

**ASESORES FINANCIEROS COMUNITARIOS, INC.**  
**FINANCIAL STATEMENTS AND**  
**ACCOMPANYING INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**ASESORES FINANCIEROS COMUNITARIOS, INC.**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

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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 non-profit organization), (hereinafter "the Organization"), which comprises the statements of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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, 2019, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

We have previously audited the Organization's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 28, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Crowe, P.R. PLLC*

January 17, 2020

Stamp number E394368 was  
Affixed to the original of this  
report.

**ASESORES FINANCIEROS COMUNITARIOS, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2019 AND 2018**

**ASSETS**

	<u>2019</u>	<u>2018</u>
<b>Current assets</b>		
Cash	\$ 291,464	\$ 255,778
Promises to give, net of allowance for doubtful accounts of \$15,000 for 2018.	31,019	39,681
Accounts receivable	16,853	50
Prepaid expenses	<u>890</u>	<u>3,086</u>
Total current assets	340,226	298,595
<b>Property and equipment, net</b>	<u>836</u>	<u>1,506</u>
Total assets	<u>\$ 341,062</u>	<u>\$ 300,101</u>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>		
Accounts payable and accrued expenses	<u>\$ 35,295</u>	<u>\$ 17,645</u>
<b>Net assets</b>		
With Donor Restrictions	49,305	39,370
Without Donor Restrictions	<u>256,462</u>	<u>243,086</u>
Total net assets	<u>305,767</u>	<u>282,456</u>
Total liabilities and net assets	<u>\$ 341,062</u>	<u>\$ 300,101</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, 2019 AND SUMMARIZED FINANCIAL INFORMATION FOR 2018**

	Without	With	Total	
	Donor Restrictions	Donor Restrictions	2019	2018
<b>Support and revenues</b>				
Grants	\$ -	\$ 138,045	\$ 138,045	\$ 93,104
Donations	20,161	-	20,161	11,729
Workshop revenues	68,505	-	68,505	56,545
Fund-raising activities	44,024	-	44,024	14,815
Other (conferences, hired consulting)	65,678	-	65,678	55,700
Interest income	279	-	279	255
In-kind services	89,366	-	89,366	82,215
In-kind facilities	25,095	-	25,095	25,095
In-kind equipment and others	1,715	-	1,715	2,653
	<u>314,823</u>	<u>138,045</u>	<u>452,868</u>	<u>342,111</u>
Net assets released from restrictions	<u>128,110</u>	<u>( 128,110)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>442,933</u>	<u>9,935</u>	<u>452,868</u>	<u>342,111</u>
<b>Operating and administrative expenses</b>				
Educational program:				
Direct program expenses	18,994	-	18,994	12,303
Allocated program expenses	62,616	-	62,616	57,869
In-kind program expenses	43,073	-	43,073	38,301
Total educational program expenses	<u>124,683</u>	<u>-</u>	<u>124,683</u>	<u>108,473</u>
Consulting program:				
Direct program expenses	34,315	-	34,315	12,098
Allocated program expenses	75,602	-	75,602	89,131
In-kind program expenses	60,724	-	60,724	47,439
Total consulting program expenses	<u>170,641</u>	<u>-</u>	<u>170,641</u>	<u>148,668</u>
Voluntary program:				
Allocated program expenses	<u>28,377</u>	<u>-</u>	<u>28,377</u>	<u>28,656</u>
Total voluntary program expenses	<u>28,377</u>	<u>-</u>	<u>28,377</u>	<u>28,656</u>

