

MANOS DE CRISTO, INC.  
(A Nonprofit Corporation)

INDEPENDENT AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS

DECEMBER 31, 2018

MANOS DE CRISTO, INC.  
(A Nonprofit Corporation)

INDEPENDENT AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS

December 31, 2018

INDEX TO FINANCIAL STATEMENTS

Independent Auditors' Report.....	1
Statement of Financial Position.....	2
Statement of Activities.....	3
Statement of Functional Expenses.....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6

# 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, 2018, and the related statement 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, 2018, 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 8, 2019

MANOS DE CRISTO, INC.  
(A Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION

December 31, 2018

<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 626,987
Investments	117,822
Accounts receivable	15,334
Grant receivable	141,953
Inventory - dental, Back to School supplies, and donated artwork	60,742
Prepaid expenses	25,574
Total current assets	<u>988,412</u>
Fixed assets	
Land and improvements	1,216,656
Buildings and improvements	1,739,874
Furniture and equipment	661,731
Software	53,036
Less accumulated depreciation	<u>(1,245,948)</u>
Net fixed assets	<u>2,425,349</u>
Total Assets	<u>\$ 3,413,761</u>
<b>Liabilities and Net Assets</b>	
Current liabilities	
Accounts payable	\$ 34,926
Deferred revenue	3,250
Accrued payroll liabilities	45,290
Current portion of lease obligations payable	2,057
Current portion of long-term debt	<u>34,554</u>
Total current liabilities	<u>120,077</u>
Long-term debt	304,185
Lease obligation payable, less current portion	<u>9,435</u>
Total Liabilities	<u>433,697</u>
Net Assets	
Net assets without donor restrictions	
Board designations	300,000
Undesignated	<u>2,441,678</u>
Total net assets without donor restrictions	<u>2,741,678</u>
Net assets with donor restrictions	<u>238,386</u>
Total Net Assets	<u>2,980,064</u>
Total Liabilities and Net Assets	<u>\$ 3,413,761</u>

See accompanying auditors' report and notes to financial statements.

MANOS DE CRISTO, INC.  
(A Nonprofit Corporation)

STATEMENT OF ACTIVITIES

Year Ended December 31, 2018

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Revenues and Other Support			
Program service fees	\$ 1,821,608	\$ -	\$ 1,821,608
Contributions	366,229	81,675	447,904
Grants and contracts	369,131	509,859	878,990
Fundraising - special events, net of direct expenses of \$143,817	119,175	-	119,175
Contributed goods and services	271,158	-	271,158
Investment income	215	-	215
Net assets released from restriction	709,048	(709,048)	-
	<u>3,656,564</u>	<u>(117,514)</u>	<u>3,539,050</u>
<b>Total Revenues and Other Support</b>			
Expenses			
Program Services			
Basic needs services	101,723	-	101,723
Dental Center	2,246,245	-	2,246,245
Education	397,452	-	397,452
Back to school	85,621	-	85,621
Total Program Services	<u>2,831,041</u>	<u>-</u>	<u>2,831,041</u>
Supporting Services			
Management and general	262,885	-	262,885
Fundraising	304,860	-	304,860
Total Supporting Services	<u>567,745</u>	<u>-</u>	<u>567,745</u>
<b>Total Expenses</b>	<u>3,398,786</u>	<u>-</u>	<u>3,398,786</u>
Change in net assets	257,778	(117,514)	140,264
Net assets, beginning of year	<u>2,483,900</u>	<u>355,900</u>	<u>2,839,800</u>
Net assets, end of year	<u>\$ 2,741,678</u>	<u>\$ 238,386</u>	<u>\$ 2,980,064</u>

See accompanying auditors' report and notes to financial statements.

