

MANOS DE CRISTO, INC.
(A Nonprofit Corporation)

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

DECEMBER 31, 2022

MANOS DE CRISTO, INC.
(A Nonprofit Corporation)

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FINANCIAL STATEMENTS

December 31, 2022

INDEX TO FINANCIAL STATEMENTS

Independent Auditors' Report.....	1
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Manos de Cristo, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Manos de Cristo, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Manos de Cristo, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Manos de Cristo, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Allman & Associates, Inc.

Austin, Texas
May 19, 2023

MANOS DE CRISTO, INC.
(A Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION

December 31, 2022

Assets

Current assets	
Cash and cash equivalents	\$ 911,606
Investments	124,672
Other investments, current	155,000
Accounts receivable	13,608
Grants receivable	268,093
Inventory	52,774
Prepaid expenses	59,309
Total current assets	<u>1,585,062</u>
Other investments, non-current	157,000
Fixed assets, net of accumulated depreciation	<u>1,872,566</u>
Total assets	<u><u>\$ 3,614,628</u></u>

Liabilities and Net Assets

Current liabilities	
Accounts payable	\$ 48,589
Accrued payroll liabilities	63,003
Deferred revenue - gala	5,000
Finance lease obligations payable	1,387
Total current liabilities	<u>117,979</u>
Total liabilities	<u>117,979</u>
Net assets	
Without donor restrictions	
Board designations	500,000
Undesignated	2,706,144
Total net assets without donor restrictions	<u>3,206,144</u>
With donor restrictions	
Purpose restrictions	290,505
Total net assets with donor restrictions	<u>290,505</u>
Total net assets	<u>3,496,649</u>
Total liabilities and net assets	<u><u>\$ 3,614,628</u></u>

See accompanying auditors' report and notes to financial statements.

MANOS DE CRISTO, INC.
(A Nonprofit Corporation)

STATEMENT OF ACTIVITIES

Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Program service fees	\$ 1,821,270	\$ -	\$ 1,821,270
Contributions	462,876	7,508	470,384
Grants and contracts	342,325	270,593	612,918
Special events	554,414	-	554,414
Contributed goods and services	220,200	-	220,200
Net investment return	(14,573)	-	(14,573)
Interest income from cash accounts	2,955	-	2,955
Gain on casualty loss	154,694	-	154,694
Net assets released from restriction	307,212	(307,212)	-
Total revenue and other support	3,851,373	(29,111)	3,822,262
Expenses:			
Program services:			
Basic needs	128,006	-	128,006
Dental center	2,417,026	-	2,417,026
Education	374,657	-	374,657
Back to school	22,239	-	22,239
Total program services	2,941,928	-	2,941,928
Supporting services:			
Management and general	314,165	-	314,165
Fundraising	534,189	-	534,189
Total supporting services	848,354	-	848,354
Total expenses	3,790,282	-	3,790,282
Change in net assets	61,091	(29,111)	31,980
Net assets, beginning of year	3,145,053	319,616	3,464,669
Net assets, end of year	\$ 3,206,144	\$ 290,505	\$ 3,496,649

See accompanying auditors' report and notes to financial statements.

MANOS DE CRISTO, INC.
(A Nonprofit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022

Expenses	Program Services				Supporting Services		Totals
	Basic Needs	Dental Center	Education	Back to School	Management and General	Fundraising	
Bank service charges	\$ -	\$ 19,657	\$ -	\$ -	\$ 12,884	\$ -	\$ 32,541
Computer program maintenance	-	-	-	-	-	20,943	20,943
Contributed goods and services	62,923	1,740	112,860	-	-	42,677	220,200
Depreciation	10,118	115,758	17,389	-	40,645	4,110	188,020
Event venue	-	-	-	-	-	72,182	72,182
Gifts	-	2,598	7	-	6,794	112	9,511
Insurance	-	8,732	5,642	-	12,042	-	26,416
Legal and accounting	-	5,600	-	-	6,460	-	12,060
Licenses, bonds, and fees	-	4,995	-	-	-	11,066	16,061
Meals and entertainment	-	-	-	-	-	95,576	95,576
Meetings	-	219	-	-	707	46	972
Memberships and subscriptions	-	-	-	-	-	2,225	2,225
Occupancy	-	29,707	17,181	-	31,833	3,594	82,315
Office supplies	233	21,611	1,411	-	16,107	4,343	43,705
Other	-	1,883	-	-	8,789	9,203	19,875
Personnel costs	52,066	1,877,910	189,744	-	111,395	255,811	2,486,926
Postage and delivery	-	27	407	-	120	882	1,436
Printing and photos	-	-	-	-	-	7,269	7,269
Programs and event supplies	2,666	305,592	29,866	22,239	-	-	360,363
Repairs and maintenance	-	12,177	-	-	16,047	-	28,224
Staff training	-	756	150	-	-	9	915
Telephone and internet	-	8,064	-	-	50,342	4,141	62,547
Total expenses by function	128,006	2,417,026	374,657	22,239	314,165	534,189	3,790,282

See accompanying auditors' report and notes to financial statements.

