

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

ASESORES FINANCIEROS COMUNITARIOS INC.

(A NON-PROFIT ORGANIZATION)

December 31, 2008 and 2007

## CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	3
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7-10

## INDEPENDENT AUDITORS' REPORT

The Board of Directors of  
Asesores Financieros Comunitarios, Inc.  
(A non-profit organization)  
San Juan, Puerto Rico

We have audited the accompanying statements of financial position of Asesores Financieros Comunitarios, Inc. (A non-profit organization) as of December 31, 2008 and 2007 and the related statements of activities and changes in net assets 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Asesores Financieros Comunitarios, Inc. (A non-profit organization) as of December 31, 2008 and 2007, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



*HTR - Del Valle & Nieves, PSC*



Asesores Financieros Comunitarios, Inc.

(A non-profit organization)

STATEMENTS OF FINANCIAL POSITION

December 31,

ASSETS

	<u>2008</u>	<u>2007</u>
CURRENT ASSETS		
Cash	\$ 25,514	\$ -
Account receivable	<u>20,209</u>	<u>14,300</u>
	<u>\$ 45,723</u>	<u>\$ 14,300</u>

LIABILITIES AND NET ASSETS

	<u>2008</u>	<u>2007</u>
CURRENT LIABILITIES		
Accounts payable	\$ 3,053	\$ -
Accrued expenses	<u>744</u>	<u>-</u>
Total current liabilities	3,797	-
NET ASSETS		
Unrestricted	<u>41,926</u>	<u>14,300</u>
	<u>\$ 45,723</u>	<u>\$ 14,300</u>

The accompanying notes are an integral part of these statements.

Asesores Financieros Comunitarios, Inc.

(A non-profit organization)

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended December 31,

	<u>2008</u>	<u>2007</u>
<b>SUPPORT AND REVENUES</b>		
Grants	\$ 25,000	\$ -
Corporate donations	10,750	-
Contribution from the P.R. Society of CPA	5,000	15,000
Donated services	72,217	6,823
Seminar revenue	2,580	-
Interest income	<u>85</u>	<u>-</u>
Total support and revenues	<u>115,632</u>	<u>21,823</u>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Professional services - accounting and incorporation	(26,313)	(3,838)
Professional services - legal	(10,500)	(3,385)
Design and development of work	(14,600)	-
Advertising and promotion	(9,360)	-
Executive director's fees	(8,378)	-
Internet and web page	(6,738)	-
Miscellaneous	<u>(12,117)</u>	<u>(300)</u>
Total general and administrative expenses	<u>(88,006)</u>	<u>(7,523)</u>
<b>INCREASE IN NET ASSETS</b>	27,626	14,300
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>14,300</u>	<u>-</u>
	<u>\$ 41,926</u>	<u>\$ 14,300</u>

The accompanying notes are an integral part of these statements.

Asesores Financieros Comunitarios, Inc.

(A non-profit organization)

STATEMENTS OF CASH FLOWS

Year ended December 31,

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 27,626	\$ -
Adjustments to reconcile net assets to net cash used in operating activities:		
Increase in assets:		
Accounts receivable	(5,909)	-
Increase in liabilities:		
Accounts payable	3,053	-
Accrued expenses	<u>744</u>	<u>-</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>25,514</u>	<u>-</u>
NET DECREASE IN CASH AND CASH AT END OF YEAR	\$ <u>25,514</u>	\$ <u>-</u>

SUPPLEMENTARY SCHEDULES OF NON-CASH TRANSACTIONS:

Donated services	\$ <u>-</u>	\$ <u>7,523</u>
Contribution from the P.R. Society of CPA	\$ <u>-</u>	\$ <u>15,000</u>

The accompanying notes are an integral part of these statements.



Asesores Financieros Comunitarios, Inc.

