

**ASESORES FINANCIEROS COMUNITARIOS, INC.**  
**FINANCIAL STATEMENTS AND**  
**ACCOMPANYING INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

**ASESORES FINANCIEROS COMUNITARIOS, INC.**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

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**Horwath Vélez & Co. PSC**  
Member Crowe Horwath International

Centro Internacional de Mercadeo  
100 Carr 165, Suite 410  
Guaynabo, PR 00968-8051  
Tel: (787) 625-1800  
Fax: (787) 625-1812  
[www.crowehorwath.net/pr](http://www.crowehorwath.net/pr)

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Asesores Financieros Comunitarios, Inc.** (a nonprofit organization), (hereinafter "the Organization"), which comprises the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 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 purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Asesores Financieros Comunitarios, Inc.** as of June 30, 2017 and 2016, 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.

*Howath Niley & Co. P.C.*

January 10, 2018

Stamp number E252463 was  
Affixed to the original of this  
report.

**ASESORES FINANCIEROS COMUNITARIOS, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2017 AND 2016**

**ASSETS**

	<u>2017</u>	<u>2016</u>
<b>Current assets</b>		
Cash	\$ 324,595	\$ 348,487
Promises to give, net of allowance for doubtful accounts of \$10,168 as of June 30, 2017	54,108	44,268
Prepaid expenses	<u>5,282</u>	<u>-</u>
Total current assets	383,985	392,755
<b>Property and equipment, net</b>	<u>-</u>	<u>1,593</u>
Total assets	<u>\$ 383,985</u>	<u>\$ 394,348</u>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>		
Accounts payable and accrued expenses	<u>\$ 29,286</u>	<u>\$ 18,581</u>
<b>Net assets</b>		
Temporarily restricted	72,139	-
Unrestricted	<u>282,560</u>	<u>375,767</u>
Total net assets	<u>354,699</u>	<u>375,767</u>
Total liabilities and net assets	<u>\$ 383,985</u>	<u>\$ 394,348</u>

The accompanying notes are an integral part of the financial statements.

**ASESORES FINANCIEROS COMUNITARIOS, INC.**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Support and revenues</b>			
Grants	\$ -	\$ 145,252	\$ 145,252
Donations	74,416	-	74,416
Workshop revenues	71,545	-	71,545
Fund-raising activities	36,512	-	36,512
Other (conferences, hired consulting)	50,475	-	50,475
Interest income	393	-	393
In-kind services	123,579	-	123,579
In-kind equipment and others	2,212	-	2,212
	<b>359,132</b>	<b>145,252</b>	<b>504,384</b>
 Net assets released from restrictions	 73,113	 ( 73,113)	 -
 Total revenues	 <b>432,245</b>	 <b>72,139</b>	 <b>504,384</b>
 <b>Operating and administrative expenses</b>			
Educational program:			
Direct program expenses	19,838	-	19,838
Allocated program expenses	77,954	-	77,954
In-kind program expenses	54,410	-	54,410
 Total educational program expenses	 152,202	 -	 152,202
Consulting program:			
Direct program expenses	85,979	-	85,979
Allocated program expenses	80,139	-	80,139
In-kind program expenses	45,424	-	45,424
 Total consulting program expenses	 211,542	 -	 211,542
Voluntary program:			
Allocated program expenses	44,050	-	44,050
 Total voluntary program expenses	 44,050	 -	 44,050

Continued

**ASESORES FINANCIEROS COMUNITARIOS, INC.**

**STATEMENT OF ACTIVITIES (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Operating and administrative expenses (continued)</b>			
General and administrative:	37,972	-	37,972
Allocated administrative expenses	34,445	-	34,445
In-kind general expenses	<u>18,802</u>	<u>-</u>	<u>18,802</u>
	<u>91,219</u>	<u>-</u>	<u>91,219</u>
Fundraising:			
Allocated program expenses	19,284	-	19,284
In-kind fundraising expenses	<u>7,155</u>	<u>-</u>	<u>7,155</u>
	<u>26,439</u>	<u>-</u>	<u>26,439</u>
Total expenses	<u>525,452</u>	<u>-</u>	<u>525,452</u>
<b>Change in net assets</b>	( 93,207)	72,139	( 21,068)
<b>Net assets, beginning of year</b>	<u>375,767</u>	<u>-</u>	<u>375,767</u>
<b>Net Assets, end of year</b>	<u>\$ 282,560</u>	<u>\$ 72,139</u>	<u>\$ 354,699</u>

The accompanying notes are an integral part of the financial statements.

