

MANOS DE CRISTO, INC.
(A Nonprofit Corporation)

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

December 31, 2015 and 2014

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(A Nonprofit Corporation)

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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 statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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, 2015 and 2014, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Allman & Associates, Inc.

Austin, Texas
May 23, 2016

MANOS DE CRISTO, INC.
(A Nonprofit Corporation)

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2015 and 2014

	2015	2014
Assets		
Current assets		
Cash and cash equivalents	\$ 511,625	\$ 232,085
Investments	260,091	260,237
Accounts receivable	6,300	5,049
Contributions receivable, due within one year	81,132	171,504
Inventory - dental supplies	32,194	26,712
Prepaid expenses	28,015	31,335
Total current assets	<u>919,357</u>	<u>726,922</u>
Contributions receivable, long-term	<u>78,450</u>	<u>153,407</u>
Fixed assets		
Land and improvements	773,291	742,571
Buildings and improvements	1,739,874	1,736,708
Furniture and equipment	515,238	493,500
Software	50,726	50,726
Less accumulated depreciation	<u>(748,094)</u>	<u>(601,090)</u>
Net fixed assets	<u>2,331,035</u>	<u>2,422,415</u>
Total Assets	<u>\$ 3,328,842</u>	<u>\$ 3,302,744</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 63,978	\$ 37,057
Deferred revenue	-	17,200
Accrued payroll	21,518	-
Vacation accrual	12,168	17,376
Other accrued expenses	-	6,584
Current portion of long-term debt	338,907	23,743
Total current liabilities	<u>436,571</u>	<u>101,960</u>
Long-term debt	<u>285,914</u>	<u>627,111</u>
Total Liabilities	<u>722,485</u>	<u>729,071</u>
Net Assets		
Unrestricted net assets		
Board designations	250,000	450,000
Undesignated	1,805,050	1,832,693
Total unrestricted net assets	<u>2,055,050</u>	<u>2,282,693</u>
Temporarily restricted net assets	551,307	290,980
Total Net Assets	<u>2,606,357</u>	<u>2,573,673</u>
Total Liabilities and Net Assets	<u>\$ 3,328,842</u>	<u>\$ 3,302,744</u>

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, 2015

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support			
Program service fees	\$ 1,610,933	\$ -	\$ 1,610,933
Contributions	256,906	176,202	433,108
Grants and contracts	81,857	648,705	730,562
Fundraising - special events, net of direct expenses of \$125,917	152,348	-	152,348
Contributed goods and services	284,314	-	284,314
Investment income	85	-	85
Other income	3,586	-	3,586
Net assets released from restriction	564,580	(564,580)	-
	2,954,609	260,327	3,214,936
 Expenses			
Program Services			
Basic needs services	102,211	-	102,211
Dental Clinic	2,127,449	-	2,127,449
Education	328,501	-	328,501
Back to school	84,930	-	84,930
Total Program Services	2,643,091	-	2,643,091
Supporting Services			
Management and general	179,002	-	179,002
Fundraising	360,159	-	360,159
Total Supporting Services	539,161	-	539,161
 Total Expenses	3,182,252	-	3,182,252
 Change in net assets	(227,643)	260,327	32,684
 Net assets, beginning of year	2,282,693	290,980	2,573,673
 Net assets, end of year	\$ 2,055,050	\$ 551,307	\$ 2,606,357

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

	Unrestricted	Temporarily Restricted	Total
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 benefits to donors 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)	-
	<u>2,368,675</u>	<u>224,842</u>	<u>2,593,517</u>
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	<u>2,161,600</u>	<u>-</u>	<u>2,161,600</u>
Supporting Services			
Management and general	184,503	-	184,503
Fundraising	262,317	-	262,317
Total Supporting Services	<u>446,820</u>	<u>-</u>	<u>446,820</u>
Total Expenses	<u>2,608,420</u>	<u>-</u>	<u>2,608,420</u>
Change in net assets	(239,745)	224,842	(14,903)
Net assets, beginning of year	<u>2,522,438</u>	<u>66,138</u>	<u>2,588,576</u>
Net assets, end of year	<u>\$ 2,282,693</u>	<u>\$ 290,980</u>	<u>\$ 2,573,673</u>

