



Financial Statements and Report of
Independent Certified Public Accountants

Asesores Financieros Comunitarios, Inc.

June 30, 2021 and 2020
(With Summarized Financial Information)

Asesores Financieros Comunitarios, Inc.

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Report of Independent Certified Public Accountants

To the Board of Directors of
Asesores Financieros Comunitarios, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of **Asesores Financieros Comunitarios, Inc.** ("the Organization"), which comprises the statement of financial position as of June 30, 2021 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.

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Kevane

Grant Thornton

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, 2021, and the changes in net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

The summarized comparative information for the year ended June 30, 2020 was derived from financial statements audited by other auditors, whose report dated February 26, 2021, expressed an unmodified opinion.

San Juan, Puerto Rico,
March 21, 2022.

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(OF PUERTO RICO)
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Asesores Financieros Comunitarios, Inc.

Statements of Financial Position June 30, 2021 and 2020 (With Summarized Financial Information for 2020)

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Current assets:		
Cash	\$ 339,784	\$ 261,352
Contributions receivable	68,712	74,790
Prepaid expenses	375	153
	<hr/>	<hr/>
Total current assets	408,871	336,295
	<hr/>	<hr/>
Property and equipment, net	25,194	10,437
	<hr/>	<hr/>
Total assets	\$ 434,065	\$ 346,732
	<hr/> <hr/>	<hr/> <hr/>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 45,403	\$ 57,796
Loan payable-Paycheck Protection Program	47,900	38,500
	<hr/>	<hr/>
Total liabilities	93,303	96,296
	<hr/>	<hr/>
Net assets:		
Without donor restrictions	332,378	154,923
With donor restrictions	8,384	95,513
	<hr/>	<hr/>
Total net assets	340,762	250,436
	<hr/>	<hr/>
Total liabilities and net assets	\$ 434,065	\$ 346,732
	<hr/> <hr/>	<hr/> <hr/>

Asesores Financieros Comunitarios, Inc.

Statements of Activities Years Ended June 30, 2021 and 2020 (With Summarized Financial Information for 2020)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2021	2020
Revenue, gains and other support:				
Program service fees:				
Educational	\$ 39,898	\$ -	\$ 39,898	\$ 45,870
Consulting	74,090	-	74,090	54,104
Total program service fees	<u>113,988</u>	<u>-</u>	<u>113,988</u>	<u>99,974</u>
Grants	-	328,385	328,385	138,030
Contributions	39,639	-	39,639	19,735
Fund-raising activities	7,792	-	7,792	49,364
Interest income	263	-	263	247
In-kind contributions:				
In-kind services	31,680	-	31,680	38,854
In-kind facilities	25,096	-	25,096	25,095
In-kind equipment and others	-	-	-	1,898
Net assets released from restrictions	<u>415,514</u>	<u>(415,514)</u>	<u>-</u>	<u>-</u>
Total revenue, gains and support, net	<u>633,972</u>	<u>(87,129)</u>	<u>546,843</u>	<u>373,197</u>
Expenses:				
Program services:				
Educational program:				
Direct program expenses	131,235	-	131,235	46,663
Allocated program expenses	80,566	-	80,566	77,747
In-kind program expenses	<u>23,958</u>	<u>-</u>	<u>23,958</u>	<u>24,521</u>
Total educational program expenses	<u>235,759</u>	<u>-</u>	<u>235,759</u>	<u>148,931</u>
Consulting program:				
Direct program expenses	5,637	-	5,637	17,399
Allocated program expenses	94,324	-	94,324	79,619
In-kind program expenses	<u>16,498</u>	<u>-</u>	<u>16,498</u>	<u>22,800</u>
Total consulting program expenses	<u>116,459</u>	<u>-</u>	<u>116,459</u>	<u>119,818</u>
Voluntary program:				
Direct program expenses	-	-	-	616
Allocated program expenses	<u>30,778</u>	<u>-</u>	<u>30,778</u>	<u>31,823</u>
Total voluntary program expenses	<u>30,778</u>	<u>-</u>	<u>30,778</u>	<u>32,439</u>
Total program expenses	<u>\$ 382,996</u>	<u>\$ -</u>	<u>\$ 382,996</u>	<u>\$ 301,188</u>

Asesores Financieros Comunitarios, Inc.