**ASESORES FINANCIEROS COMUNITARIOS, INC.**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and revenues</b>			
Grants	\$ -	\$ 37,093	\$ 37,093
Donations	202,468	-	202,468
Workshop revenues	86,978	-	86,978
Fund-raising activities	83,447	-	83,447
Other (conferences, hired consulting)	76,925	-	76,925
Interest income	350	-	350
In-kind services	141,678	-	141,678
In-kind equipment and others	<u>2,144</u>	<u>-</u>	<u>2,144</u>
	593,990	37,093	631,083
 Net assets released from restrictions	 <u>117,383</u>	 <u>( 117,383)</u>	 <u>-</u>
 Total revenues	 <u>711,373</u>	 <u>( 80,290)</u>	 <u>631,083</u>
<b>Operating and administrative expenses</b>			
Educational program:			
Direct program expenses	20,604	-	20,604
Allocated program expenses	83,948	-	83,948
In-kind program expenses	<u>48,323</u>	<u>-</u>	<u>48,323</u>
 Total educational program expenses	 <u>152,875</u>	 <u>-</u>	 <u>152,875</u>
Consulting program:			
Direct program expenses	43,841	-	43,841
Allocated program expenses	85,064	-	85,064
In-kind program expenses	<u>51,792</u>	<u>-</u>	<u>51,792</u>
 Total consulting program expenses	 <u>180,697</u>	 <u>-</u>	 <u>180,697</u>
Voluntary program:			
Allocated program expenses	<u>25,095</u>	<u>-</u>	<u>25,095</u>
 Total voluntary program expenses	 <u>25,095</u>	 <u>-</u>	 <u>25,095</u>

Continued



**ASESORES FINANCIEROS COMUNITARIOS, INC.**

**STATEMENT OF ACTIVITIES (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Operating and administrative expenses (continued)</b>			
General and administrative:	26,156	-	26,156
Allocated administrative expenses	37,939	-	37,939
In-kind general expenses	<u>12,242</u>	<u>-</u>	<u>12,242</u>
	<u>76,337</u>	<u>-</u>	<u>76,337</u>
<b>Fundraising:</b>			
Allocated program expenses	11,126	-	11,126
In-kind fundraising expenses	<u>31,465</u>	<u>-</u>	<u>31,465</u>
	<u>42,591</u>	<u>-</u>	<u>42,591</u>
<b>Total expenses</b>	<u>477,595</u>	<u>-</u>	<u>477,595</u>
<b>Change in net assets</b>	233,778	( 80,290)	153,488
<b>Net assets, beginning of year</b>	<u>141,989</u>	<u>80,290</u>	<u>222,279</u>
<b>Net assets, end of year</b>	<u>\$ 375,767</u>	<u>\$ -</u>	<u>\$ 375,767</u>

The accompanying notes are an integral part of the financial statements.

**ASESORES FINANCIEROS COMUNITARIOS, INC.**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

<b>Cash Flows from Operating Activities</b>	<u>2017</u>	<u>2016</u>
Change in net assets	\$( 21,068)	\$ 153,488
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation expense	1,593	1,593
Bad debt expense	13,307	-
Change in assets and liabilities		
(Increase) decrease in:		
Promise to give	( 23,147)	( 25,334)
Prepaid expenses	( 5,282)	-
Accounts payable and accrued expenses	<u>10,705</u>	<u>5,630</u>
Total adjustments	<u>( 2,824)</u>	<u>( 18,111)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>( 23,892)</u>	<u>135,377</u>
<b>Cash, at beginning of year</b>	<u>348,487</u>	<u>213,110</u>
<b>Cash, at end of year</b>	<u>\$ 324,595</u>	<u>\$ 348,487</u>

The accompanying notes are an integral part of the financial statements.