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, 2015

Expenses	Program Services				Supporting Services		Totals
	Basic Needs	Dental Center	Education	Back to School	Management & General	Fundraising	
Salaries	\$ 29,161	\$ 1,382,937	\$ 136,698	\$ 8,282	\$ 65,391	\$ 190,540	\$ 1,813,009
Payroll taxes	2,215	100,642	10,436	622	5,085	14,532	133,532
Employee benefits	4,696	71,025	14,379	-	17,259	14,565	121,924
Total personnel costs	36,072	1,554,604	161,513	8,904	87,735	219,637	2,068,465
Programs and event supplies	5,926	313,263	15,900	59,234	-	636	394,959
Contributed goods and services	47,313	27,139	102,570	15,280	315	91,697.00	284,314
Depreciation	10,462	112,062	18,765	-	614	5,102	147,005
Occupancy	2,400	32,442	11,450	-	22,679	-	68,971
Contract labor	-	-	3,870	-	-	7,295	11,165
Insurance	-	8,405	6,644	-	18,447	-	33,496
Printing and photos	-	-	660	1,131	-	10,887	12,678
Office supplies	38	10,782	5,616	-	8,639	5,994	31,069
Interest	-	15,046	-	-	-	-	15,046
Repairs and maintenance	-	10,707	127	-	8,268	-	19,102
Bank service charges	-	15,650	-	31	8,540	-	24,221
Legal and accounting	-	4,140	-	-	4,895	-	9,035
Telephone & internet	-	3,389	450	-	7,019	3,838	14,696
Computer program maintenance	-	11,433	-	-	1,532	9,383	22,348
Postage and delivery	-	111	10	350	259	2,117	2,847
Mileage	-	112	-	-	2,527	-	2,639
Staff training	-	4,132	826	-	720	140	5,818
Medical services	-	1,162	-	-	-	-	1,162
Memberships and subscriptions	-	850	-	-	350	2,738	3,938
Payroll processing	-	-	-	-	2,088	-	2,088
Meetings and food	-	-	100	-	527	695	1,322
Licenses, bonds and fees	-	2,020	-	-	-	-	2,020
Gifts	-	-	-	-	3,848	-	3,848
Total expenses	\$ 102,211	\$ 2,127,449	\$ 328,501	\$ 84,930	\$ 179,002	\$ 360,159	\$ 3,182,252

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
Total expenses	\$ 74,871	\$ 1,735,568	\$ 259,280	\$ 91,881	\$ 184,503	\$ 262,317	\$ 2,608,420

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, 2015 and 2014

	2015	2014
Cash Flows From Operating Activities:		
Total Change in Net Assets	\$ 32,684	\$ (14,903)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	147,004	147,196
Unrealized (gain) loss on investments	4,231	(6,223)
(Increase) decrease in operating assets		
Receivables	164,078	(117,607)
Inventory	(5,482)	(9,674)
Prepaid expense	3,320	(21,431)
Increase (decrease) in operating liabilities		
Accounts payable	26,921	(32,824)
Deferred revenue	(17,200)	(30,675)
Accrued expense	(6,584)	-
Payroll liabilities	21,518	(263)
Vacation accrual	(5,208)	8,546
Net Cash Provided by Operating Activities	<u>365,282</u>	<u>(77,858)</u>
Cash Flows From Investing Activities:		
Purchase of fixed assets	(55,624)	(407,523)
Purchase of investments	(4,085)	(4,651)
Net Cash Provided by Investing Activities	<u>(59,709)</u>	<u>(412,174)</u>
Cash Flows Provided by Financing Activities		
Proceeds from notes payable	-	312,543
Reduction of long-term debt	(26,033)	(22,755)
Cash Provided by Financing Activities	<u>(26,033)</u>	<u>289,788</u>
Net Increase (Decrease) in Cash and Cash Equivalents	279,540	(200,244)
Cash and Cash Equivalents at beginning of year	<u>232,085</u>	<u>432,329</u>
Cash and Cash Equivalents at end of year	<u>\$ 511,625</u>	<u>\$ 232,085</u>
Supplemental data:		
Interest paid	<u>\$ 15,046</u>	<u>\$ 14,934</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, 2015 and 2014

