

ASESORES FINANCIEROS COMUNITARIOS, INC.
FINANCIAL STATEMENTS AND
ACCOMPANYING INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

ASESORES FINANCIEROS COMUNITARIOS, INC.
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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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, 2018 and 2017, 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 the Organization as of June 30, 2018 and 2017, 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.

November 28, 2018

Crowe PR PLLC

Stamp number E351140 was
Affixed to the original of this
report.

ASESORES FINANCIEROS COMUNITARIOS, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Current assets		
Cash	\$ 255,778	\$ 324,595
Promises to give, net of allowance for doubtful accounts of \$15,000 and \$10,168 for 2018 and 2017, respectively	39,731	54,108
Prepaid expenses	<u>3,086</u>	<u>5,282</u>
Total current assets	298,595	383,985
Property and equipment, net	<u>1,506</u>	<u>-</u>
Total assets	<u><u>\$ 300,101</u></u>	<u><u>\$ 383,985</u></u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	<u>\$ 17,645</u>	<u>\$ 29,286</u>
Net assets		
Temporarily restricted	39,370	72,139
Unrestricted	<u>243,086</u>	<u>282,560</u>
Total net assets	<u>282,456</u>	<u>354,699</u>
Total liabilities and net assets	<u><u>\$ 300,101</u></u>	<u><u>383,985</u></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, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenues			
Grants	\$ -	\$ 93,104	\$ 93,104
Donations	11,729	-	11,729
Workshop revenues	56,545	-	56,545
Fund-raising activities	14,815	-	14,815
Other (conferences, hired consulting)	55,700	-	55,700
Interest income	255	-	255
In-kind services	82,215	-	82,215
In-kind facilities	25,095	-	25,095
In-kind equipment and others	2,653	-	2,653
	<u>249,007</u>	<u>93,104</u>	<u>342,111</u>
Net assets released from restrictions	<u>125,873</u>	<u>(125,873)</u>	<u>-</u>
Total revenues	<u>374,880</u>	<u>(32,769)</u>	<u>342,111</u>
Operating and administrative expenses			
Educational program:			
Direct program expenses	12,303	-	12,303
Allocated program expenses	57,869	-	57,869
In-kind program expenses	38,301	-	38,301
Total educational program expenses	<u>108,473</u>	<u>-</u>	<u>108,473</u>
Consulting program:			
Direct program expenses	12,098	-	12,098
Allocated program expenses	89,131	-	89,131
In-kind program expenses	47,439	-	47,439
Total consulting program expenses	<u>148,668</u>	<u>-</u>	<u>148,668</u>
Voluntary program:			
Allocated program expenses	<u>28,656</u>	<u>-</u>	<u>28,656</u>
Total voluntary program expenses	<u>28,656</u>	<u>-</u>	<u>28,656</u>

Continues

ASESORES FINANCIEROS COMUNITARIOS, INC.

STATEMENT OF ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Operating and administrative expenses (continued)			
General and administrative	40,123	-	40,123
Allocated administrative expenses	37,076	-	37,076
In-kind general expenses	<u>18,444</u>	<u>-</u>	<u>18,444</u>
	<u>95,643</u>	<u>-</u>	<u>95,643</u>
Fundraising:			
Allocated program expenses	27,135	-	27,135
In-kind fundraising expenses	<u>5,779</u>	<u>-</u>	<u>5,779</u>
	<u>32,914</u>	<u>-</u>	<u>32,914</u>
Total expenses	<u>414,354</u>	<u>-</u>	<u>414,354</u>
Change in net assets	(39,474)	(32,769)	(72,243)
Net assets, beginning of year	<u>282,560</u>	<u>72,139</u>	<u>354,699</u>
Net Assets, end of year	<u><u>\$ 243,086</u></u>	<u><u>\$ 39,370</u></u>	<u><u>\$ 282,456</u></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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenues			
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	98,484	-	98,484
In-kind facilities	25,095	-	25,095
In-kind equipment and others	2,212	-	2,212
	<u>359,132</u>	<u>145,252</u>	<u>504,384</u>
Net assets released from restrictions	<u>73,113</u>	<u>(73,113)</u>	<u>-</u>
Total revenues	<u>432,245</u>	<u>72,139</u>	<u>504,384</u>
Operating and administrative expenses			
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	<u>152,202</u>	<u>-</u>	<u>152,202</u>
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	<u>211,542</u>	<u>-</u>	<u>211,542</u>
Voluntary program:			
Allocated program expenses	<u>44,050</u>	<u>-</u>	<u>44,050</u>
Total voluntary program expenses	<u>44,050</u>	<u>-</u>	<u>44,050</u>

