

**MANOS DE CRISTO, INC.**

FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT  
YEARS ENDED DECEMBER 31, 2010 and 2009

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

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying statements of financial position of **Manos de Cristo, Inc.** (a nonprofit organization) as of December 31, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Manos de Cristo, Inc.** as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

Austin, Texas  
March 21, 2011

FINANCIAL STATEMENTS

# MANOS DE CRISTO, INC.

## STATEMENTS OF FINANCIAL POSITION

December 31, 2010 and 2009

	2010	2009
<b>ASSETS</b>		
Current assets		
Cash	\$ 220,186	\$ 299,124
Investments (note 2)	85,589	78,042
Receivables		
United Way allocations	25,500	30,000
Grants and contracts	7,500	6,000
Prepaid expenses	11,728	5,746
Total current assets	350,503	418,912
Fixed assets		
Land and buildings (note 3)	1,046,347	865,986
Furniture and equipment	210,708	196,114
Leasehold improvements	16,602	15,152
Software	10,299	9,099
Less accumulated depreciation	(291,311)	(266,958)
Net fixed assets	992,645	819,393
<b>Total assets</b>	<b>\$1,343,148</b>	<b>\$1,238,305</b>
 <b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 11,561	\$ 5,662
Vacation accrual	7,841	8,792
Current portion of long-term debt (note 3)	36,686	34,324
Total current liabilities	56,088	48,778
Long-term debt (note 3)	380,646	417,332
Commitments - operating lease (note 6)		
Total liabilities	436,734	466,110
Net assets		
Unrestricted net assets		
Available for general operations	96,536	160,445
Board designations (note 4)	130,812	130,812
Investment in fixed assets	575,314	367,737
Total unrestricted net assets	802,662	658,994
Temporarily restricted net assets (note 5)	103,752	113,201
Permanently restricted net assets	-	-
Total net assets	906,414	772,195
<b>Total liabilities and net assets</b>	<b>\$1,343,148</b>	<b>\$1,238,305</b>

See accompanying Notes to Financial Statements.

# MANOS DE CRISTO, INC.

## STATEMENTS OF ACTIVITIES

Years Ended December 31, 2010 and 2009

	2010			
	Current Operating Funds		Permanently Restricted	Total
	Unrestricted	Temporarily Restricted		
<b>REVENUES AND OTHER SUPPORT</b>				
Program service fees - patient fees	\$ 947,540	\$ -	\$ -	\$ 947,540
Contributions	147,157	206,579	-	353,736
Grants, allocations and contracts	1,000	287,750	-	288,750
Contributed goods and services (note 7)	102,114	-	-	102,114
Fund raising - special events	75,368	375	-	75,743
Education program revenues	9,237	-	-	9,237
Investment income (note 2)	6,721	-	-	6,721
Miscellaneous revenue	1,835	-	-	1,835
Net assets released from donor imposed restrictions (note 5)	<u>504,153</u>	<u>(504,153)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>1,795,125</u>	<u>(9,449)</u>	<u>-</u>	<u>1,785,676</u>
<b>EXPENSES</b>				
Program services				
Basic Needs Services	93,557	-	-	93,557
Dental Clinic	1,087,901	-	-	1,087,901
Education	161,557	-	-	161,557
Back to School	66,573	-	-	66,573
Total program services	<u>1,409,588</u>	<u>-</u>	<u>-</u>	<u>1,409,588</u>
Supporting services				
Management and general	64,407	-	-	64,407
Fund raising	175,352	-	-	175,352
Total expenses	<u>1,649,347</u>	<u>-</u>	<u>-</u>	<u>1,649,347</u>
<b>CHANGE IN NET ASSETS (decrease)</b>	145,778	(9,449)	-	136,329
Other changes in net assets				
Refund of prior year fees	(2,110)	-	-	(2,110)
<b>NET ASSETS</b>				
Beginning of year	<u>658,994</u>	<u>113,201</u>	<u>-</u>	<u>772,195</u>
<b>End of Year</b>	<u>\$ 802,662</u>	<u>\$ 103,752</u>	<u>\$ -</u>	<u>\$ 906,414</u>

See accompanying Notes to Financial Statements.