MANOS DE CRISTO, INC.
(A Nonprofit Corporation)

STATEMENT OF CASH FLOWS

Year Ended December 31, 2022

Cash flows from operating activities:	
Total change in net assets	\$ 31,980
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	188,020
Net investment return	14,573
Gain on casualty loss	(154,694)
(Increase) decrease in operating assets	
Receivables	(118,575)
Inventory	4,818
Prepaid expenses	(15,180)
Increase (decrease) in operating liabilities	
Accounts payable	10,636
Accrued payroll liabilities	15,272
Deferred revenue - gala	5,000
Net cash from operating activities	<u>(18,150)</u>
Cash flows used by investing activities:	
Purchase of fixed assets	(169,288)
Purchase of investments	(312,000)
Proceeds from insurance settlement	48,769
Net cash used by investing activities	<u>(432,519)</u>
Cash flows used by financing activities:	
Payments under capital lease obligation	(3,037)
Principal payment of long-term debt	(230,214)
Net cash used by financing activities	<u>(233,251)</u>
Net increase in cash and cash equivalents	(683,920)
Cash and cash equivalents at beginning of year	<u>1,595,526</u>
Cash and cash equivalents at end of year	<u><u>\$ 911,606</u></u>
Supplemental data:	
Interest paid	<u><u>\$ 6,859</u></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, 2022

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 dental services including emergency treatments, 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 2022, 2 volunteer DDS’s contributed 29 hours, 3 pre-dental students, contributed 42 hours. The Dental Center provided 5,422 unduplicated clients with 16,841 visits and 43,037 procedures.

Basic Needs: Manos de Cristo operates a Food Pantry and Clothes Closet. Manos de Cristo’s Food Pantry continues to serve families from 8-11 am, Monday-Friday. In 2022 Manos served food pantry clients every 2 months, a total of 4,929 people were served through the Food Pantry. Manos continued to shop through the Capital Area Food Bank, Sam’s Clubs and HEB. The Austin Area Presbyterian Churches and generous donations also supplemented the Food Pantry. The Manos Clothes Closet served 771 individuals in 2022.

In 2022, 16 volunteers provided 210 hours of service, as Manos continues to only allow volunteers that have met CDC guidelines (vaccinated) indoors. The Clothes Closet opened for clients that have met CDC guidelines (vaccinated) and others were able to select clothing through the door.

MANOS DE CRISTO, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

1. Description of Organization (continued)

Education: Manos offers several levels of English as a Second Language (ESL), introductory and intermediate computer classes, U.S. Citizenship classes, and Spanish literacy classes. In 2022, 512 students enrolled in ESL classes, 102 participated in citizenship classes, 153 in computer literacy classes, and 11 in Spanish literacy classes. In 2022 111 volunteers provided 6,270 hours of instruction; classes were taught virtually and in-person.

Back to School: In 2022 Manos provided 1,200 backpacks for students through Foundation Communities, Pflugerville Education Foundation and through the Clothes Closet. An in-person Back to School event was not held in 2022.

The Organization is primarily funded through program services fees, contributions, grants and contracts.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Under this method, revenue is recognized when earned and expenditures are recorded when incurred. Accordingly, the financial statements reflect all significant receivables, payables, and other assets and liabilities.

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor (or certain 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. This includes any board designated net assets for specific purposes, as the board of directors may reverse these restrictions at any time in the future. Net assets without donor restrictions include the revenues and expenses of the primary operations of the Organization.

MANOS DE CRISTO, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

2. Summary of Significant Accounting Policies (continued)

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.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates include those used in the functional allocation of expenses and depreciation of assets. 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, unless designated for investment purposes.

Investments

The Organization reports investments in cash and cash equivalents, equities and fixed income securities at their fair values in the statement of financial position. Net investment return 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.

Other Investments

Other investments consist of CD's traded in the financial markets. The Organization records the CD's at cost and does not recognize unrealized gains and losses.