**ASESORES FINANCIEROS COMUNITARIOS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The accompanying financial statements include the accounts and transactions of **Asesores Financieros Comunitarios, Inc.**, (a non-profit organization) (herein-after "the Organization"). The Organization was organized under the laws of the Commonwealth of Puerto Rico on August 10, 2007 and began operations in December 2007. The purpose of the Organization is to empower non-profit and community based organizations to improve their long-term fiscal administration and assure their financial viability.

The Organization's programs are: Educational Program, Consulting Program, and Voluntary Program.

*Educational Program* provides training services to non-profit organization personnel in the areas of organizational structure, accounting, and general administration.

*Consulting Program* provides advice services in the areas of accounting, administration and compliance to nonprofit entities.

*Nonprofit organization support and student mentoring program* through **Asesores Financieros Universitarios ("AFU")** provides a mentoring program and helping nonprofit organizations with their general accounting, bookkeeping, financial statements preparation and other administrative and accounting related tasks. The program provides accounting students from universities in Puerto Rico the opportunity to work in a committee based non-profit organization under the supervision and guidance of an experienced mentor, usually a volunteer CPA from the Organization. AFU is part of the Consulting Program provided by the Organization.

*Voluntary Program* recruits, trains, and evaluates the community of collaborators and volunteers that help the Organization to accomplish its mission.

**Mission**

The Organization's mission consists in empowering nonprofit community-based entities of Puerto Rico to achieve a sound management, by providing training and consulting services in the areas of accounting, administration, and compliance, through a team of volunteers, CPAs, professionals, and college students.

**Vision**

The achievement of economic sustainability of non-profit community-based entities to improve the quality of life of Puerto Rico.

**Basis of Presentation**

The accompanying financial statements have been prepared on accrual basis of accounting in accordance with United States generally accepted accounting principles, as promulgated by the Financial Accounting Standard Board (FASB). Resources are presented in accordance with FASB ASC Topic 958, *Financial Statements of Not-for-Profit Organizations*, which requires that all not-for-profit organizations provide a statement of financial position, a statement of activities, and a statement of cash flows. FASB ASC Topic 958 also requires that net assets, revenues, expenses, gains and losses be presented in the financial statements according to the following three classes of net assets:

**ASESORES FINANCIEROS COMUNITARIOS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

*Unrestricted Net Assets* - Net assets free of donor-imposed restrictions. All revenues, gains, and losses that are not temporarily or permanently restricted by donors are included in this classification. All expenditures are reported in the unrestricted class of net assets, since the use of restricted contributions in accordance with donors' stipulations results in the release of the restriction. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

*Temporarily Restricted Net Assets* - Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire as time passes by.

*Permanently Restricted Net Assets* - Net assets subject to donor-imposed stipulations that require that they be maintained permanently by the Organization. Generally, the donors of such assets permit the nonprofit organization to use all or part of the income earned on its assets.

Expirations of temporary restrictions on net assets, for example, the passage of time and/or fulfilling donor-imposed stipulations, are reported as net assets released from restrictions between the applicable classes of net assets in the statements of activities.

**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 of assets and liabilities and disclosures 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.

**Expense Allocation**

Directly identifiable expenses are charged to programs (education, consulting and voluntary), supporting services, general and administrative, and fundraising activities. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time. General and administrative 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.