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 30th and 35th 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 2015, the dental staff, together with 294 volunteers who donated 2,667 hours of service, provided 5,827 unduplicated clients with 13,839 visits and 43,495 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. Seven families per day who are in need of a helping hand can get about one week’s food at no charge. In 2015, 5,180 individuals in 1,596 families were served in the Food Pantry. Anyone who comes to the Clothes Closet can spend 20 minutes selecting gently used clothes. We served 1,367 families in the Clothes Closet who accounted for 4,544 people.

This level of service was made possible by 37 volunteers who gave 473 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 2015, 299 students enrolled in ESL classes, 108 participated in citizenship classes, 95 signed up for computer classes, and 68 enrolled in Spanish language literacy. Most classroom instruction is provided by 130 volunteer teachers who generously taught for 6,697 hours during morning and evening classes.

MANOS DE CRISTO, INC.
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NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

1. Description of Organization (continued)

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 2015, 2,106 children received two sets of clothes, including socks and underwear, grade-appropriate school supplies and a backpack. 515 volunteers provided 1,579 hours of support preparing for the vent, during the two-week distribution period and the end of program break-down and cleanup.

Volunteers for special events, computer and other services contributed 314.5 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. There were no permanently restricted net assets as of December 31, 2015 and 2014.

MANOS DE CRISTO, INC.
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NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

2. Summary of Significant Accounting Policies (continued)

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.

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 December 31, 2015 and 2014, management recorded \$0 for the allowance for uncollectible accounts.

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. Depreciation expense for the years ended December 31, 2015 and 2014 was \$147,004 and \$147,196, respectively.

MANOS DE CRISTO, INC.
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NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

2. Summary of Significant Accounting Policies (continued)

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.

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.

MANOS DE CRISTO, INC.
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NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

2. Summary of Significant Accounting Policies (continued)

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 is potentially subject to income tax audits for the previous three years which are open. There are currently no audits for any tax periods in progress.

3. Fair Value Measurements and Disclosures

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.

The following table represents assets and liabilities reported on the statements of financial position at their fair value as of December 31, 2015 and 2014 by level within the fair value measurement hierarchy.

MANOS DE CRISTO, INC.
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NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

3. Fair Value Measurements and Disclosures (continued)

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)
2015				
Cash and cash equivalents	\$ 2,712	\$ 2,712	\$ -	\$ -
Fixed income - pooled funds	257,379	-	257,379	-
Total investments	<u>\$ 260,091</u>	<u>\$ 2,712</u>	<u>\$ 257,379</u>	<u>\$ -</u>
Note payable	<u>\$ 624,821</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 624,821</u>
2014				
Cash and cash equivalents	\$ 2,912	\$ 2,912	\$ -	\$ -
Fixed income - pooled funds	257,325	-	257,325	-
Total investments	<u>\$ 260,237</u>	<u>\$ 2,912</u>	<u>\$ 257,325</u>	<u>\$ -</u>
Note payable	<u>\$ 650,854</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 650,854</u>

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

4. Investments and Investment Income

Investment securities are carried at fair value and consist of following as of December 31:

Type of Investment	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Fidelity Investments - cash	\$ 1,001	\$ 1,001	\$ 1,001	\$ 1,001
Texas Presbyterian Foundation				
Cash	1,711	1,711	1,911	1,911
Pooled funds - fixed income	246,301	257,379	242,016	257,325
	<u>\$ 249,013</u>	<u>\$ 260,091</u>	<u>\$ 244,928</u>	<u>\$ 260,237</u>

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4. Investments and Investment Income (continued)

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

<u>Components of Investment Return</u>	2015	2014
Interest and dividend income	\$ 4,316	\$ 7,493
Realized and unrealized gains (losses)	(4,231)	6,223
	\$ 85	\$ 13,716