Continues

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>
Operating and administrative expenses (continued)			
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>
Change in net assets	(93,207)	72,139	(21,068)
Net assets, beginning of year	<u>375,767</u>	<u>-</u>	<u>375,767</u>
Net assets, end of year	<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.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

Cash Flows from Operating Activities	<u>2018</u>	<u>2017</u>
Change in net assets	\$(72,243)	\$(21,068)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation expense	502	1,593
Provision for doubtful accounts	15,000	13,307
Change in assets and liabilities		
(Increase) decrease in:		
Promise to give	(623)	(23,147)
Prepaid expenses	2,196	(5,282)
Accounts payable and accrued expenses	(11,641)	10,705
Total adjustments	<u>5,434</u>	<u>(2,824)</u>
Net cash used in operating activities	<u>(66,809)</u>	<u>(23,892)</u>
Cash Flows used in Investing Activities; capital expenditures	<u>(2,008)</u>	<u>-</u>
Net Change	<u>(68,817)</u>	<u>(23,892)</u>
Cash, beginning of year	<u>324,595</u>	<u>348,487</u>
Cash, end of year	<u><u>\$ 255,778</u></u>	<u><u>\$ 324,595</u></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, 2018 AND 2017

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) (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 accounting principles generally accepted in the United States of America, as promulgated by the Financial Accounting Standard Board (FASB). Resources are presented in accordance with FASB ASC Topic 958, *Not-for-Profit Entities* (Subtopic 205 - *Presentation of Financial Statements*) 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, 2018 AND 2017

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.

	<u>2018</u>	<u>2017</u>
<i>Educational Program</i>		
Salaries:		
Executive Director	35%	35%
Administrative Coordinator	15%	20%
Service Coordinator	90%	-%
Development Officer	5%	-%
Systems Data and Programing Manager	35%	50%
Rent	30%	30%
Utilities	30%	30%

ASESORES FINANCIEROS COMUNITARIOS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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

Expense Allocation (Continued)

	<u>2018</u>	<u>2017</u>
<i>Consulting Program</i>		
Salaries:		
Executive Director	35%	35%
Administrative Coordinator	10%	10%
Development Officer	50%	30%
Systems Data and Programing Manager	35%	40%
Rent	28%	15%
Utilities	28%	15%
<i>Voluntary Program</i>		
Salaries:		
Executive Director	10%	10%
Development Officer	30%	60%
Administrative Coordinator	2%	-%
Systems Data and Programing Manager	5%	20%
Service Coordinator	5%	-%
Rent	16%	15%
Utilities	16%	15%
Advertising	50%	50%
Meals and entertainment	50%	50%
<i>General and Administrative</i>		
Salaries:		
Executive Director	10%	10%
Administrative Coordinator	73%	70%
System Data and Programming Manager	2.5%	-%
Rent	22%	22%
Utilities	22%	22%
<i>Fundraising</i>		
Salaries:		
Executive Director	10%	10%
Development Officer	15%	10%
Systems Data and Programming Manager	12.5%	-%
Service Coordinator	5%	-%
Rent	5%	-%
Utilities	5%	-%
Advertising	50%	50%
Meals and entertainment	50%	50%

ASESORES FINANCIEROS COMUNITARIOS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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

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, 2018, uninsured cash balance total was \$7,376. The Organization does not foresee any significant credit risks in its bank deposits.

