

ASESORES FINANCIEROS COMUNITARIOS, INC.
FINANCIAL STATEMENTS AND
ACCOMPANYING INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED JUNE 30, 2020
AND 2019 (Partially Condensed)

ASESORES FINANCIEROS COMUNITARIOS, INC.

**FOR THE YEARS ENDED JUNE 30, 2020
AND 2019 (Partially Condensed)**

CONTENTS

	Page
Independent Auditor's Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statement of Activities	4-5
Statement of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8-18



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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, 2020, 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, 2020, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 17, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

February 26, 2021

Stamp number E433727 was
Affixed to the original of this
report.

Crowe PR P&R

ASESORES FINANCIEROS COMUNITARIOS, INC.

STATEMENTS OF FINANCIAL POSITION

**JUNE 30, 2020
AND 2019 (Partially Condensed)**

ASSETS

	<u>2020</u>	<u>2019</u>
Current assets		
Cash	\$ 261,352	\$ 291,464
Promises to give	62,650	31,019
Accounts receivable	12,140	16,853
Prepaid expenses	<u>153</u>	<u>890</u>
Total current assets	336,295	340,226
Property and equipment, net	<u>10,437</u>	<u>836</u>
Total assets	<u><u>\$ 346,732</u></u>	<u><u>\$ 341,062</u></u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 57,796	\$ 35,295
Paycheck Protection Program Loan	<u>38,500</u>	<u>-</u>
Total liabilities	<u>96,296</u>	<u>35,295</u>
Net assets		
With Donor Restrictions	95,513	49,305
Without Donor Restrictions	<u>154,923</u>	<u>256,462</u>
Total net assets	<u>250,436</u>	<u>305,767</u>
Total liabilities and net assets	<u><u>\$ 346,732</u></u>	<u><u>\$ 341,062</u></u>

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

ASESORES FINANCIEROS COMUNITARIOS, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020 AND SUMMARIZED FINANCIAL INFORMATION FOR 2019

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
Support and revenues				
Grants	\$ -	\$ 138,030	\$ 138,030	\$ 138,045
Donations	19,735	-	19,735	20,161
Workshop revenues	45,870	-	45,870	68,505
Fund-raising activities	49,364	-	49,364	44,024
Other (conferences, hired consulting)	54,104	-	54,104	65,678
Interest income	247	-	247	279
In-kind services	38,854	-	38,854	89,366
In-kind facilities	25,095	-	25,095	25,095
In-kind equipment and others	1,898	-	1,898	1,715
	<u>235,167</u>	<u>138,030</u>	<u>373,197</u>	<u>452,868</u>
Net assets released from restrictions	<u>91,822</u>	<u>(91,822)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>326,989</u>	<u>46,208</u>	<u>373,197</u>	<u>452,868</u>
Operating and administrative expenses				
Educational program:				
Direct program expenses	46,663	-	46,663	18,994
Allocated program expenses	77,747	-	77,747	62,616
In-kind program expenses	<u>24,521</u>	<u>-</u>	<u>24,521</u>	<u>43,073</u>
Total educational program expenses	<u>148,931</u>	<u>-</u>	<u>148,931</u>	<u>124,683</u>
Consulting program:				
Direct program expenses	17,399	-	17,399	34,315
Allocated program expenses	79,619	-	79,619	75,602
In-kind program expenses	<u>22,800</u>	<u>-</u>	<u>22,800</u>	<u>60,724</u>
Total consulting program expenses	<u>119,818</u>	<u>-</u>	<u>119,818</u>	<u>170,641</u>
Voluntary program:				
Direct program expenses	616	-	616	-
Allocated program expenses	<u>31,823</u>	<u>-</u>	<u>31,823</u>	<u>28,377</u>
Total voluntary program expenses	<u>32,439</u>	<u>-</u>	<u>32,439</u>	<u>28,377</u>

Continues

ASESORES FINANCIEROS COMUNITARIOS, INC.