Statements of Activities (Continued)

Years Ended June 30, 2021 and 2020 (With Summarized Financial Information for 2020)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2021	2020
Support services:				
Management and general				
Direct expenses	\$ 24,708	\$ -	\$ 24,708	\$ 20,895
Allocated administrative expenses	43,020	-	43,020	42,139
In-kind general expenses	16,320	-	16,320	17,006
	<u>84,048</u>	<u>-</u>	<u>84,048</u>	<u>80,040</u>
Fundraising				
Direct fundraising expenses	-	-	-	14,011
Allocated fundraising expenses	27,973	-	27,973	31,769
In-kind fundraising expenses	-	-	-	1,520
	<u>27,973</u>	<u>-</u>	<u>27,973</u>	<u>47,300</u>
Total supporting services expenses	<u>112,021</u>	<u>-</u>	<u>112,021</u>	<u>127,340</u>
Total expenses	<u>495,017</u>	<u>-</u>	<u>495,017</u>	<u>428,528</u>
Increase/(decrease) in net assets before non operating revenue	<u>138,955</u>	<u>(87,129)</u>	<u>51,826</u>	<u>(55,331)</u>
Non operating revenue:				
Loan forgiveness - Paycheck Protection Program	<u>38,500</u>	<u>-</u>	<u>38,500</u>	<u>-</u>
Total non operating revenue	<u>38,500</u>	<u>-</u>	<u>38,500</u>	<u>-</u>
Change in net assets	177,455	(87,129)	90,326	(55,331)
Net assets, beginning of year	<u>154,923</u>	<u>95,513</u>	<u>250,436</u>	<u>305,767</u>
Net assets, end of year	<u>\$ 332,378</u>	<u>\$ 8,384</u>	<u>\$ 340,762</u>	<u>\$ 250,436</u>

The accompanying notes are an integral part of this statement.

Asesores Financieros Comunitarios, Inc.

Statements of Functional Expenses June 30, 2021 and 2020 (With Summarized Financial Information for 2020)

	Program Services			Supporting Services		Total	
	Educational	Consulting	Voluntary	Management and General	Fund Raising	2021	2020
Salaries	\$ 53,893	\$ 66,804	\$ 19,992	\$ 27,147	\$ 20,962	\$ 188,798	\$ 176,192
Payroll tax and benefits	10,694	12,213	3,601	5,403	3,654	35,565	38,210
Rent	16,870	13,170	4,000	9,448	1,250	44,738	45,676
Utilities	4,876	3,886	1,256	2,798	393	13,209	14,090
Professional services	80,068	-	-	11,300	-	91,368	12,717
Workshop designs	55,715	-	-	-	-	55,715	35,140
Meals and entertainment	105	-	-	464	-	569	5,489
Equipment, materials and supplies	-	-	-	1,454	-	1,454	4,581
Mentoring	-	5,250	-	-	-	5,250	8,718
Telephones, networks and web pages	-	-	-	12,805	-	12,805	11,621
Bank charges	-	-	-	1,485	-	1,485	1,406
Insurance	3,631	4,382	1,377	3,139	1,377	13,906	13,900
Instructors	6,758	-	-	-	-	6,758	18,046
Contributed services	-	8,969	-	-	-	8,969	16,879
Subscriptions	-	387	-	3,781	-	4,168	3,551
Depreciation expense	2,409	1,349	289	434	337	4,818	1,976
Advertising costs	740	49	263	592	-	1,644	1,280
Meetings	-	-	-	348	-	348	408
Miscellaneous	-	-	-	3,450	-	3,450	18,648
	<u>\$ 235,759</u>	<u>\$ 116,459</u>	<u>\$ 30,778</u>	<u>\$ 84,048</u>	<u>\$ 27,973</u>	<u>\$ 495,017</u>	<u>\$ 428,528</u>

The accompanying notes are an integral part of this statement.

Asesores Financieros Comunitarios, Inc.

Statements of Cash Flows

Years Ended June 30, 2021 and 2020 (With Summarized Financial Information for 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 90,326	\$ (55,331)
Adjustments to reconcile change in net assets to net cash flows provided by / (used in) operating activities:		
Depreciation	4,818	1,976
Loan forgiveness	(38,500)	-
Decrease/(increase) in assets:		
Contributions receivable	6,078	(26,918)
Prepaid expenses	(222)	665
(Decrease) / increase in liabilities:		
Accounts payable and accrued liabilities	<u>(12,393)</u>	<u>22,501</u>
Net cash provided by / (used in) operating activities	<u>50,107</u>	<u>(57,107)</u>
Cash flows from investing activities:		
Acquisition of property and equipment	<u>(19,575)</u>	<u>(11,505)</u>
Net cash used in investing activities	<u>(19,575)</u>	<u>(11,505)</u>
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	<u>47,900</u>	<u>38,500</u>
Net cash provided by financing activities	<u>47,900</u>	<u>38,500</u>
Net increase / (decrease) in cash	78,432	(30,112)
Cash, beginning of year	<u>261,352</u>	<u>291,464</u>
Cash, end of year	<u><u>\$ 339,784</u></u>	<u><u>\$ 261,352</u></u>
Supplemental disclosure of non-cash investing and financing activities:		
Loan forgiveness - Paycheck Protection Program	<u><u>\$ 38,500</u></u>	<u><u>\$ -</u></u>

Asesores Financieros Comunitarios, Inc.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020 (With Summarized Financial Information for 2020)

(1) **Organization and summary of
significant accounting policies:**

(a) **Organization**

(i) **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 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, compliance 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 **Asesores 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.