The Organization receives an annual grant from Fundación Ángel Ramos (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.

Promises to Give

Unconditional promises to give 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, 2018, the Organization provided an allowance of \$15,000 to cover an account receivable from the Legislative Appropriations Committee of the Commonwealth of Puerto Rico. The allowance of \$10,168 as of June 30, 2017 was collected in FY 2018. See Note 2.

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.

ASESORES FINANCIEROS COMUNITARIOS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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

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.

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, Donations and In-kind Contributions

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.

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

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.

In-kind contributions 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.

Contributed Services

Donated services are recognized as in-kind services 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 more than 400 volunteer hours per year.

ASESORES FINANCIEROS COMUNITARIOS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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

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.

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, 2018, the Organization was not subject to a tax examination.

New Accounting Pronouncements

Recently issued FASB guidance and standards not yet implemented but with significant effect to the Organization are summarized as follow:

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* at the conclusion of a joint effort with the International Accounting Standards Board to create common revenue recognition guidance for U.S. GAAP and international accounting standards. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services, by allocating transaction price to identified performance obligations, and recognizing that revenue as performance obligations are satisfied. Qualitative and quantitative disclosures will be required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenues and cash flows arising from contracts with customers.

The new standard will be effective to the Organization beginning in July 1, 2019. The Organization is evaluating the impact this will have on the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which, requires a lessee to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its balance sheet. The guidance also expands the required quantitative and qualitative disclosures surrounding leases. The ASU is effective for fiscal year 2020 for the Organization. Early adoption is permitted. The Organization is evaluating the impact of the new guidance on the financial statements.

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.

ASESORES FINANCIEROS COMUNITARIOS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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

Major Events

On September 20, 2017, a major natural phenomena struck Puerto Rico, causing major physical and economical damage throughout the Island. This affected the ability of the Organization to subsequently collect donations, fundraising activities and provide services that generates income for the entity. Nevertheless, the Organization was able to maintain operations and is working on new strategies that provides better operational support.

Reclassifications

Certain reclassifications have been made to the 2017 financial statements to conform to the current year presentation. Such reclassifications do not have an effect on net assets as previously reported.

Subsequent Events

The Organization has evaluated subsequent events through November 28, 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.

2. PROMISES TO GIVE

At June 30, 2018 and 2017, the unconditional promises to give consisted of the following:

	<u>2018</u>	<u>2017</u>
Fundación Ángel Ramos	\$ 39,181	\$ 51,208
Legislative Appropriations	15,000	-
Colegio de Educación Especial	100	-
Boys & Girls Club of PR	75	-
Lily's Angels Down Syndrome Foundation	75	-
CREARTE	50	50
Instituto Psicopedagógico de PR	50	-
Jóvenes de Puerto Rico en Riesgo	50	-
ACUDE, Inc.	25	-
Caribe Girl Scout Council, Inc.	25	-
Centro Adiestramiento Para Personas con Impedimentos	25	-
Corporación de las Artes Escénico Musicales	25	-
Instituto de Formación Santa Ana	25	-
San Agustín del Coquí - CASA	25	-
Puerto Rico Department of Labor - Act No. 52	-	10,168
Pfizer	-	1,500
Meryll Lynch - Bank of America	-	1,000
Goya de Puerto Rico	-	200
Carlos Beltrán Baseball Academy	-	50
New York Founding	-	50
Hogar Rafael Ybarra	-	50
	<u>54,731</u>	<u>64,276</u>
Sub-total	54,731	64,276
Allowance for doubtful accounts	(15,000)	(10,168)
Total	<u>\$ 39,731</u>	<u>\$ 54,108</u>

ASESORES FINANCIEROS COMUNITARIOS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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 Legislative Appropriations Committee approved a joint resolution in which the Organization was set to receive \$15,000 in August 2017. Nevertheless, they could not receive the monies since the joint resolution was not signed until June 30, 2018. Since these procedures take considerable time to resolve, the promises to give as of June 30, 2018 from the Legislative Appropriations Committee will be allocated under an allowance for doubtful accounts.