Continues

**ASESORES FINANCIEROS COMUNITARIOS, INC.**

**STATEMENT OF ACTIVITIES (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2019, WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2019</u>	<u>2018</u>
<b>Operating and administrative expenses (continued)</b>				
Supporting services:				
General and administrative	16,655	-	16,655	40,123
Allocated administrative expenses	39,996	-	39,996	37,076
In-kind general expenses	10,819	-	10,819	18,444
	<u>67,470</u>	<u>-</u>	<u>67,470</u>	<u>95,643</u>
Fundraising:				
Allocated program expenses	36,826	-	36,826	27,135
In-kind fundraising expenses	1,560	-	1,560	5,779
	<u>38,386</u>	<u>-</u>	<u>38,386</u>	<u>32,914</u>
Total expenses	<u>429,557</u>	<u>-</u>	<u>429,557</u>	<u>414,354</u>
<b>Change in net assets</b>	13,376	9,935	23,311	( 72,243)
<b>Net assets, beginning of year</b>	<u>243,086</u>	<u>39,370</u>	<u>282,456</u>	<u>354,699</u>
<b>Net Assets, end of year</b>	<u>\$ 256,462</u>	<u>\$ 49,305</u>	<u>\$ 305,767</u>	<u>\$ 282,456</u>

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

**ASESORES FINANCIEROS COMUNITARIOS, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2019, WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018**

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total</u>	
	<u>Educational</u>	<u>Consulting</u>	<u>Voluntary</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2019</u>	<u>2018</u>
<b>Expenses</b>							
Salaries	\$ 40,104	\$ 52,289	\$ 18,064	\$ 25,272	\$ 21,680	\$ 157,409	\$ 169,892
Payroll tax and benefits	9,927	10,246	3,615	7,738	4,129	35,655	25,986
Rent	18,156	13,189	4,153	9,398	1,298	46,194	45,559
Utilities	4,889	3,669	1,179	2,619	368	12,724	11,606
Professional Services	-	13,906	-	5,800	-	19,706	13,674
Meals and entertainment	10,433	-	138	-	139	10,710	5,221
Equipment, materials and supplies	936	424	-	1,265	190	2,815	5,025
Mentoring	-	19,488	-	-	-	19,488	19,151
Fundraising	-	-	-	-	7,889	7,889	701
Telephones, networks and web pages	-	498	-	7,327	-	7,825	6,805
Bank charges	-	-	-	1,723	-	1,723	1,207
Insurances	2,588	3,067	1,054	3,451	1,246	11,406	1,888
Instructors	36,896	-	-	-	-	36,896	28,572
Contributed services	-	53,196	98	-	-	53,294	41,866
Depreciation	-	669	-	-	-	669	502
Advertising	-	-	-	-	-	-	11,821
Bad debt	-	-	-	-	-	-	15,000
Meetings	-	-	-	1,047	-	1,047	484
Miscellaneous	754	-	76	1,830	1,447	4,107	9,394
<b>Total Expenses</b>	<b>\$ 124,683</b>	<b>\$ 170,641</b>	<b>\$ 28,377</b>	<b>\$ 67,470</b>	<b>\$ 38,386</b>	<b>\$ 429,557</b>	<b>\$ 414,354</b>

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, 2019 AND 2018**

<b>Cash Flows from Operating Activities</b>	<u>2019</u>	<u>2018</u>
Change in net assets	\$ 23,311	\$( 72,243)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation expense	669	502
Provision for doubtful accounts	-	15,000
Change in assets and liabilities (Increase) decrease in:		
Promise to give	8,663	( 623)
Accounts receivable	( 16,803)	-
Prepaid expenses	2,196	2,196
Accounts payable and accrued expenses	<u>17,650</u>	<u>( 11,641)</u>
Total adjustments	<u>12,375</u>	<u>5,434</u>
Net cash provided by (used in) operating activities	<u>35,686</u>	<u>( 66,809)</u>
<b>Cash Flows used in Investing Activities;</b> capital expenditures	<u>-</u>	<u>( 2,008)</u>
<b>Net increase (decrease) in cash</b>	<u>35,686</u>	<u>( 68,817)</u>
<b>Cash, beginning of year</b>	<u>255,778</u>	<u>324,595</u>
<b>Cash, end of year</b>	<u>\$ 291,464</u>	<u>\$ 255,778</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, 2019 AND 2018**

**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 the Voluntary Program.

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

*Consulting Program* provides advisory 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 mainly to 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**

Provide services that help improve the sound administration and sustainability of non-profit organizations through our team of volunteers, professionals, and students.

