

ASESORES FINANCIEROS COMUNITARIOS, INC.

Audited Financial Statements

December 31, 2012 and 2011

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report.....	1
<u>Audited Financial Statements:</u>	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets.....	4
Statements of Cash Flows.....	5
Notes to Financial Statements.....	6
Independent Auditor's Peer Review Report:	
Letter to User.....	10
Peer Review Report.....	11



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INDEPENDENT AUDITORS' REPORT

To the Governing of Directors of
ASESORES FINANCIEROS COMUNITARIOS, INC.
San Juan, Puerto Rico

Report on the Financial Statements:

We have audited the accompanying balance sheet of **ASESORES FINANCIEROS COMUNITARIOS, INC.** as of December 31, 2012 and December 31, 2011, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended, and the related notes to 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.

Auditor's 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 from 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 auditor's 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 purposes of expressing 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 **ASESORES FINANCIEROS COMUNITARIOS, INC.** as of December 31, 2012 and December 31, 2011, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

License No. 194

Expires December 1, 2013

San Juan, Puerto Rico
June 28, 2013

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has been affixed
to the original

AJ Hernandez & Co., P.S.C.



ASESORES FINANCIEROS COMUNITARIOS, INC.

Statements of Financial Position

ASSETS

	December 31,	
	2012	2011
Current Assets:		
Cash and Cash Equivalents	\$ 57,117	\$ 23,008
Accounts Receivable, Net	8,430	36,660
Total Assets	<u>\$ 65,547</u>	<u>\$ 59,668</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable - Trade	\$ 769	\$ 2,000
Accrued Expenses	2,882	2,824
Total Liabilities	<u>3,651</u>	<u>4,824</u>
Net Assets:		
Temporarily Restricted	1,427	1,427
Unrestricted	60,469	53,417
Total Net Assets	<u>61,896</u>	<u>54,844</u>
Total Liabilities and Net Assets	<u>\$ 65,547</u>	<u>\$ 59,668</u>

The Notes to Financial Statements are an integral part of these Statements.

ASESORES FINANCIEROS COMUNITARIOS, INC.

Statement of Activities and Changes in Net Assets

For the Years Ended December 31, 2012 and December 31, 2011

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<u>SUPPORT AND REVENUES</u>						
Grants	\$ -	\$ 25,000	\$ 25,000	\$ -	\$ 25,000	\$ 25,000
Corporate Donations	2,167	35,250	37,417	1,696	25,000	26,696
Individual Donations	3,525	-	3,525	3,005	-	3,005
Contribution from the PR Society of CPA	200	-	200	2,720	-	2,720
Seminars and Conference	41,068	-	41,068	44,340	-	44,340
Fund Raising Activities	15,600	-	15,600	-	-	-
Consulting Services	16,680	-	16,680	9,025	-	9,025
In Kind Contributions	40,538	-	40,538	54,269	-	54,269
Other Revenues:						
Interest Income	54	-	54	99	-	99
Net Assets Released from Restrictions	119,832	60,250	180,082	115,154	50,000	165,154
Total Support and Revenues	60,250	(60,250)	-	54,285	(54,285)	-
<u>OPERATING AND ADMINISTRATIVE EXPENSES</u>						
Salaries, Payroll and Fringe Benefits	47,193	-	47,193	32,781	-	32,781
Executive Director	38,292	-	38,292	31,200	-	31,200
Workshop Facilitators, Materials and Others	30,301	-	30,301	23,567	-	23,567
Office Supplies	2,643	-	2,643	-	-	-
Professional and Sub-Contracted Fees	3,405	-	3,405	-	-	-
Miscellaneous	4,498	-	4,498	6,172	-	6,172
Fund Raising Expenses	5,710	-	5,710	-	-	-
In Kind:						
Workshop Facilitators, Materials and Others	14,096	-	14,096	15,975	-	15,975
Equipment	1,026	-	1,026	-	-	-
Rent	6,000	-	6,000	6,000	-	6,000
Advertising	4,780	-	4,780	-	-	-
Accounting and Auditing	1,350	-	1,350	4,905	-	4,905
Legal Services	285	-	285	14,411	-	14,411
Volunteer's Services	13,451	-	13,451	12,978	-	12,978
Total Operating and Administrative Expenses	173,030	-	173,030	147,989	-	147,989
Change in Net Assets	7,052	-	7,052	21,450	(4,285)	17,165
Net Assets - Beginning of Year	53,417	1,427	54,844	31,967	5,712	37,679
Net Assets - End of Year	\$ 60,469	\$ 1,427	\$ 61,896	\$ 53,417	\$ 1,427	\$ 54,844

The Notes to Financial Statements are an integral part of these Statements.