3. IN-KIND CONTRIBUTIONS

For the year ended June 30, 2018 and 2017, 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 U.S. GAAP:

	<u>2018</u>	<u>2017</u>
In-kind Contributions		
Services:		
Workshop facilitators	\$ 23,100	\$ 39,650
Technical assistance	39,910	37,895
Advertising	11,390	12,106
Accounting and auditing	7,700	7,700
Fundraising services	85	1,103
Legal services	30	30
	<u>82,215</u>	<u>98,484</u>
Facilities:		
Workshop facilities rent	19,736	19,737
Workshop utilities	5,359	5,358
	<u>25,095</u>	<u>25,095</u>
Other:		
Materials and others	2,653	2,212
	<u>2,653</u>	<u>2,212</u>
Total	<u><u>\$ 109,963</u></u>	<u><u>\$ 125,791</u></u>
In-kind Services per Program		
<i>Educational Program</i>		
Workshop facilitators	\$ 23,100	\$ 34,450
Workshop utilities	2,653	2,212
Workshop facilities rent	12,548	12,548
Other	-	5,200
	<u>38,301</u>	<u>54,410</u>
<i>Consulting Program</i>		
Technical assistance	39,910	37,895
Workshop facilities rent	7,529	7,529
	<u>47,439</u>	<u>45,424</u>
<i>General and Administrative</i>		
Accounting and auditing	7,700	7,700
Advertising	5,695	6,053
Facilities rent	5,019	5,019
Legal services	30	30
	<u>18,444</u>	<u>18,802</u>

ASESORES FINANCIEROS COMUNITARIOS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

3. IN-KIND CONTRIBUTIONS (CONTINUED)

	<u>2018</u>	<u>2017</u>
<i>Fundraising</i>		
Advertising	5,695	6,053
Fundraising services	<u>84</u>	<u>1,102</u>
	<u>5,779</u>	<u>7,155</u>
	<u>\$ 109,963</u>	<u>\$ 125,791</u>

4. GRANTS AND DONATIONS

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

	<u>2018</u>	<u>2017</u>
Temporarily Restricted:		
Titin Foundation	\$ 27,000	\$ 29,000
United Ways of Puerto Rico	21,109	22,684
Puerto Rico Department of Labor - Act No. 52	15,000	-
Legislative Appropriations	15,000	13,000
Global Giving Foundation	14,995	-
Banco Popular de Puerto Rico	-	20,000
Fundación Plaza Las Américas (Mano Amiga)	-	20,000
Fundación Ángel Ramos	<u>-</u>	<u>40,568</u>
	<u>93,104</u>	<u>145,252</u>
Unrestricted:		
Corporate Donations	6,217	9,009
Individual Donations	2,377	2,180
PR Society of CPA's	2,080	2,000
United Ways of Puerto Rico	1,055	-
Fundación Ángel Ramos	-	16,227
Puerto Rico Department of Labor - Act No. 52	<u>-</u>	<u>45,000</u>
	<u>11,729</u>	<u>74,416</u>
Total	<u>\$ 104,833</u>	<u>\$ 219,668</u>

5. COLLABORATIVE LEASE ARRANGEMENT

Since October 1, 2013, the Organization occupies its office facilities under a rent agreement with FAR. The current three-year agreement provides for quarterly rental payments of \$1,352 that also includes parking, and security services.

Under a separate agreement, FAR agrees to contribute to the Organization, during the term of the lease, an amount equal to the rent payments.