**MANOS DE CRISTO, INC.**

STATEMENTS OF ACTIVITIES - continued

Years Ended December 31, 2010 and 2009

	2009			
	Current Operating Funds			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES AND OTHER SUPPORT</b>				
Program service fees - patient fees	\$ 843,525	\$ -	\$ -	\$ 843,525
Grants, allocations and contracts	13,317	204,514	-	217,831
Contributions	177,225	38,949	-	216,174
Contributed goods and services	108,800	-	-	108,800
Fund raising - special events	68,615	33,604	-	102,219
Investment income (note 2)	8,761	-	-	8,761
Education program revenues	6,697	-	-	6,697
Miscellaneous revenue	267	-	-	267
Net assets released from donor imposed restrictions (note 5)	315,211	(315,211)	-	-
<b>Total revenues and other support</b>	<b>1,542,418</b>	<b>(38,144)</b>	<b>-</b>	<b>1,504,274</b>
<b>EXPENSES</b>				
Program services				
Basic Needs Services	94,077	-	-	94,077
Dental Clinic	952,071	-	-	952,071
Education	153,612	-	-	153,612
Back to School	83,836	-	-	83,836
<b>Total program services</b>	<b>1,283,596</b>	<b>-</b>	<b>-</b>	<b>1,283,596</b>
Supporting services				
Management and general	56,066	-	-	56,066
Fund raising	162,110	-	-	162,110
<b>Total expenses</b>	<b>1,501,772</b>	<b>-</b>	<b>-</b>	<b>1,501,772</b>
<b>CHANGE IN NET ASSETS (decrease)</b>	<b>40,646</b>	<b>(38,144)</b>	<b>-</b>	<b>2,502</b>
Other changes in net assets				
Refund of prior year fees	(2,500)	-	-	(2,500)
<b>NET ASSETS</b>				
Beginning of year	620,848	151,345	-	772,193
<b>End of Year</b>	<b>\$ 658,994</b>	<b>\$ 113,201</b>	<b>\$ -</b>	<b>\$ 772,195</b>

See accompanying Notes to Financial Statements.

**MANOS DE CRISTO, INC.**

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2010 and 2009

EXPENSES	2010						
	Program Services				Supporting Services		Total
	Basic Needs	Dental Clinic	Education	Back to School	Management & General	Fund Raising	
Salaries	\$ 49,257	\$ 709,416	\$ 58,779	\$ 13,147	\$ 29,868	\$ 64,660	\$ 925,127
Payroll taxes	3,723	53,237	4,452	960	2,260	4,914	69,546
Employee benefits	3,882	23,307	3,456	-	8,775	7,577	46,997
Total personnel	<u>56,862</u>	<u>785,960</u>	<u>66,687</u>	<u>14,107</u>	<u>40,903</u>	<u>77,151</u>	<u>1,041,670</u>
Programs and events supplies	3,585	148,190	7,799	42,579	-	30,806	232,959
Contributed goods and Services (note 7)	-	50,019	37,710	6,786	2,100	1,500	98,115
Depreciation	10,988	20,009	19,864	-	7,640	6,563	65,064
Occupancy	5,113	28,440	7,217	295	1,675	3,068	45,808
Interest	9,368	-	13,208	-	2,647	3,869	29,092
Printing and photos	-	-	139	-	23	21,037	21,199
Insurance	4,782	8,817	2,260	-	1,223	1,388	18,470
Office supplies	845	7,934	1,364	129	1,663	2,435	14,370
Contract labor	-	-	-	420	-	10,985	11,405
Bank service charges	12	7,405	12	-	84	983	8,496
Postage and delivery	-	434	445	1,923	334	4,937	8,073
Repairs and maintenance	196	5,661	321	-	754	225	7,157
Telephone	601	3,477	900	-	566	257	5,801
Legal and accounting	750	1,500	750	-	1,000	1,000	5,000
Computer program maintenance	-	1,441	-	-	-	3,315	4,756
Meetings and food	-	293	64	178	822	2,760	4,117
Medical services	-	3,704	-	-	28	20	3,752
Furnishings and equipment	-	2,263	410	-	475	450	3,598
Staff training	-	2,725	-	-	233	239	3,197
Licenses, bonds and fees	40	2,716	57	-	5	321	3,139
Gifts	100	1,543	100	-	868	357	2,968
Memberships and subscriptions	-	1,865	-	-	767	-	2,632
Mileage	8	1,363	161	132	126	837	2,627
Payroll processing	97	1,572	107	24	371	221	2,392
Computer software	-	-	1,642	-	-	538	2,180
Internet services	210	495	315	-	62	90	1,172
Advertising	-	75	25	-	-	-	100
Miscellaneous	-	-	-	-	38	-	38
<b>Total expenses</b>	<u>\$ 93,557</u>	<u>\$1,087,901</u>	<u>\$ 161,557</u>	<u>\$ 66,573</u>	<u>\$ 64,407</u>	<u>\$ 175,352</u>	<u>\$1,649,347</u>