**Vision**

Be the leading entity that promotes sound management and sustainability in non-profit organizations in Puerto Rico.

**Basis of Presentation**

The accompanying financial statements have been prepared on the 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, a statement of functional expenses, 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 two classes of net assets:

**ASESORES FINANCIEROS COMUNITARIOS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

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

**Basis of Presentation (Continued)**

*Net Assets Without Donor Restrictions* - Net assets that are not subject to donor-imposed restrictions. All revenues, gains, and losses that are not 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. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

*Net Assets With Donor Restrictions* - 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 or net assets subject to donor-imposed stipulations that require that they are 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 net assets with donor restrictions, for example, by 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 support 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>2019</u>	<u>2018</u>
<i>Educational Program</i>		
Salaries:		
Executive Director	20%	20%
Administrative Coordinator	15%	15%
Service Coordinator	85%	85%
Development Officer	5%	5%
Systems Data and Programing Manager	35%	35%
Rent	30%	30%
Utilities	30%	30%

**ASESORES FINANCIEROS COMUNITARIOS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

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

**Expense Allocation (Continued)**

	<u>2019</u>	<u>2018</u>
<i>Consulting Program</i>		
Salaries:		
Executive Director	35%	35%
Administrative Coordinator	10%	10%
Service Coordinator	5%	5%
Development Officer	50%	50%
Systems Data and Programing Manager	35%	45%
Rent	28%	28%
Utilities	28%	28%
 <i>Voluntary Program</i>		
Salaries:		
Executive Director	10%	10%
Development Officer	30%	30%
Administrative Coordinator	2%	2%
Systems Data and Programing Manager	5%	5%
Service Coordinator	5%	5%
Rent	16%	16%
Utilities	16%	16%
Advertising	50%	50%
Meals and entertainment	50%	50%
 <i>General and Administrative</i>		
Salaries:		
Executive Director	15%	15%
Administrative Coordinator	68%	68%
System Data and Programming Manager	3%	3%
Rent	21%	21%
Utilities	21%	21%
 <i>Fundraising</i>		
Salaries:		
Executive Director	20%	20%
Development Officer	15%	15%
Systems Data and Programming Manager	12%	12%
Administrative Coordinator	5%	5%
Service Coordinator	5%	5%
Rent	5%	5%
Utilities	5%	5%
Advertising	50%	50%
Meals and entertainment	50%	50%

**ASESORES FINANCIEROS COMUNITARIOS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

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

**Concentration of Credit and Business Risks**

Financial instruments, which potentially subject the Organization to the 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, 2019, and 2018, the uninsured cash balance total was \$42,374 and \$7,376, respectively. 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 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.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from balances at year-end.

**Allowance for Doubtful Accounts**

The Organization provides for estimated losses on accounts receivable based on previous bad debts experience and a review of existing receivables. As of June 30, 2019, the Organization did not have an allowance for doubtful accounts. However, the allowance of \$15,000 as of June 30, 2018, from the Legislative Appropriations Committee of the Commonwealth of Puerto Rico was collected in FY 2019. 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 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.

**ASESORES FINANCIEROS COMUNITARIOS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

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

**Fair Value Measurements of Financial Instruments (Continued)**

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

**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 are 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 net assets with donor restrictions to net assets without donor restrictions 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 the 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 net assets without donor restrictions or net assets with donor restrictions, 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 an expense when granting 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 nonfinancial 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 500 volunteer hours per year.

**ASESORES FINANCIEROS COMUNITARIOS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

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

**Income Taxes and Other Taxes**

For federal tax purposes, the Organization is a not-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, 2019, the Organization was not subject to a tax examination.

**New Accounting Standards Adopted**

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities (Topic 958)*, which makes several improvements to current financial reporting for not-for-profit financial reporting model. The new ASU marks the completion of the first phase of a larger project aimed at improving nonprofit financial reporting. Under the new ASU, net asset reporting will be streamlined and clarified. The ASU is effective for the fiscal year 2019 of the Organization, and early adoption is permitted. The Organization has adopted the new standard.