MANOS DE CRISTO, INC.  
(A Nonprofit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2018

Expenses	Program Services				Supporting Services		Totals
	Basic Needs	Dental Center	Education	Back to School	Management & General	Fundraising	
Salaries	\$ 33,163	\$ 1,473,132	\$ 164,641	\$ 11,608	\$ 81,920	\$ 179,365	\$ 1,943,829
Payroll taxes	2,261	49,617	11,396	-	4,962	11,824	80,060
Employee benefits	4,135	78,456	13,731	-	17,140	7,819	121,281
Total personnel costs	39,559	1,601,205	189,768	11,608	104,022	199,008	2,145,170
Programs and event supplies	7,896	334,335	21,061	61,462	-	-	424,754
Contributed goods and services	38,802	27,936	120,142	12,550	-	71,728	271,158
Depreciation	10,547	122,703	20,052	-	40,466	5,356	199,124
Occupancy	4,037	45,014	18,004	-	19,343	-	86,398
Contract labor	-	-	9,750	-	-	-	9,750
Insurance	-	10,090	7,486	-	14,320	-	31,896
Printing and photos	-	-	-	-	-	1,549	1,549
Office supplies	673	13,733	4,559	-	15,453	6,470	40,888
Repairs and maintenance	-	23,680	-	-	13,007	-	36,687
Bank service charges	-	15,454	-	-	7,582	-	23,036
Legal and accounting	-	4,600	-	-	5,450	-	10,050
Telephone & internet	-	8,160	-	-	8,291	3,373	19,824
Computer program maintenance	-	21,289	1,532	-	22,764	8,105	53,690
Postage and delivery	10	-	-	-	219	4,925	5,154
Mileage	-	6,340	-	-	285	700	7,325
Staff training	-	548	-	-	-	-	548
Medical services	-	422	-	-	-	1,909	2,331
Memberships and subscriptions	198	4,091	850	-	6,008	807	11,954
Payroll processing	-	572	89	-	989	449	2,099
Meetings and food	-	5,232	-	-	-	-	5,232
Licenses, bonds and fees	-	49	-	-	4,689	-	4,738
Gifts	-	795	4,159	-	-	477	5,431
Total expenses	<u>\$ 101,722</u>	<u>\$ 2,246,248</u>	<u>\$ 397,452</u>	<u>\$ 85,620</u>	<u>\$ 262,888</u>	<u>\$ 304,856</u>	<u>\$ 3,398,786</u>

See accompanying auditors' report and notes to financial statements.

MANOS DE CRISTO, INC.  
(A Nonprofit Corporation)

STATEMENT OF CASH FLOWS

Year Ended December 31, 2018

Cash Flows From Operating Activities:	
Total Change in Net Assets	\$ 140,264
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	199,124
Investment income	1,153
(Increase) decrease in operating assets	
Receivables	(76,488)
Inventory	(971)
Prepaid expense	20,756
Increase (decrease) in operating liabilities	
Accounts payable	(99,408)
Deferred revenue	(250)
Accrued liabilities	26,057
Net Cash from Operating Activities	<u>210,237</u>
Cash Flows From Investing Activities:	
Purchase of fixed assets	(149,388)
Sale of investments	2,415
Purchase of investments	(2,526)
Net Cash from Investing Activities	<u>(149,499)</u>
Cash Flows Provided by Financing Activities	
Borrowings under capital lease	12,574
Payments under capital lease obligation	(1,082)
Payment of debt	(33,286)
Cash from Financing Activities	<u>(21,794)</u>
Net Increase in Cash and Cash Equivalents	38,944
Cash and Cash Equivalents at beginning of year	<u>588,043</u>
Cash and Cash Equivalents at end of year	<u><u>\$ 626,987</u></u>
Supplemental data:	
Interest paid	<u>\$ 15,760</u>
Income taxes paid	<u>\$ -</u>

See accompanying auditors' report and notes to financial statements.

MANOS DE CRISTO, INC.  
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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 2018, 23 volunteer DDSs contributed 250.5 hours, 1 volunteer RDHs, 125 dental assistants and pre-dental students, 5 sterilization volunteers, and 17 other volunteers contributed 984 hours. All together, these 171 volunteers donated 1,234.25 hours of service, provided 6,524 unduplicated clients with 17,559 visits and 43,515 procedures.