See accompanying Notes to Financial Statements.



## MANOS DE CRISTO, INC.

### STATEMENTS OF FUNCTIONAL EXPENSES - continued

Years Ended December 31, 2010 and 2009

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

See accompanying Notes to Financial Statements.

# MANOS DE CRISTO, INC.

## STATEMENTS OF CASH FLOWS

Years Ended December 31, 2010 and 2009

	2010	2009
<b>CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES</b>		
Change in net assets	\$ 136,329	\$ 2,552
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	65,064	51,078
Unrealized (gain) loss on investments	(3,104)	(4,792)
Contribution of fixed assets	(3,999)	-
Other non-cash accounting entries	(13)	(1,435)
(Increase) decrease in operating assets		
Receivables	3,000	60,750
Prepaid expenses	(5,982)	3,449
Increase (decrease) in operating liabilities		
Accounts payable	5,899	(1,860)
Vacation accrual	(951)	1,269
	<b>196,243</b>	<b>111,011</b>
<b>CASH FLOWS PROVIDED BY (USED BY) INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(234,305)	(63,904)
Purchase of investments	(4,442)	(3,329)
	<b>(238,747)</b>	<b>(67,233)</b>
<b>CASH FLOWS PROVIDED BY (USED BY) FINANCING ACTIVITIES</b>		
Reduction of long-term debt	(34,324)	(32,116)
<b>NET INCREASE IN CASH (decrease)</b>	<b>(76,828)</b>	<b>9,162</b>
Other changes in cash - refund of prior year fees	(2,110)	(2,500)
<b>CASH</b>		
Beginning of year	<b>299,124</b>	289,962
<b>End of year</b>	<b>\$ 220,186</b>	<b>\$ 299,124</b>
<b>Supplementary Information</b>		
Interest paid	<b>\$ 29,092</b>	\$ 32,302
Taxes paid	<b>\$ -</b>	\$ -
Non-cash investing activities		
Disposal of fixed assets	<b>\$ 40,699</b>	\$ 23,048
Accumulated depreciation related to disposal	<b>\$ (40,699)</b>	\$ (22,501)
Donated fixed assets	<b>\$ 3,999</b>	\$ -

See accompanying Notes to Financial Statements.

**MANOS DE CRISTO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended December 31, 2010 and 2009**

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

Description of Organization

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

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

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

**Dental Clinic:** The Manos de Cristo Dental Clinic serves families who do not have dental insurance, earn too much to qualify for assistance programs and generally are 150% or less of the Federal Poverty Guidelines. The Clinic offers a full array of general dentistry services including emergency treatments and preventative and restorative services at about 47% of private practice rates. Dental health education is provided in English and/or Spanish at every visit. In 2010, the Clinic staff, together with 55 volunteers who donated 1,756 hours of service, provided 4,066 unduplicated clients with 9,469 visits and 30,031 procedures. We experienced a 12% increase in the number of clients served over 2009.