**New Accounting Standards Issued But Not Yet Adopted**

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 (Topic 606)* 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 the 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.

In August 2015, the FASB issued ASU 2015-14 *Revenue from Contracts with Customers (Topic 606): Deferral of Effective Date*, which provides an optional one-year deferral of the effective date. Therefore, the new standard will be effective to the Organization beginning on July 1, 2019. The Organization is evaluating the impact this will have on the financial statements.

**ASESORES FINANCIEROS COMUNITARIOS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

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

**New Accounting Standards Issued But Not Yet Adopted (Continued)**

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, 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 years beginning after December 15, 2019, and early adoption is permitted. The Organization is evaluating the impact of the new guidance on financial statements.

**Financial Assets Available for Use**

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Given the comprehensive nature of the Organization and reliance on restricted contributions and grants to fund ongoing, annual programs, the Organization defines as "available for general expenditures" all financial assets without donor restrictions and financial assets with donor restrictions expected to be spent within one year of the balance sheet date.

The Organization's Board monitors liquidity on a periodic basis to ensure unrestricted financial assets are sufficient to fund the ongoing operations of the organization.

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

**Financial assets without donor restrictions:**

Cash	\$ 291,464
Current receivables	<u>47,872</u>
Total financial assets available to management for general expenditures	339,336
Add funds with donor restrictions expected to be spent within 12 months June 30, 2020	<u>49,305</u>
Total financial assets managed by liquidity	<u>\$ 388,641</u>

**Reclassifications**

Certain reclassifications have been made to the 2018 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 January 17, 2020, the date which the financial statements were available to be issued. The Organization has determined that no events are occurring in this period that require disclosure in or adjustment to the accompanying financial statement.

**ASESORES FINANCIEROS COMUNITARIOS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**2. PROMISES TO GIVE**

At June 30, 2019, and 2018, the unconditional promises to give consisted of the following:

	<u>2019</u>	<u>2018</u>
ACUDE, Inc.	\$ -	\$ 25
Colegio de Educación Especial	-	50
Boys & Girls Club of PR	25	75
CREARTE	-	50
Caribe Girl Scout Council, Inc.	25	25
Centro Adiestramiento Para Personas con Impedimentos	25	25
Centro Esperanza, Inc.	50	-
Corporación de las Artes Escénico Musicales	25	25
Fundación Segarra, Boerman e Hijos	7,500	-
Fundación Ángel Ramos	21,694	39,181
Global Giving Foundation	100	-
Instituto Psicopedagógico de PR	-	50
Instituto de Formación Santa Ana	25	25
Jóvenes de Puerto Rico en Riesgo	-	50
KPMG	1,500	-
Legislative Appropriations	-	15,000
Lily's Angels Down Syndrome Foundation	-	75
Proyecto Alegría	50	-
San Agustín del Coquí - CASA	-	25
	<u>31,019</u>	<u>54,681</u>
Sub-total	31,019	54,681
Allowance for doubtful accounts	<u>-</u>	<u>( 15,000)</u>
Total	<u>\$ 31,019</u>	<u>\$ 39,681</u>

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. On October 15, 2018, the promise from the Legislative Appropriations Committee was received.

**ASESORES FINANCIEROS COMUNITARIOS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**3. ACCOUNTS RECEIVABLE**

At June 30, 2019, and 2018, the accounts receivable consisted of the following:

	<u>2019</u>	<u>2018</u>
APNI, Inc.	\$ 50	\$ -
Alas a la Mujer	100	-
Asociación Pro Juventud y Comunidad de Barrio Palmas, Inc.	50	-
Ballet Concierto de Puerto Rico	50	-
Centro Comunitario LGBTT de Puerto Rico	50	-
Centro Providencia	50	-
Centro para Puerto Rico Fundación Sila María Calderón	50	-
Ciencia Puerto Rico	25	-
Colegio de Educación Especial	25	50
Consejo Renal de Puerto Rico	10	-
Foundation for Puerto Rico	1,128	-
Fundacion Segarra, Boerman e Hijos	420	-
Fundación Hechos de Amor	50	-
Fundación Música y País	25	-
Fundación Puertorriqueña de Pole Sport	100	-
Fundación Ángel Ramos	13,820	-
Hogar Albergue de Niños de San Germán	50	-
Hogar Ruth	25	-
Hogar de Envejecientes Irma Fe Pol Méndez, Inc.	50	-
Hogar el Buen Pastor	50	-
Hospital Español Auxilio Mutuo	400	-
Jane Stern Dorado Community	50	-
La Perla del Gran Precio	25	-
Mujeres de Islas, Inc.	50	-
Paraiso Infantil	50	-
Proyecto la Nueva Esperanza	50	-
Puerto Rico Composta	50	-
	<u>\$ 16,853</u>	<u>\$ 50</u>

**ASESORES FINANCIEROS COMUNITARIOS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**4. IN-KIND CONTRIBUTIONS**

For the year ended June 30, 2019, and 2018, 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 GAAP:

	<u>2019</u>	<u>2018</u>
<b>In-kind Contributions</b>		
<b>Services:</b>		
Technical assistance	\$ 53,196	\$ 39,910
Workshop facilitators	29,000	23,100
Accounting and auditing	5,800	7,700
Fundraising services	1,370	85
Advertising	-	11,390
Legal services	-	30
	<u>89,366</u>	<u>82,215</u>
<b>Facilities:</b>		
Workshop facilities rent	19,737	19,736
Workshop utilities	5,358	5,359
	<u>25,095</u>	<u>25,095</u>
<b>Other:</b>		
Materials and others	1,526	2,653
Equipment	189	-
	<u>1,715</u>	<u>2,653</u>
<b>Total</b>	<u>\$ 116,176</u>	<u>\$ 109,963</u>
<b>In-kind Services per Program</b>		
<i>Educational Program</i>		
Workshop facilitators	\$ 29,000	\$ 23,100
Workshop utilities	1,525	2,653
Workshop facilities rent	12,548	12,548
	<u>43,073</u>	<u>38,301</u>
<i>Consulting Program</i>		
Technical assistance	53,195	39,910
Workshop facilities rent	7,529	7,529
	<u>60,724</u>	<u>47,439</u>
<i>General and Administrative</i>		
Accounting and auditing	5,800	7,700
Advertising	-	5,695
Facilities rent	5,019	5,019
Legal services	-	30
	<u>10,819</u>	<u>18,444</u>
<i>Fundraising</i>		
Fundraising services	1,371	84
Equipment	189	-
Advertising	-	5,695
	<u>1,560</u>	<u>5,779</u>
	<u>\$ 116,176</u>	<u>\$ 109,963</u>

**ASESORES FINANCIEROS COMUNITARIOS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

**5 GRANTS AND DONATIONS**

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

	<u>2019</u>	<u>2018</u>
<b>With Donor Restrictions:</b>		
Titin Foundation	\$ 53,250	\$ 27,000
United Ways of Puerto Rico	20,265	21,109
Global Giving Foundation	19,980	14,995
Legislative Appropriations	19,650	15,000
Fundación Plaza Las Américas (Mano Amiga)	10,000	-
First Bank	4,900	-
Puerto Rico Department of Labor - Act No. 52	-	15,000
MCS Foundation	10,000	-
	<u>138,045</u>	<u>93,104</u>
<b>Without Donor Restrictions:</b>		
Corporate Donations	6,000	6,217
Triple S	5,000	-
Individual Donations	4,211	2,377
The Loyola Foundation	3,400	-
PR Society of CPA's	1,550	2,080
United Ways of Puerto Rico	-	1,055
	<u>20,161</u>	<u>11,729</u>
<b>Total</b>	<u>\$ 158,206</u>	<u>\$ 104,833</u>

**6. 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 monthly rental payments of \$1,352. Parking and security services are paid under a separate agreement.

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

**7. SUBSEQUENT EVENT**

The Organization is negotiating the terms and conditions for the new three-year agreements to be signed in January 2020.