**2017**

*Educational Program*

Salaries:

Executive Director	35 %
Administrative Coordinator	20 %
Service Coordinator	100 %
Systems Data and Programing Manager	40 %
Rent	50 %
Utilities	50 %

**ASESORES FINANCIEROS COMUNITARIOS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Expense Allocation (Continued)**

**2017 (Continued)**

*Consulting Program*

Salaries:

Executive Director	35 %
Administrative Coordinator	10 %
Development Officer	30 %
Systems Data and Programing Manager	40 %

Rent	15 %
Utilities	15 %

*Voluntary Program*

Salaries:

Executive Director	10 %
Development Officer	60 %
Systems Data and Programing Manager	20 %

Rent	15 %
Utilities	15 %
Advertising	50 %
Meals and entertainment	50 %

*General and Administrative*

Salaries:

Executive Director	10 %
Administrative Coordinator	70 %

Rent	20 %
Utilities	20 %

*Fundraising*

Salaries:

Executive Director	10 %
Development Officer	10 %

Advertising	50 %
Meals and entertainment	50 %

**2016**

*Educational Program*

Salaries:

Executive Director	35 %
Administrative Assistant/Accounting	15 %
Assistant 1	50 %
Assistant 2	100 %

Rent	50 %
Utilities	50 %

**ASESORES FINANCIEROS COMUNITARIOS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Expense Allocation (Continued)**

**2016 (Continued)**

*Consulting Program*

Salaries:

Executive Director	35 %
Coordinator	50 %
Technical Assistant 1	50 %
Technical Assistant 2	100 %
Technical Assistant 3	100 %

Rent	30 %
Utilities	30 %

*Voluntary Program*

Salaries:

Executive Director	10 %
Coordinator	50 %
Advertising	50 %
Meals and entertainment	50 %

*General and Administrative*

Salaries:

Executive Director	10 %
Administrative Assistant/Accounting	85 %
Rent	20 %
Utilities	20 %

*Fundraising*

Salaries:

Executive Director	10 %
Advertising	50 %
Meals and entertainment	50 %

**Concentration of Credit and Business Risks**

Financial instruments, which potentially subject the Organization to concentration of credit risk, consist of cash and accounts receivable.

The Organization maintains its cash accounts in one financial institution. These bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2017, uninsured cash balance total was \$79,555. The Organization does not foresee any significant credit risks in its bank deposits.

The Organization receives an annual grant from Fundación Ángel Ramos (hereinafter the "FAR") to cover rent expenses. This grant is a contribution and not an obligation of FAR, who holds the power to restrict, limit or eliminate the contribution at any time. The grant is limited to its availability at the time of disbursement. In addition, FAR donates the use of the space where the workshops are performed, including the cost of utilities.

**ASESORES FINANCIEROS COMUNITARIOS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Promises to Give**

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 net assets, 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 activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same period as received are reported as unrestricted contributions in the accompanying financial statements.

**Allowance for Doubtful Accounts**

The Organization provides for estimated losses on accounts receivable based on prior bad debts experience and a review of existing receivables. As of June 30, 2017, the Organization provided an allowance of \$10,168 to cover an account receivable from the Puerto Rico Department of Labor (Act 52). As of June 30, 2016, the Organization believed that no allowance for doubtful accounts was required.

**Fair Value Measurements of Financial Instruments**

The Organization determines fair value measurements based on FASB ASC Topic 820, *Fair Value Measurements*, which provides a common definition of fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements, but does not require any new fair value measurements. The standard categorizes levels of input into three-levels: (1) quoted market prices for identical assets or liabilities in active markets, (2) observable market-based inputs or unobservable inputs that are corroborated by market data, and (3) unobservable inputs that are not corroborated by market data.

The Organization's financial instruments are presented at fair value or at cost. The fair value of a financial instrument is the amount that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The Organization's financial instruments consist of cash, promises to give, accounts payable and accrued expenses.

Promises to give are recorded at fair value.

**Property and Equipment**

The Organization capitalizes property and equipment with a cost in excess of \$500. Lesser amounts are charged to expense as acquired. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. As of June 30, 2017, property and equipment was fully depreciated.

**ASESORES FINANCIEROS COMUNITARIOS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment (Continued)**

Property and equipment are depreciated using the straight-line method over their estimated useful lives of three years.

**Compensated Absences**

Employees are entitled to 15 days of vacation and 12 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 at any other time. The compensated absences liability is calculated based on the pay rates in effect at year-end. Vacations are normally granted during July and near the end of December, during the holidays, to minimize their effect on the services provided.