**Basic Needs Services:** Manos de Cristo operates a Food Pantry and Clothes Closet. Six families a day who are in need of a helping hand can get about one week's food at no charge. In 2010, 4,390 individuals in 1,251 families were served in the Food Pantry. Anyone who comes to the Clothes Closet can spend 20 minutes selecting gently used clothes. We served 1,396 families in the Clothes Closet who accounted for 4,940 people.

This level of service was made possible by 57 volunteers who gave 1,000 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 literacy classes. In 2010, 417 students enrolled in ESL classes, 62 participated in Citizenship classes, and 213 signed up for computer classes. Both the nutrition and Spanish language literacy classes were new in 2010. Ten peoples signed up for nutrition and 21 enrolled in Spanish language literacy. Most classroom instruction is provided by 73 volunteer teachers who generously taught for 2,095 hours during morning and evening classes.

**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. This year, we provided a record-setting 2,249 children with two sets of clothes, including socks and underwear, grade appropriate school supplies and a backpack. Four hundred and seventy seven volunteers provided 2,862 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, IT and other activities like lawn-cleanup day contributed 504 hours.

In November, 2010, Manos was adopted by a local philanthropist who agreed to lead a capital campaign to help the agency realize a long-held objective of converting under-used space in the Programs and Administration building for the Clinic. We expect to at least double the size of the Clinic from four operatories to 8. We are also in negotiations with People's Community Clinic to accept dental referrals for their patients and to house three medical examination rooms for them in our newly renovated space. As of December 31, 2010, \$150,700 had been raised for this campaign which is included in contributions. Further details of the capital campaign are being worked and will be announced as appropriate.

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

**MANOS DE CRISTO, INC.**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Years Ended December 31, 2010 and 2009**

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

Summary of Significant Accounting Policies

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

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

**Reclassifications:** Certain reclassifications have been made to the 2009 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

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

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

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

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

**Fair Value Measurements:** Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Manos measures and discloses fair value in accordance with the following hierarchy.

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

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

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

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

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

**MANOS DE CRISTO, INC.**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Years Ended December 31, 2010 and 2009**

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

law temporarily or permanently restricts their use.

**Receivables:** Receivables reported are allocations and promises to give within one year in the form of grants. The receivables create a credit risk for the Organization, should the parties to the receivables fail to perform as obligated. The Organization's policy for determining when these type receivables are past due is based on when the payments are promised. At year end 2010 and 2009, no receivables are considered past due.

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

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 received program service fees through fees charged at the Dental Clinic and through student fees and books sales charged by the Education Programs.

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

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

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

**Subsequent Events:** The Organization has evaluated subsequent events through March 29, 2011, the date which the financial statements were available to be issued.

**NOTE 2: INVESTMENTS AND INVESTMENT INCOME**

Investments reported in the financial statements consist of the following. The fair value of investments is measured using Level 1 inputs.

Type of Investment	2010		2009	
	Cost	Fair Value	Cost	Fair Value
Texas Presbyterian Foundation				
Cash	430	430	354	354
Pooled Funds - fixed income	75,196	85,159	70,829	77,688
<b>Investments</b>	<b>\$ 75,626</b>	<b>\$ 85,589</b>	<b>\$ 71,183</b>	<b>\$ 78,042</b>

**MANOS DE CRISTO, INC.**  
**NOTES TO FINANCIAL STATEMENTS – continued**  
**Years Ended December 31, 2010 and 2009**

**NOTE 2: INVESTMENTS AND INVESTMENT INCOME - continued**

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

	<u>2010</u>	<u>2009</u>
Interest and dividend income	\$ 3,618	\$ 3,850
Gain on sale of investments	-	119
Unrealized gains	<u>3,104</u>	<u>4,792</u>
<b>Investment income</b>	<b><u>\$ 6,722</u></b>	<b><u>\$ 8,761</u></b>

**NOTE 3: LONG-TERM DEBT**

Long-term debt at year end 2010 consists of the following.