For twenty-five years the four-operatory dental center 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-operatory 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 2018, 4,177 individuals in 1,458 families were served in the Food Pantry. Anyone who comes to the Clothes Closet can spend 20 minutes selecting gently used clothes. Manos served 1,139 families in the Clothes Closet who accounted for 3,383 people.

This level of service was made possible by 46 volunteers who gave 634 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, Manos de Cristo 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, nutrition classes and Spanish language and literacy classes. In 2018, 514 students enrolled in ESL classes, 188 participated in citizenship classes, 140 signed up for computer classes and Spanish GED, and 57 enrolled in Spanish language literacy. Most classroom instruction is provided by 97 volunteer teachers who generously taught for 6,589 hours during morning and evening classes.

MANOS DE CRISTO, INC.  
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

1. Description of Organization (continued)

**Back to School:** Each year, Manos de Cristo's 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 2018, 2,047 children received two sets of clothes, including socks and underwear, grade-appropriate school supplies and a backpack. 502 volunteers provided 1,506 hours of support preparing for the event, during the two-week distribution period and the end of program break-down and cleanup.

Sixty-four volunteers for special events contributed 334 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**

Net assets, revenues, gains, and losses are classified based on the existence of absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net assets without donor restrictions*

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net assets with donor restrictions*

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

MANOS DE CRISTO, INC.  
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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. 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, 2018, 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 year ended December 31, 2018 was \$199,124.

MANOS DE CRISTO, INC.  
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

2. Summary of Significant Accounting Policies (continued)

**Revenues**

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

**Contributions**

Contributions received are recorded as with donor, or without donor restrictions, depending on the existence or nature of any 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 net assets without donor restrictions 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 net assets with donor restrictions.

**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, Back to School supplies, and donated art 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.  
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

2. Summary of Significant Accounting Policies (continued)

**Investments**

The Organization reports investments in cash and cash equivalents, equities and fixed income securities at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

**Change in Not-for-Profit Accounting Standards**

On August 18, 2016, FASB issued accounting standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these consolidated financial statements accordingly.

**Federal Income Taxes**

The Organization is a not-for-profit corporation and is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. As such, no provision for federal income taxes has been made in the accompanying financial statements.

The Organization has adopted the recognition requirements for uncertain tax positions as required by GAAP, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more likely than not be sustained upon examination by taxing authorities. The Organization has analyzed the tax positions taken in its filings with the Internal Revenue Service and state jurisdictions where it operates. The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial position, changes in net assets or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain tax positions at December 31, 2018. The Organization is subject to income tax audits for the previous three years which are open. There are currently no audits for any tax periods.

MANOS DE CRISTO, INC.  
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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, 2018 by level within the fair value measurement hierarchy.

<u>Description</u>	<u>Amount</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Cash and cash equivalents	\$ 2,573	\$ -	\$ 2,573	\$ -
Fixed income - pooled funds	115,249	-	115,249	-
Total investments	<u>\$ 117,822</u>	<u>\$ -</u>	<u>\$ 117,822</u>	<u>\$ -</u>
Note payable	<u>\$ 338,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 338,739</u>

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

MANOS DE CRISTO, INC.  
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

4. Investments and Investment Income

Investment securities are carried at fair value and consist of following as of December 31, 2018:

<u>Type of Investment</u>	<u>Cost</u>	<u>Fair Value</u>
Fidelity Investments - cash	\$ 1,014	\$ 1,014
Texas Presbyterian Foundation		
Cash	1,559	1,559
Pooled funds - fixed income	106,618	115,249
Total Investments	<u>\$ 109,191</u>	<u>\$ 117,822</u>

5. Grants Receivable

Grants receivable consists of amounts awarded but not yet paid and due within the next year. Grants receivable consist of the following at December 31, 2018:

St. David's Foundation	<u>\$ 141,953</u>
Total	<u>\$ 141,953</u>

6. Long-Term Debt

The Organization purchased land in December 2014 using a note payable in the amount of \$301,000, with the purchased land as collateral. The Organization simultaneously 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 was unsecured. On April 5, 2016, Rathgeber Investment GP, Inc. forgave the \$301,000 and the \$11,543 note payables. The property located at Lot 1A, Block R, Resubdivision of West one-half of Lot 1 was released and discharged from all liens held by the undersigned securing said indebtedness.