(A non-profit organization)

NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

NOTE A - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

The organization was formed under the laws of the commonwealth of Puerto Rico on August 10, 2007 and commenced operations in December 2007 as a nonprofit organization. The primary objective of the organization is to empower non-profit and community based organizations to improve their fiscal administration and ensure their financial viability in the long run. Also, the organization will provide training services to non-profit organizations in order to capacitate their personnel and to structure their operations especially in the areas of accounting and general administration.

A summary of the significant accounting policies followed in the United States of America and consistently applied in the preparation of the accompanying financial statements judged by management to be the most appropriate in the circumstances to present fairly the organization's financial position and results of operations in accordance with accounting principles generally accepted in the United States of America follows.

1. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Accordingly, actual results could differ from those estimates.

2. Method of accounting

The organization's records are kept using the accrual basis of accounting whereby revenue is recorded as earned and expenses recorded as incurred.

The organization adopted Statement of Financial Accounting Standards (SFAS) No. 117, "*Financial Statements of Not-for-Profit Organizations*". Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, it is required to present a statement of cash flows.

Asesores Financieros Comunitarios, Inc.

(A non-profit organization)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2008 and 2007

NOTE A - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES - CONTINUED

3. Allowance for doubtful accounts

Provision for losses on accounts receivable is made in amounts required to maintain an adequate allowance to cover anticipated bad debts. Accounts receivable are charged against the allowance when it is determined by the company that payment will not be received, and any subsequent receipts are credited to the allowance. This allowance is adjusted by management based on a review of all accounts receivable. As of December 31, 2008 and 2007, an allowance for doubtful accounts was not considered necessary.

4. Revenue recognition

Contributions:

All contributions are considered available for the Organization's general operations unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets.

In-kind contributions and contributed services

In-kind contributions are reflected as contributions at their fair value at the date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Organization benefited from donated services of volunteers, leasehold facilities, professional services and advertising and promotions. These amounts have been reported as both in-kind contributions revenue and in-kind donated expenses on the statements of activities. The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization's programs and fund-raising campaigns.



Asesores Financieros Comunitarios, Inc.

(A non-profit organization)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2008 and 2007

NOTE A - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES – CONTINUED

5. Financial instruments

The carrying amounts of cash, accounts receivable, account payable, and accrued expenses approximate fair value because of the short maturity of these items.

6. Income taxes

The organization filed an application to be exempt from income, municipal, and property taxes, under section 1101 (12) of the Puerto Rico Income Tax Code, section 9 (7) of the Municipal License Tax Act, and section 5.01 (e) of the Municipal Property Tax Act, respectively. Such request was received approved by the Treasury Department of Puerto Rico as of December 1, 2008.

Also, the organization is requesting to be exempt from federal taxes under section 501 (c) (9).

7. Concentration of credit risk

The company maintains its cash in bank deposit accounts at high credit quality financial institution. As of December 30, 2008 and 2007, the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 and \$100,000 per financial institution, respectively. At various times through the year the company may have maintained cash balances in excess of the insured amounts. As of December 31, 2008 and 2007, the non-profit organization did not exceed the insured limits of the FDIC.

8. Donated facilities

The company receives the free use of office space in the facilities of other non-profit organization. Contributions and expenses related to donated office space of \$2,000 have been included in the accompanying statement of activities for the year ended December 31, 2008. During the year ended December 31, 2007, no contributions and expenses related to this donated office space were recorded since the organization commenced operations on December 2007.

Asesores Financieros Comunitarios, Inc.

(A non-profit organization)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2008 and 2007

NOTE B - CONTRIBUTED SERVICES

Many volunteers have donated significant amounts of their time to the Organization special events and program services. These services include professional services, advertising & promotions and others. The value of these donated services included in the accompanying financial statements for the year ended December 31, 2008 are summarized as follows:

In Kind-Volunteers' Services	\$ 24,563
In Kind-"Facilitadores"	4,375
In Kind-Workshops Development	12,500
In Kind-Leasehold Facilities	2,000
In Kind-Professional Services	17,250
In Kind-Advertising & Promotions	9,360
In Kind- Others	<u>2,169</u>
	<u>\$ 72,217</u>