STATEMENT OF ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2020, WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
Operating and administrative expenses (continued)				
Supporting services:				
General and administrative	20,895	-	20,895	16,655
Allocated administrative expenses	42,139	-	42,139	39,996
In-kind general expenses	<u>17,006</u>	<u>-</u>	<u>17,006</u>	<u>10,819</u>
	<u>80,040</u>	<u>-</u>	<u>80,040</u>	<u>67,470</u>
Fundraising:				
Direct program expenses	14,011	-	14,011	-
Allocated program expenses	31,769	-	31,769	36,826
In-kind fundraising expenses	<u>1,520</u>	<u>-</u>	<u>1,520</u>	<u>1,560</u>
	<u>47,300</u>	<u>-</u>	<u>47,300</u>	<u>38,386</u>
Total expenses	<u>428,528</u>	<u>-</u>	<u>428,528</u>	<u>429,557</u>
Change in net assets	(101,539)	46,208	(55,331)	23,311
Net assets , beginning of year	<u>256,462</u>	<u>49,305</u>	<u>305,767</u>	<u>282,456</u>
Net assets , end of year	<u>\$ 154,923</u>	<u>\$ 95,513</u>	<u>\$ 250,436</u>	<u>\$ 305,767</u>

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

ASESORES FINANCIEROS COMUNITARIOS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020, WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

	Program Services			Supporting Services		Total
	Educational	Consulting	Voluntary	General and Administrative	Fundraising	
Expenses						
Salaries	\$ 51,952	\$ 55,493	\$ 19,745	\$ 26,345	\$ 22,657	\$ 176,192
Payroll tax and benefits	12,689	10,104	4,362	6,350	4,705	38,210
Rent	16,873	13,443	4,150	9,654	1,556	45,676
Utilities	2,357	2,533	1,397	7,279	524	14,090
Professional Services	-	5,017	-	7,700	-	12,717
Workshops designs	35,140	-	-	-	-	35,140
Meals and entertainment	5,359	-	65	-	65	5,489
Equipment, materials and supplies	707	-	-	3,595	279	4,581
Mentoring	-	8,718	-	-	-	8,718
Fundraising	-	-	-	-	14,011	14,011
Telephones, networks and web pages	1,488	-	-	10,133	-	11,621
Bank charges	-	-	-	1,406	-	1,406
Insurances	3,213	3,320	1,178	4,797	1,392	13,900
Instructors	18,046	-	-	-	-	18,046
Contributed services	-	16,879	-	-	-	16,879
Subscriptions	-	3,551	-	-	-	3,551
Depreciation and amortization	533	647	286	281	229	1,976
Advertising	-	-	640	-	640	1,280
Continued education	-	-	-	686	-	686
Meetings	-	-	-	408	-	408
Miscellaneous	574	113	616	1,406	1,242	3,951
Total Expenses	\$ 148,931	\$ 119,818	\$ 32,439	\$ 80,040	\$ 47,300	\$ 428,528
						\$ 429,557

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, 2020
AND 2019 (Partially Condensed)**

Cash Flows from Operating Activities:	<u>2020</u>	<u>2019</u>
Change in net assets	\$(55,331)	\$ 23,311
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	1,976	669
Change in assets and liabilities		
(Increase) decrease in:		
Promise to give	(31,631)	8,663
Accounts receivable	4,713	(16,803)
Prepaid expenses	665	2,196
Accounts payable and accrued expenses	<u>22,501</u>	<u>17,650</u>
Total adjustments	<u>(1,776)</u>	<u>12,375</u>
Net cash provided by (used in) operating activities	<u>(57,107)</u>	<u>35,686</u>
Cash Flows used in Investing Activities:		
Capital expenditures	<u>(11,505)</u>	<u>-</u>
Cash Flows provided in Financing Activities:		
Paycheck Protection Program Loan	<u>38,500</u>	<u>-</u>
Net increase (decrease) in cash	<u>(30,112)</u>	<u>35,686</u>
Cash , beginning of year	<u>291,464</u>	<u>255,778</u>
Cash , end of year	<u><u>\$ 261,352</u></u>	<u><u>\$ 291,464</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, 2020
AND 2019 (Partially Condensed)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The accompanying financial statements include the accounts and transactions of **Aseores 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 Organization's programs are as follows: Educational, Consulting, and Voluntary.