Receivables

Accounts receivable consist of amounts due to the Organization for services rendered. Grants receivable consist of amounts awarded but not yet paid. The allowance for uncollectible accounts is determined based on historical experience and a review of subsequent collections. No allowance for doubtful accounts has been recorded in these financial statements as all receivables are considered collectible.

Inventories

Inventories, consist of dental supplies, Back to School supplies, and donated art. Inventory that is purchased is 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.

MANOS DE CRISTO, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

2. Summary of Significant Accounting Policies (continued)

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. Costs of routine repairs and maintenance are charged to expense as incurred.

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.

Revenue and Revenue Recognition

Contributions and grants received (including unconditional promises to give) are recorded as support with donor restrictions, or without donor restrictions, in the period received depending on the existence and/or nature of any donor restrictions. Promises to give are recognized as revenue only if sufficient evidence exists in the form of verifiable documentation that a promise was made and received. The Organization reports contributions as restricted support if the support is received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. Conditional promises to give are not recognized until the condition on which they depend have been substantially met.

Manos receives program service fees through fees charged at the Dental Center and through student fees and book sales charged by the Education Programs. Manos recognizes revenue from the Dental Center as services are provided, the student fees at the time of classes, and the book sales at the time of the sale. Manos records special events revenue less the fair value of direct benefits to donors. Program service fees and payments received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

MANOS DE CRISTO, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

2. Summary of Significant Accounting Policies (continued)

The Organization periodically receives revenue in the current period which relates to the following year's activities and programs. Revenue received in advance is deferred to the applicable year earned, and is classified as deferred revenue in the statement of financial position. During the year ended December 31, 2022, the Organization received \$5,000 for the 2023 gala which was recorded as deferred revenue on the statement of financial position at December 31, 2022.

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. Additionally, Manos 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.

Functional Allocation of Expenses

The costs of program and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses reports the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses identified with a specific program or that relate to a specific source of revenue are allocated directly to that program. Personnel costs have been allocated based on time and effort spent in each area. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Federal Income Taxes

The Organization is a not-for-profit corporation and is exempt from federal income taxes, except for unrelated business income, 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.

MANOS DE CRISTO, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

2. Summary of Significant Accounting Policies (continued)

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, 2022. The Organization is subject to income tax audits for the previous three years which are open. There are currently no audits in progress for any open tax periods.

Changes in Accounting Standards

In September 2020, the FASB issued ASU 2020-07, *Not-for Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"), to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. ASU 2020-07 is effective for annual period beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. The Organization has implemented ASU 2020-07 with no significant change in presentation and disclosures.

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases*. This guidance impacts the presentation of an entity's leasing activities and requires the recognition of lease (right-of-use) assets and related lease liabilities on the statement of financial position and disclosure of key information about leasing arrangements. The Organization adopted ASU 2016-02 on January 1, 2022 and utilized all the available practical expedients for existing leases on the adoption date and allowed the Organization not to assess whether an existing contract contains a lease or initial direct costs. The adoption did not have a material impact on the Organization's financial statements.

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).

MANOS DE CRISTO, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

3. Fair Value Measurements and Disclosures (continued)

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 statement of financial position at their fair value as of December 31, 2022 by level within the fair value measurement hierarchy.

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)
Cash and cash equivalents	\$ 5,307	\$ -	\$ 5,307	\$ -
Fixed income - pooled funds	119,365	-	119,365	-
Total investments	<u>\$ 124,672</u>	<u>\$ -</u>	<u>\$ 124,672</u>	<u>\$ -</u>

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

4. Other Investments

At December 31, 2022, gross unrealized gains and losses pertaining to brokered CD's were as follows:

Description	Cost	Market Value	Unrealized Gains	Unrealized Losses
Certificates of deposit	\$ 312,000	\$ 308,347	\$ -	\$ 3,653
Total other investments	<u>\$ 312,000</u>	<u>\$ 308,347</u>	<u>\$ -</u>	<u>\$ 3,653</u>

MANOS DE CRISTO, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

5. Grants receivable

Grants receivable are due within the next year, and consist of the following at December 31, 2022:

St. David's Foundation	<u>\$ 268,093</u>
Total grants receivable	<u><u>\$ 268,093</u></u>

6. Fixed assets

Major classes of fixed assets at December 31, 2022 consisted of the following:

Land and improvements	\$ 1,216,656
Buildings and improvements	1,808,756
Furniture and equipment	742,102
Software	53,036
Less accumulated depreciation	<u>(1,947,984)</u>
Total fixed assets, net of accumulated depreciation	<u><u>\$ 1,872,566</u></u>

Depreciation expense for the year ended December 31, 2022 was \$188,020.