ASESORES FINANCIEROS COMUNITARIOS, INC.

Statement of Cash Flows

	For the Years Ended December 31,	
	2012	2011
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Increase in Net Assets	\$ 7,052	\$ 17,165
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities		
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	28,230	(30,325)
Increase (Decrease) in Accounts Payable	(1,231)	2,000
Increase (Decrease) in Accrued Expenses	58	57
Net Cash Used in Operating Activities	<u>\$ 34,109</u>	<u>\$ (11,103)</u>
Net Decrease in Cash	34,109	(11,103)
Cash at Beginning of Year	<u>23,008</u>	<u>34,111</u>
Cash at End of Year	<u><u>\$ 57,117</u></u>	<u><u>\$ 23,008</u></u>

The Notes to Financial Statements are an integral part of these Statements.

ASESORES FINANCIEROS COMUNITARIOS, INC.

Notes to Financial Statements

December 31, 2012 and 2011

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying financial statements include the accounts and transactions of **Asesores Financieros Comunitarios, Inc.**, (a non-profit organization) (the Organization). The Organization is organized under the laws of the Commonwealth of Puerto Rico in August 10, 2007 and began operation in December 2007, its purpose 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 provides training services to non-profit organization personnel in the areas of organizational structure, accounting and general administration.

Basis of Presentation

The financial statements presentation follows the recommendations of the Financial Accounting Standard Board in its ASC No. 958 "*Not-for-Profit Entities*" (previously known as Statement of Financial Accounting Standards (SFAS) No. 117, "*Financial Statements of Not-for-Profit Organizations*"), and the AICPA Audit and Accounting Guide. Under ASC No. 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets represent contributions and grants which have no donor-imposed restrictions or which arise as a result of operations.

Temporarily restricted net assets represent contributions and grants which have donor-imposed limitations on their use for a specified time period or purpose.

Permanently restricted net assets represent contributions and grants that have been restricted by donors to be maintained by the Organization in perpetuity.

Use of Estimates

The preparation of financial statements are in conformity with accounting principles generally accepted in the United States of America, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers as cash equivalents all highly liquid investments with maturity of ninety (90) days or less when purchased.

ASESORES FINANCIEROS COMUNITARIOS, INC.

Notes to Financial Statements

December 31, 2012 and 2011

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

New Pronouncements

During year 2009, the Company adopted the "Accounting Standards Codification" (Codification or ASC) issued by the Financial Accounting Standards Board (FASB), and the Hierarchy of the U.S. Generally Accepted Accounting Principles (GAAP) which only affected the specific references to GAAP literature in the notes to the Company's financial statements. The Codification became the source of authoritative GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission (SEC) under authority of federal securities laws are also source of authoritative GAAP for SEC registrants. On the effective date, the ASC superseded all then-existing non-SEC accounting and reporting standards. This Codification is effective for financial statements issued for interim and annual periods ending after September 15, 2009.

Contributions

The Organization also elected to adopt FASB ASC Topic 958, "Non-for-Profit Entities", (previously known as SFAS No. 116, "Accounting for Contributions Received and Contributions Made). In accordance with FASB ASC Topic 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support, if they are 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, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

Income Taxes

The Organization is exempt from Federal income taxes under section 501(c) (3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Also, the Organization is exempt from the payment of income tax, 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.

ASESORES FINANCIEROS COMUNITARIOS, INC.

Notes to Financial Statements

December 31, 2012 and 2011

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Vacations and Sick Leave

Compensated absences consist of unpaid accumulated annual sick leave, vacation and sabbatical time:

Program's employees are entitled to 30 days of vacation and 18 days of sick leave annually. Sick leave is not accrued because it does not vest; employees are not paid for any sick leave balance at termination of employment or any other time. Consistent with the Accounting for Compensated Absences, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In order to not affect services to the participants, vacations are provided during the summer (July) and at the end of December, during the holidays. Accrued vacations as of January 31, 2012 amounted \$29,526 that were included in the financial statements.

Donations in Kind

Donated services and other contributions have been reflected in the accompanying financial statements. These services have been recorded at their fair value, and are recognized as support and expensed in the period in which the services are rendered.

Donated Goods and Services

The Organization reports the fair value of gifts of donated food and grocery products over which it has control as unrestricted public support and, shortly thereafter, as expense when granted to food members.

2. **Accounts Receivable**

At December 31, 2012 and 2011, the accounts receivable consisted of the following:

	<u>2012</u>	<u>2011</u>
Fundacion Angel Ramos	\$8,380	\$36,660
Account Receivable, Net	<u>\$ 8,380</u>	<u>\$ 36,660</u>

ASESORES FINANCIEROS COMUNITARIOS, INC.