5. 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 2015 and 2014, there were no contributions receivable written off, and the allowance for doubtful accounts was \$0. At year end 2015 and 2014, 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:

	2015	2014
Receivable in less than one year	\$ 81,132	\$ 171,504
Receivable in one to five years	78,450	153,407
Total pledges	\$ 159,582	\$ 324,911
Receivable in one to five years	\$ 78,450	\$ 153,407
Present value discount	-	-
Pledges due in future periods	\$ 78,450	\$ 153,407

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6. 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. In October 2015, the organization refinanced the remaining balance of the note, at a fixed rate of 4.20%, monthly payments of \$3,265, with one final payment of the entire balance due on October 30, 2025. The Organization incurred interest expense in the amount of \$15,046 and \$14,934 at December 31, 2015 and 2014, respectively. Total principal payments in 2015 and 2014 were \$26,033 and \$22,755, respectively.

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.

	2015	2014
Balance outstanding at year-end	\$ 624,821	\$ 650,854
Less current portion of long-term debt	(338,907)	(23,743)
Long-term debt, net of current portion	\$ 285,914	\$ 627,111

The minimum principal payments for the next five years are as follows:

Year	Amount
2016	\$ 338,907
2017	27,546
2018	28,742
2019	29,990
2020	31,269
Thereafter	168,367
	\$ 624,821

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7. 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 2015 and 2014, the board of directors had designated \$250,000 and \$450,000, respectively, for operating reserves.

8. Accrued Vacation

The Organization recognizes a liability for earned vacation time unused at December 31 for all eligible employees. The amount of accrued vacation payable as of December 31, 2015 and 2014 was \$12,168 and \$17,376, respectively.

9. Temporarily Restricted Net Assets

The Organization had the following temporarily restricted net assets at December 31:

<u>Restricted Purpose</u>	<u>2015</u>	<u>2014</u>
Capital campaign	\$ 416,307	\$ 33,859
Back to School program	-	5,736
Dental Clinic	-	41,835
Education program	135,000	209,550
Total	<u>\$ 551,307</u>	<u>\$ 290,980</u>

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 \$28,241 during 2015 and \$20,229 during 2014 for architectural and engineering services related to a construction remodeling project.

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11. 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, 2015 and 2014, the cash balances exceeded FDIC coverage by \$166,446 and \$0, respectively.

12. 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:

	2015						Total
	Basic Needs	Education	Dental Clinic	Back to School	Management & General	Fundraising & Development	
Contributed goods							
Food for food pantry	\$ 47,315	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,315
Backpacks, clothing, and school supplies	-	-	-	-	-	-	-
Event space	-	-	-	15,278	-	-	15,278
Fund development materials	2,530	-	-	-	3,449	85,718	91,697
Computer equipment	-	-	-	-	-	-	-
Contributed services							
Consultants	-	-	-	-	-	-	-
Teachers	-	100,890	-	-	-	-	100,890
Technology specialist	-	1,680	-	-	-	-	1,680
Dentists and assistants	-	-	27,139	-	-	-	27,139
Other	-	-	-	-	315	-	315
Total	\$ 49,845	\$ 102,570	\$ 27,139	\$ 15,278	\$ 3,764	\$ 85,718	\$ 284,314

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12. Contributed Goods and Services (continued)

	2014					
	Basic Needs	Education	Dental Clinic	Back to School	Management & General	Total
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	\$ 21,795	\$ 82,541	\$ 60,048	\$ 22,315	\$ 250	\$ 186,949

13. Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. The following was a subsequent event –

On April 5, 2016, Rathgeber Investment GP, Inc. forgave the note payable in the amount of \$301,000; and therefore, released and discharged the property located at Lot 1A, Block R, Resubdivision of West one-half of Lot 1, from all liens held by the undersigned securing said indebtedness.

Management has evaluated subsequent events through the issuance date of the audit report, May 23, 2016, and there were no other subsequent events to be disclosed.