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 non-profit entities.

Nonprofit Organization Support and Student Mentoring Program through **Aseores Financieros Universitarios** (AFU) provides a mentoring program helping non-profit 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 community 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, 2020
AND 2019 (Partially Condensed)**

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

Basis of Presentation (Continued)

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.

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 by the passage of time or 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 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>2020</u>	<u>2019</u>
<i>Educational Program</i>		
Salaries:		
Executive Director	30%	20%
Administrative Coordinator	8%	15%
Service Coordinator	75%	85%
Development Officer	15%	5%
Systems Data and Programing Manager	50%	35%
Service Coordinator II	2%	0%
Rent	27%	30%
Utilities	27%	30%

ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEARS ENDED JUNE 30, 2020
AND 2019 (Partially Condensed)**

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

Expense Allocation (Continued)

	<u>2020</u>	<u>2019</u>
<i>Consulting Program</i>		
Salaries:		
Executive Director	30%	30%
Administrative Coordinator	15%	10%
Service Coordinator	0%	5%
Development Officer	35%	50%
Systems Data and Programing Manager	35%	35%
Service Coordinator II	85%	0%
Rent	29%	28%
Utilities	29%	28%
<i>Voluntary Program</i>		
Salaries:		
Executive Director	8%	10%
Development Officer	35%	30%
Administrative Coordinator	0%	2%
Systems Data and Programing Manager	5%	5%
Service Coordinator	10%	5%
Rent	16%	16%
Utilities	16%	16%
Advertising	50%	50%
Meals and entertainment	50%	50%
<i>General and Administrative</i>		
Salaries:		
Executive Director	12%	15%
Administrative Coordinator	75%	68%
System Data and Programming Manager	2%	3%
Service Coordinator II	8%	0%
Rent	22%	21%
Utilities	22%	21%
<i>Fundraising</i>		
Salaries:		
Executive Director	20%	20%
Development Officer	15%	15%
Administrative Coordinator	2%	5%
Systems Data and Programming Manager	8%	12%
Service Coordinator	15%	5%
Service Coordinator II	5%	0%
Rent	6%	5%
Utilities	6%	5%
Advertising	50%	50%
Meals and entertainment	50%	50%

ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEARS ENDED JUNE 30, 2020
AND 2019 (Partially Condensed)**

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, 2020, and 2019, the uninsured cash balance totals were \$7,608 and \$42,374, 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 net assets with donor restrictions 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, net assets with donor restrictions are reclassified as net assets without donor restrictions 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 net assets without donor restrictions 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, 2020, the Organization did not have an allowance for doubtful accounts.

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, 2020
AND 2019 (Partially Condensed)**

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

Fair Value Measurements of Financial Instruments (Continued)

The Organization's financial instruments consist of cash, accounts receivable, 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. As of June 30, 2020, property and equipment consist of computers.

Compensated Absences

Employees are entitled to fifteen days of vacation and twelve 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.

ASESORES FINANCIEROS COMUNITARIOS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEARS ENDED JUNE 30, 2020
AND 2019 (Partially Condensed)**

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

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.

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, 2020, the Organization was not subject to a tax examination.

New Accounting Standards

While there are many new accounting pronouncements issued that the Organization will be adopting in the near future, the following pronouncements have significant disclosure requirements that impact our financial statements.

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. Additionally, on May 2019, FASB further extended the effective date by one year, providing nonpublic entities the option of adopting the standard on the current implementation date or deferring implementation by one year. The Organization has chosen to defer adoption effective for fiscal year beginning after December 15, 2019. We are currently evaluating the potential impact on our financial statements and do not expect it to have a material impact to our financial results.

ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2020
AND 2019 (Partially Condensed)

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

New Accounting Standards (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 guidance is effective for fiscal years beginning after December 15, 2021 with early adoption permitted. The Organization is evaluating the potential impact on the financial statements.

In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08 Not- for- Profit Entities (Topic 958-605) *Clarifying the Accounting Guidance for Contributions Received and Contributions Made* to further improve the scope and the accounting guidance on revenue recognition, to assist entities in distinguishing between contributions (non-reciprocal) and exchange (reciprocal) transactions and to determine whether a contribution is conditional. The effective date of the amendment is fiscal year beginning after December 31, 2019. The Organization is evaluating the potential impact on our 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.

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	\$ 261,352
Current receivables	<u>74,790</u>
Total financial assets available to management for general expenditures	336,142
Add financial assets with donor restrictions expected to be spent within twelve months June 30, 2020	<u>95,513</u>
Total financial assets managed by liquidity	<u><u>\$ 431,655</u></u>

ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEARS ENDED JUNE 30, 2020
AND 2019 (Partially Condensed)**

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

Financial Assets Available for Use (Continued)

In addition to the above amounts, the Organization has a loan from Banco Popular de Puerto Rico (BPPR) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act for \$38,500 to keep employees on the payroll and provide cash-flow assistance to the Organization over a short term, which will expire two years after its first disbursement. However, the loan and interest can be forgiven in accordance with section 1106 of the CARES Act if certain requirements are met. Refer to **Note 7, Paycheck Protection Program Loan** and **Note 8, Subsequent Events**

Subsequent Events

The Organization has evaluated subsequent events through February 26, 2021, 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 statements, except for the events disclosed in **Note 8, Subsequent Events**.

2. PROMISES TO GIVE

On June 30, 2020, and 2019, the unconditional promises to give consisted of the following:

	<u>2020</u>	<u>2019</u>
Fundación Ángel Ramos	32,772	21,694
Foundation Titin, Inc.	20,000	-
KPMG	-	1,500
Miscellaneous under \$1,000	2,150	325
Departamento del Trabajo - Ley 52	7,728	-
Fundación Segarra, Boerman e Hijos	-	7,500
Total	<u>\$ 62,650</u>	<u>\$ 31,019</u>

3. ACCOUNTS RECEIVABLE

On June 30, 2020, and 2019, the accounts receivable consisted of the following:

	<u>2020</u>	<u>2019</u>
Fundación Ángel Ramos	9,000	13,820
PayPal Customers	1,480	-
Foundation for Puerto Rico	-	1,128
Miscellaneous under \$500	1,660	1,905
	<u>\$ 12,140</u>	<u>\$ 16,853</u>

ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEARS ENDED JUNE 30, 2020
AND 2019 (Partially Condensed)**

4. IN-KIND CONTRIBUTIONS

For the years ended June 30, 2020, and 2019, 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>2020</u>	<u>2019</u>
In-kind Contributions		
Services:		
Technical assistance	\$ 16,879	\$ 53,196
Workshop facilitators	11,546	29,000
Workshop design	1,488	-
Accounting and auditing	7,700	5,800
Fundraising services	<u>1,241</u>	<u>1,370</u>
	38,854	89,366
Facilities:		
Workshop facilities rent	19,737	19,737
Workshop utilities	<u>5,358</u>	<u>5,358</u>
	25,095	25,095
Other:		
Materials and others	1,619	1,526
Equipment	<u>279</u>	<u>189</u>
	<u>1,898</u>	<u>1,715</u>
Total	<u><u>\$ 65,847</u></u>	<u><u>\$ 116,176</u></u>
In-kind Services per Program		
<i>Educational Program</i>		
Workshop facilitators	\$ 11,546	\$ 29,000
Workshop utilities	1,619	1,525
Workshop design	1,488	-
Workshop facilities rent	<u>9,869</u>	<u>12,548</u>
	24,522	43,073
<i>Consulting Program</i>		
Technical assistance	16,879	53,195
Workshop facilities rent	<u>5,921</u>	<u>7,529</u>
	22,800	60,724
<i>General and Administrative</i>		
Accounting and auditing	7,700	5,800
Facilities rent	5,358	5,019
Workshop facilities rent	<u>3,947</u>	<u>-</u>
	17,005	10,819
<i>Fundraising</i>		
Fundraising services	1,241	1,371
Equipment	<u>279</u>	<u>189</u>
	<u>1,520</u>	<u>1,560</u>
	<u><u>\$ 65,847</u></u>	<u><u>\$ 116,176</u></u>

ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEARS ENDED JUNE 30, 2020
AND 2019 (Partially Condensed)**

5 GRANTS AND DONATIONS

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

	<u>2020</u>	<u>2019</u>
With Donor Restrictions:		
First Bank	\$ 1,500	\$ 4,900
Fundación Ángel Ramos	32,454	-
Fundación Plaza Las Américas (Mano Amiga)	10,000	10,000
Fundacion Titin, Inc.	52,258	53,250
Global Giving Foundation	-	19,980
Legislative Appropriations	11,259	19,650
MCS Foundation	-	10,000
Puerto Rico Department of Labor - Act No. 52	12,788	-
United Ways of Puerto Rico	17,771	20,265
	<u>138,030</u>	<u>138,045</u>
Without Donor Restrictions:		
Corporate Donations	5,500	6,000
Flamboyán Foundation	10,000	
Individual Donations	2,475	4,211
Puerto Rico Society of CPA's	1,760	1,550
Triple S	-	5,000
The Loyola Foundation	-	3,400
	<u>19,735</u>	<u>20,161</u>
Total grants and donations	<u>\$ 157,765</u>	<u>\$ 158,206</u>

6. COLLABORATIVE LEASE ARRANGEMENT

Since October 1, 2013, the Organization occupies its office facilities under a rent agreement with FAR. The current two-year agreement effective from January 1, 2020 through December 31, 2021, 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. PAYCHECK PROTECTION PROGRAM LOAN

CARES ACT

On March 27, 2020, the CARES Act was signed into law. Intended to provide economic relief to those impacted by the Coronavirus Disease (COVID-19) pandemic, the CARES Act includes a variety of provisions and programs that provide assistance to individuals and businesses.

ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEARS ENDED JUNE 30, 2020
AND 2019 (Partially Condensed)**

7. PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)

Small Business Administration Loan

On April 16, 2020, the Organization obtained a Small Business Administration (SBA) Paycheck Protection Program (PPP) loan in the amount of \$38,500 with interest at 1% under the CARES Act through BPPR. The PPP loan is designed to provide a direct incentive for small businesses to keep their workers on payroll and is subject to forgiveness pursuant to the compliance requirements of the CARES Act. On June 5, 2020, the Paycheck Protection Program Flexibility Act (the Flexibility Act) was signed into law by the President of the United States of America whereby the original eight-week period for the use of the funds was extended to a twenty-four-week period after the loan origination or December 31, 2020, whichever is earlier. In addition, the Flexibility Act extends the deferral period of principal and interest payments from six months to twelve months, and the maturity of the loan from two years to five years. As of June 30, 2020, the PPP loan balance was \$38,500. Refer to **Note 8**, *Subsequent Events*.

8. SUBSEQUENT EVENTS

Paycheck Protection Program Loan

On October 21, 2020, the SBA has remitted to the BPPR the payment of \$38,500 for forgiveness of the Organization's PPP loan balance as of June 30, 2020.

On January 27, 2021, the Organization applied for a second PPP loan of \$47,900 to cover payroll costs, rent, utilities, and covered operations and covered worker protection expenditures.