**Grants and Donations**

The Organization follows FASB ASC Topic 958, *Non-for-Profit Entities*. In accordance with FASB ASC Topic 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence and/or nature of any donor restrictions.

Donations have been recorded at their fair value, and are recognized as support and as an expense in the period in which the services are rendered.

The Organization receives contributions and grants, which requires separate bank accounts to register grant revenues and disbursements.

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided workshops and fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. The Organization receives approximately 400 volunteer hours per year.

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 members.

**Income Taxes and Other Taxes**

For federal tax purposes, the Organization is a non-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the United States of America Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified by the Internal Revenue Service as *Other than a Private Foundation* under Section 509(a)(2). In Puerto Rico, the Organization is exempt from the payment of 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.

The Board of Directors evaluates uncertain tax positions that may be material in the financial statements. In addition, the Board of Directors determined that the Organization currently is being operated substantially in compliance with the applicable requirements of the Puerto Rico Internal Revenue Code and the United States Internal Revenue Code. Accordingly, the Board of Directors believes that there is no significant income tax exposure.



**ASESORES FINANCIEROS COMUNITARIOS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes and Other Taxes (Continued)**

The Organization's tax returns are subject to examination for a period of four years after filing, in Puerto Rico, and three years after filing, in the United States. As of June 30, 2017, the Organization was not subject to a tax examination.

**New Accounting Pronouncements**

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, which makes targeted changes to the not-for-profit financial reporting model. The new ASU marks the completion of the first phase of a larger project aimed at improving not-for-profit financial reporting. Under the new ASU, net asset reporting will be streamlined and clarified. The ASU is effective for fiscal year 2019 of the Organization and early adoption is permitted. The Organization is evaluating the impact of the new guidance on the consolidated financial statements.

**Subsequent Events**

The Organization has evaluated subsequent events through January 10, 2018, the date which the financial statements were available to be issued. The Organization has determined that there are no events occurring in this period that require disclosure in or adjustment to the accompanying financial statement, except as disclosed in Note 6.

**2. PROMISES TO GIVE**

At June 30, 2017 and 2016, the unconditional promises to give consisted of the following:

	<u>2017</u>	<u>2016</u>
Fundación Angel Ramos	\$ 51,208	\$ 7,440
Puerto Rico Department of Labor - Act No. 52	10,168	11,863
Pfizer	1,500	-
Meryll Lynch - Bank of America	1,000	-
Goya de Puerto Rico	200	-
Carlos Beltran Baseball Academy	50	-
CREATE	50	-
New York Foundling	50	-
Hogar Rafael Ybarra	50	-
Fundación Segarra, Boerman e Hijos, Inc.	-	12,375
Red de Fundaciones	-	8,625
Microsoft Caribbean	-	1,500
Puerto Rico Department of Justice	-	1,050
Other	-	315
COSSMA	-	200
EDUPRO	-	150
Fundación Puertorriqueña del Riñón	-	150
Rubén Solla Rosario	-	150
Casa Restauración	-	100
Colegio de Notarios	-	100
Hogar Escuela Sor	-	100
IAB UTIER	-	75
Inmobiliaria Pont Flores	-	75
	<u>64,276</u>	<u>44,268</u>
Sub-total	64,276	44,268
Allowance for doubtful accounts	( 10,168)	-
Total	<u>\$ 54,108</u>	<u>\$ 44,268</u>

**ASESORES FINANCIEROS COMUNITARIOS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

**2. PROMISES TO GIVE (Continued)**

Currently, Puerto Rico is undergoing an economic restructuring of its public debt from all its instrumentalities under Title III bankruptcy procedures. The Organization appears as one of its creditors and since these procedures take considerable time to resolve, the promises to give as of June 30, 2017 from the Department of Labor - Law 52, will be allocated under an allowance for doubtful accounts. See Note 6.