The Organization had a note payable to First Citizens Bank which it refinanced on December 28, 2016 to fund floor repairs. The amount financed was \$387,134, at a fixed rate of 4.20%, with 6 monthly consecutive payments of interest only, followed by 119 monthly payments of \$4,010, and a final payment on June 28, 2027. The collateral is the Texas deed of trust for real property located at 4911 Harmon Ave, Austin, TX, 78751. The Organization incurred interest expense in the amount of \$14,834 at December 31, 2018. Total principal payments in 2018 were \$33,286.

MANOS DE CRISTO, INC.  
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

6. Long-Term Debt (continued)

Balance outstanding at year-end	\$	338,739
Less current portion of long-term debt		<u>(34,554)</u>
Long-term debt, net of current portion	\$	<u><u>304,185</u></u>

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

<u>Year</u>	<u>Amount</u>
2019	\$ 34,554
2020	36,037
2021	37,584
2022	39,197
2023	40,879
Thereafter	<u>150,488</u>
	<u><u>\$ 338,739</u></u>

In addition, the Organization has a line of credit in the amount of \$200,000. The balance of the line was \$0 at December 31, 2018.

7. Capital Lease Obligation

The Organization leases certain specialized office equipment under leases classified as capital leases. The leased equipment is depreciated on a straight-line basis over 60 months. The Organization incurred interest expense of \$926. Total principal payments in 2018 were \$1,082. Future minimum lease payments under the capital lease are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 2,057
2020	2,343
2021	2,668
2022	3,037
2023	<u>1,387</u>
	<u><u>\$ 11,492</u></u>

MANOS DE CRISTO, INC.  
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

8. Net Assets Without Donor Restrictions – Board Designations

Net assets without donor restrictions 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. The amount designated at December 31, 2018 for operating reserves was \$300,000.

9. Accrued Payroll Liabilities

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, 2018 was \$25,738. In addition, the Organization accrued bonuses as of December 31, 2018 in the amount of \$19,553.

10. Net Assets With Donor Restrictions

The Organization had the following net assets with donor restrictions at December 31, 2018:

<u>Restricted Purpose</u>	
Back to School program	\$ 23,936
Dental Center	25,000
St. David's Foundation expansion	<u>189,450</u>
Total	<u><u>\$ 238,386</u></u>

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, 2018, the cash balances exceeded FDIC coverage by \$88,729.

MANOS DE CRISTO, INC.  
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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:

	Basic Needs	Education	Dental Center	Back to School	Mgmt & General	Fundraising & Development	Total
Contributed goods							
Food for food pantry	\$ 38,522	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,522
Event space	-	-	-	12,500	-	-	12,500
Fund development materials	-	-	-	-	-	71,728	71,728
Contributed services							
Teachers	-	118,602	-	-	-	-	118,602
Technology specialist	-	1,540	-	-	-	-	1,540
Dentists and assistants	-	-	27,936	-	-	-	27,936
Other	280	-	-	50	-	-	330
Total	<u>\$ 38,802</u>	<u>\$ 120,142</u>	<u>\$ 27,936</u>	<u>\$ 12,550</u>	<u>\$ -</u>	<u>\$ 71,728</u>	<u>\$ 271,158</u>

13. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 626,987
Accounts receivable	15,334
Investments	<u>117,822</u>
	760,143
Less net assets with donor restrictions	(238,386)
Less Board designated net assets	<u>(300,000)</u>
	<u>\$ 221,757</u>

14. Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. Management has evaluated subsequent events through the date of the financial statements were available for issuance, May 8, 2019, and there were no subsequent events to be disclosed.