a financial institution in excess of Federal Deposit Insurance Corporation (FDIC) insurance coverage are considered a credit risk. The Organization maintained cash balances with major financial institutions and at times those cash balances may exceed the institutions' FDIC coverage. The Organization considers its funds to be in high quality financial institutions and constantly monitors its financial positions with the institutions. The Organization does not require collateral for amounts exceeding federal insurance coverage and does not anticipate any nonperformance. At December 31, 2014, the cash balances did not exceed the FDIC coverage. At December 31, 2013, the cash balances exceeded FDIC coverage by \$197,052 for 2013.

10. Related Party Transactions

The Organization purchased architectural and engineering services from a firm that has as its President and CEO a board member of the Organization. The Organization paid the related party \$20,229 during 2014 and \$107,604 during 2013 for architectural and engineering services related to a construction remodeling project. At December 31, 2014 and 2013, the Organization owed the related party \$0 and \$11,956, respectively.