**3. IN-KIND CONTRIBUTIONS**

For the year ended June 30, 2017 and 2016, the Organization received the following in-kind contributions primarily related to the operation of the educational program, which are recorded at estimated fair value. In addition, donated services are recognized as contributions and expensed in accordance with Generally Accepted Accounting Principles (GAAP):

	<u>2017</u>	<u>2016</u>
<b>In-kind Contributions</b>		
<b>Services:</b>		
Workshop facilitators	\$ 39,650	\$ 33,960
Technical assistance	37,895	44,461
Workshop facilities rent	19,737	19,737
Advertising	12,106	1,605
Accounting and auditing	7,700	5,750
Workshop utilities	5,358	4,700
Fundraising services	1,103	31,465
Legal services	30	-
	<u>123,579</u>	<u>141,678</u>
<b>Other:</b>		
Materials and others	2,212	2,144
	<u>2,212</u>	<u>2,144</u>
<b>Total</b>	<u>\$ 125,791</u>	<u>\$ 143,822</u>
<b>In-kind Services per Program</b>		
<b>Educational Program</b>		
Workshop facilitators	\$ 34,450	\$ 28,130
Workshop utilities	2,212	2,144
Workshop facilities rent	12,548	12,219
Other	5,200	5,830
	<u>54,410</u>	<u>48,323</u>
<b>Consulting Program</b>		
Technical assistance	37,895	44,461
Workshop facilities rent	7,529	7,331
	<u>45,424</u>	<u>51,792</u>
<b>General and Administrative</b>		
Accounting and auditing	7,700	5,750
Advertising	6,053	1,605
Facilities rent	5,019	4,887
Legal services	30	-
	<u>18,802</u>	<u>12,242</u>
<b>Fundraising</b>		
Advertising	6,053	8,200
Fundraising services	1,102	23,265
	<u>7,155</u>	<u>31,465</u>
	<u>\$ 125,791</u>	<u>\$ 143,822</u>

**ASESORES FINANCIEROS COMUNITARIOS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

**4. GRANTS AND DONATIONS**

Grants and donations were received from the following organizations and individuals:

	<u>2017</u>	<u>2016</u>
<b>Temporarily Restricted:</b>		
Titin Foundation	\$ 29,000	\$ -
United Ways of Puerto Rico	22,684	24,353
Banco Popular de Puerto Rico	20,000	-
Fundación Plaza Las Americas (Mano Amiga)	20,000	-
Legislative Appropriations	13,000	12,740
	<u>104,684</u>	<u>37,093</u>
<b>Unrestricted:</b>		
Fundación Angel Ramos	56,795	16,227
Puerto Rico Department of Labor - Act No. 52	45,000	50,000
Corporate Donations	9,009	500
Individual Donations	2,180	951
PR Society of CPA's	2,000	2,605
Fundación Flamboyán	-	94,985
Fundación Titin	-	36,000
Fundación Comunitaria de PR	-	1,200
	<u>114,984</u>	<u>202,468</u>
<b>Total</b>	<u><u>\$ 219,668</u></u>	<u><u>\$ 239,561</u></u>

**5. COLLABORATIVE LEASE ARRANGEMENT**

Since October 1, 2013, the Organization occupies its office facilities under a three-year rent agreement with FAR, for \$2,563 monthly that also includes parking, and security services. On September 30, 2016, the agreement expired and a new agreement has been reached on January 1, 2017 for three more years. The new agreement stipulates a rent of \$1,352 payable in equal quarterly installments, in advance, plus common costs and similar terms and conditions of the expired agreement.

Under a separate agreement but also effective on October 1, 2013, FAR agrees to contribute to the Organization, during the term of the lease, an amount equal to the rent payments. This separate agreement was also renewed on January 1, 2017.

**6. SUBSEQUENT EVENTS**

On September 20, 2017, a major hurricane hit Puerto Rico, causing major physical and economic damage to the Island as a whole. At the time the financial statements were issued, it was impracticable to determine the long-term effect this matter may have on the Organization's operations. However, at the time the financial statements were issued the Organization was fully operational.

On October 16, 2017, the Puerto Rico Bankruptcy Report, a public listing of all the Government of Puerto Rico obligations, was published. The Organization was listed with a balance due from the Government of Puerto Rico, which amount was fully provided, for \$21,126. See Note 2 for further information.