7. 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, 2022 was \$32,350. In addition, the Organization accrued bonuses as of December 31, 2022 in the amount of \$30,653.

8. Long-Term Debt

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. In September 2022, the organization paid off the balance of the note payable. The Organization incurred interest expense in the amount of \$6,429 during the year ended December 31, 2022.

MANOS DE CRISTO, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

8. Long-Term Debt (continued)

In addition, the Organization has a line of credit in the amount of \$200,000 at an interest rate of 7.75%. There were no draws or repayments during 2022, and the balance of the line was \$0 at December 31, 2022.

9. Finance Lease Obligation

The Organization leases certain specialized office equipment under leases classified as finance leases. The leased equipment is depreciated on a straight-line basis over 60 months. For the year ended December 31, 2022, the Organization incurred interest expense of \$430. Total principal payments in 2022 were \$3,037. Future minimum lease payments under the finance lease is \$1,387 due in 2023.

10. Board Designated Net Assets

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. In January 2022, the board approved an increase in the operating reserve to \$450,000. The amount designated at December 31, 2022 for operating and building reserves was \$500,000.

11. Net Assets With Donor Restrictions

As of December 31, 2022, net assets with donor restrictions are restricted for the following purposes:

Back to school	\$ 13,662
Dental center	8,750
St. David's Foundation - Dental Center	<u>268,093</u>
 Total net assets with donor restrictions	 <u><u>\$ 290,505</u></u>

MANOS DE CRISTO, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

11. Net Assets With Donor Restrictions (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2022:

Back to school	\$ 22,239
Dental center	10,000
Education	6,880
St. David's Foundation - Dental Center	<u>268,093</u>
 Total net assets released from donor restrictions	 <u><u>\$ 307,212</u></u>

12. 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 periodically monitors its financial positions with the institutions. At December 31, 2022, the cash balances exceeded FDIC coverage by \$109,867.

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the near-term could materially affect the amounts reported in the statement of financial position.

The Organization generally does not maintain collateral for its accounts receivable, and does not believe significant credit risk exists as December 31, 2022.

13. 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 and were utilized by the following programs and supporting services:

MANOS DE CRISTO, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

13. Contributed Goods and Services (continued)

	<u>Basic Needs</u>	<u>Education</u>	<u>Dental Center</u>	<u>Fundraising</u>	<u>Total</u>
Contributed goods					
Food for food pantry	\$ 62,923	\$ -	\$ -	\$ -	\$ 62,923
Fund development materials	-	-	-	42,677	42,677
Contributed services					
Teachers	-	112,860	-	-	112,860
Dentists and assistants	-	-	1,740	-	1,740
Total contributed goods and services	<u>\$ 62,923</u>	<u>\$ 112,860</u>	<u>\$ 1,740</u>	<u>\$ 42,677</u>	<u>\$ 220,200</u>

14. Liquidity and Availability

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

Cash and cash equivalents	\$ 911,606
Investments	124,672
Other investments	312,000
Accounts receivable	13,608
Grants receivable	268,093
Total financial assets	<u>1,629,979</u>
Less those unavailable for general expenditure within one year due to:	
Donor-imposed restrictions	(290,505)
Board designations	(500,000)
CD's with maturities beyond one year	<u>(157,000)</u>
Financial assets available within one year to meet cash needs for general expenditures	<u>\$ 682,474</u>

The Organization manages day-to-day cash needs through a continually-refined system of tracking of payments and contributions, as well as on-hand cash management. The Organization has \$500,000 Board designated net assets; although the Organization does not intend to spend from this fund, it could be made available if necessary.

MANOS DE CRISTO, INC.
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

15. Gain on Casualty Loss

During the year ended December 31, 2021, the Organization's building sustained windstorm and hail damage. The Organization filed a claim on its property insurance and in 2021 received \$117,717 in advances. The amount was recorded in deferred revenue at December 31, 2021. In 2022, the organization received additional insurance proceeds for a total of \$166,488 collected. In 2022, the Organization replaced their roof for \$154,658, and recognized a gain on casualty loss in the amount of \$154,694 which is reported on the statement of activities for the year ended December 31, 2022.

16. 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 financial statements were available for issuance, May 19, 2023, and there were no events to be disclosed.