Notes to Financial Statements

December 31, 2012 and 2011

3. CONTRIBUTION AND GRANTS

Contributions and grants from other organizations consist of the following:

	2012	2011
United Funds	\$ 37,417	\$ 26,696
Fundacion BPPR	25,000	25,000
PR Society of CPA	200	2,720
Individual donations	3,525	3,005
Total	<u>\$ 66,142</u>	<u>\$ 57,421</u>

4. IN-KIND CONTRIBUTIONS

The Organization receives various in-kind contributions primarily related to the operation of the program which is recorded at estimated fair value. In addition, donated services are recognized as contributions and expensed in accordance with generally accepted accounting principles (GAAP):

	2012	2011
Workshop Facilitators, Materials and Others	14,096	15,975
Equipment	1,026	-
Rent	6,000	6,000
Advertising	4,780	-
Accounting and Auditing	1,350	4,905
Legal Services	285	14,411
Volunteer's Services	13,451	12,978
Total	<u>\$ 40,988</u>	<u>\$ 54,269</u>

5. COLLABORATIVE LEASE ARRANGEMENT

As part of the agreement between the Organization and Fondos Unidos of Puerto Rico, during the year ended December 31, 2012 and December 31, 2011, the Organization received as an in-kind service support by Fondos Unidos of Puerto Rico:

- Daily operational aspects (electricity, water, parking, security, etc.)
- Access to Administrative offices and space for operation.

6. SUBSEQUENT EVENTS

In preparing these financial statements, we evaluated this transaction and other events and transactions for potential recognition or disclosures through June 28, 2013, the date the financial statements were available to be issued.



AJ Hernández & Co., CPA, PSC.
Certified Public Accountants & Business Consultants

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June 11, 2013

To the Board of Directors
Asesores Financieros Comunitarios, Inc.
San Juan, Puerto Rico

The stockholders and staff of AJ Hernandez & Co., CPA, PSC are pleased to announce the successful completion of an independent peer review of our accounting and auditing practice. This review was undertaken as a condition of membership in the American Institute of Certified Public Accountants (AICPA), the national organization of CPAs in public practice, industry, government and education.

In 1988, the members of the AICPA overwhelmingly approved a proposal to require members in public practice to participate in a practice-monitoring program. With the adoption of this proposal, the AICPA implemented a peer review program of unprecedented scope in the CPA profession or any other. Our participation in peer review demonstrates our firm's desire to measure up to the profession's high standards of professionalism and our commitment to maintaining and improving the quality of our practice.

In August 2000, the Puerto Rico Society of CPAs (PRSCPA) adopted a voluntary peer review program, which follows the lead established by the AICPA.

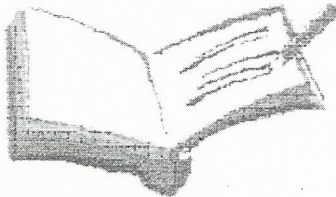
Our peer review was conducted by a team appointed by the PRSCPA. The reviewer first determined that we have an adequate quality control system, and then checked to see that professional's standards were followed in a representative sample of our accounting and auditing engagements.

After thorough study of our policies and procedures, the reviewer concluded our firm complies with the stringent quality control standards established by the AICPA and the PRSCPA. Our firm is committed to periodic peer review to foster quality performance.

Bankers, bonding agents, investors, suppliers, legal advisors and others use the financial statements our firm audits, reviews, or compiles. We think those people, our clients, and our own staff deserves independent quality assurance that our firm provides quality services. We are proud of our peer review results and would be happy to answer any questions you might have.

Sincerely,


Andrés J. Hernández Concepción
President



MEMBERS:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC
ACCOUNTANTS (AICPA)
PUERTO RICO BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS

CPA AGUSTÍN RODRÍGUEZ NIEVES
CERTIFIED PUBLIC ACCOUNTANT

To the President of
AJ Hernández & Co, CPA, PSC
and the Peer Review
Committee of the AICPA
PR CPA State Society

We have reviewed the system of quality control for the accounting and auditing practice of **AJ Hernández & Co, CPA, PSC**, in effect for the year ended December 31, 2008. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system quality control and the firm's compliance e therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards*.

In our opinion, the system of quality control for the accounting practice of **AJ Hernández & Co, CPA, PSC**, in effect for the year ended December 31, 2008, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)* or *fail*. **AJ Hernández & Co, CPA, PSC**, has received a peer review rating of *pass*.

September 1, 2009
San Juan, Puerto Rico

Stamp No. 2447582 was affixed
to the original report.

AgR1-
CPA Agustín Rodríguez Nieves
Expires December 1, 2010