Note payable to a bank dated June, 2005, original amount \$600,000, interest accrues at 6.58% fixed rate, \$5,285 monthly payments until May, 2012, when the balance of the note is due, collateral is a deed of trust on real estate	\$ 417,332
Less current portion of long-term debt	<u>(36,686)</u>
<b>Long-term debt, net of current portion</b>	<b><u>\$ 380,686</u></b>

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

Interest incurred and charged to expense for 2010 and 2009 was \$29,092 and \$31,302, respectively.

**NOTE 4: UNRESTRICTED NET ASSETS - DESIGNATIONS**

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

For 2010 and 2009, the board of directors designated remaining proceeds from the 2005 sale of the Willow property, in the amount of \$130,812, for payment on the Harmon property note payable and for future expansion of program services.

**NOTE 5: TEMPORARILY RESTRICTED NET ASSETS**

In 2010 and 2009, temporarily restricted net assets of \$504,153 and \$315,211, respectively were released from their accompanying stipulations due to the Organization's actions or through the passage of time and are considered net assets released from restrictions and reported as transfers from temporarily restricted net assets to unrestricted net assets in the statements of activity.

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

<u>Funding Source</u>	<u>2010</u>	<u>2009</u>	<u>Restrictions Imposed</u>
Contributions	\$ 28,487	\$ 62,811	for the Harmon project
United Way allocation	25,500	30,000	time restricted for 2011
Foundation contribution	25,000	5,000	time restricted for 2011
Contributions	24,765	2,448	for specific programs or events
Foundation grants	<u>-</u>	<u>12,942</u>	for purchase of fixed assets
<b>Total</b>	<b><u>\$ 103,752</u></b>	<b><u>\$ 113,201</u></b>	

**MANOS DE CRISTO, INC.**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Years Ended December 31, 2010 and 2009**

**NOTE 6: COMMITMENTS - OPERATING LEASES**

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

Lease expense for the years 2010 and 2009 under operating leases was \$14,520 and \$13,200, respectively.

**NOTE 7: 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>2010</u>					
	<u>Education</u>	<u>Dental Clinic</u>	<u>Back to School</u>	<u>Management &amp; General</u>	<u>Fund Raising</u>	<u>Total</u>
Contributed goods						
Backpacks and school supplies	\$ -	\$ -	\$ 6,786	\$ -	\$ -	\$ 6,786
Event space	-	-	-	-	1,500	1,500
Contributed services						
Teachers	37,710	-	-	-	-	37,710
Technology specialist	-	-	-	2,100	-	2,100
Dental clinic repairs	-	1,018	-	-	-	1,018
Dentists and assistants	-	48,205	-	-	-	48,205
Other contributed services	-	796	-	-	-	796
<b>Total expenses</b>	<b>37,710</b>	<b>50,019</b>	<b>6,786</b>	<b>2,100</b>	<b>1,500</b>	<b>98,115</b>
Contributed goods						
Capitalized as fixed assets	-	3,999	-	-	-	3,999
<b>Total support</b>	<b>\$ 37,710</b>	<b>\$ 54,018</b>	<b>\$ 6,786</b>	<b>\$ 2,100</b>	<b>\$ 1,500</b>	<b>\$108,185</b>
	<u>2009</u>					
	<u>Education</u>	<u>Dental Clinic</u>	<u>Back to School</u>	<u>Management &amp; General</u>	<u>Fund Raising</u>	<u>Total</u>
Contributed goods						
Backpacks and school supplies	\$ -	\$ -	\$ 18,811	\$ -	\$ -	\$ 18,811
Room dividers	-	-	1,032	-	-	1,032
Other goods	-	-	850	-	-	850
Contributed services						
Teachers	32,400	-	-	1,575	-	33,975
Web design	-	-	-	-	4,000	4,000
Event space design	-	-	5,000	-	-	5,000
Dental clinic repairs	-	2,794	-	-	-	2,794
Dentists and assistants	-	41,907	-	-	-	41,907
Other contributed services	-	155	212	-	64	431
<b>Total</b>	<b>\$ 32,400</b>	<b>\$ 44,856</b>	<b>\$ 25,905</b>	<b>\$ 1,575</b>	<b>\$ 4,064</b>	<b>\$ 108,800</b>