(ii) **Mission**

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

(iii) **Vision**

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

Asesores Financieros Comunitarios, Inc.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020 (With Summarized Financial Information for 2020)

(b) Summary of significant accounting policies

The significant accounting policies followed by the Company are summarized as follows:

(i) 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:

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.

(ii) Comparative financial information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the audited financial statements for the year ended June 30, 2020, from which the summarized information was derived.

(iii) 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.

Asesores Financieros Comunitarios, Inc.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020 (With Summarized Financial Information for 2020)

(iv) **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, mostly salaries, are charged to programs and support services bases on the time incurred. Rent and utilities are allocated on a square footage basis. 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>2021</u>	<u>2020</u>
<i>Educational Program</i>		
Salaries:		
Executive Director	30%	30%
Administrative Coordinator	8%	8%
Service Coordinator	82%	75%
Development Officer	15%	15%
Systems Data and Programming Manager	50%	50%
Service Coordinator II	2%	2%
Rent	28%	27%
Utilities	28%	27%
Advertising	45%	0%
<i>Consulting Program</i>		
Salaries:		
Executive Director	30%	30%
Administrative Coordinator	15%	15%
Service Coordinator	3%	0%
Development Officer	35%	35%
Systems Data and Programming Manager	35%	35%
Service Coordinator II	85%	85%
Rent	29%	29%
Utilities	29%	29%
Advertising	3%	0%
<i>Voluntary Program</i>		
Salaries:		
Executive Director	8%	8%
Administrative Coordinator	0%	0%
Service Coordinator	10%	10%
Development Officer	35%	35%
Systems Data and Programming Manager	5%	5%
Rent	16%	16%
Utilities	16%	16%
Advertising	16%	50%
Meals and entertainment	0%	50%

Asesores Financieros Comunitarios, Inc.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020 (With Summarized Financial Information for 2020)

(iv) **Expense allocation (continued)**

	<u>2021</u>	<u>2020</u>
<i>General and Administrative</i>		
Salaries:		
Executive Director	12%	12%
Administrative Coordinator	75%	75%
Service Coordinator II	8%	8%
Systems Data and Programming Manager	2%	2%
Rent	22%	22%
Utilities	22%	22%
Advertising	36%	0%
Meals and entertainment	100%	0%
<i>Fundraising</i>		
Salaries:		
Executive Director	20%	20%
Administrative Coordinator	2%	2%
Service Coordinator	5%	15%
Service Coordinator II	5%	5%
Development Officer	15%	15%
Systems Data and Programming Manager	8%	8%
Rent	5%	6%
Utilities	5%	6%
Advertising	0%	50%
Meals and entertainment	0%	50%

(v) **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, 2021 and 2020, the uninsured cash balance totals were \$81,294 and \$7,608 respectively. The Organization does not foresee any significant credit risks in its bank deposits.

The Organization receives an annual grant from Fundación Angel 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.

Asesores Financieros Comunitarios, Inc.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020 (With Summarized Financial Information for 2020)

(vi) **Contributions receivable**

Unconditional promises to give that are expected to be collected within one year are reported at net realizable value. Contributions receivable including unconditional promises to give to be collected after one year are discounted at an appropriate discount rate commensurate with the risks involved. The contributions 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.

(vii) **Allowance for doubtful accounts**

The Organization provides for estimated losses on contributions receivable based on previous bad debts experience and a review of existing receivables. As of June 30, 2021 and 2020, the Organization did not have an allowance for doubtful accounts.

(viii) **Fair value measurements**

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 cost, which approximates fair value. 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, accounts receivable, promises to give, accounts payable, and accrued expenses.

(ix) **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.

Asesores Financieros Comunitarios, Inc.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020 (With Summarized Financial Information for 2020)

Property and equipment are depreciated using the straight-line method over their estimated useful lives of three years. As of June 30, 2021 and 2020, property and equipment consist of the following:

	<u>2021</u>	<u>2020</u>
Computers	\$ 13,512	\$ 13,512
Equipment	19,575	-
Total depreciable assets	33,087	13,512
Less: accumulated depreciation	<u>(7,893)</u>	<u>(3,075)</u>
Property and equipment, net	<u>\$ 25,194</u>	<u>\$ 10,437</u>

(x) **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.

(xi) **Revenue recognition**

Revenue is reported as increases in unrestricted net assets unless the use of the related assets is restricted through donor-imposed restrictions. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions in the statement of activities.

Contributions, including unconditional promises to give are recorded as revenues in the year received. Contributions with donor-imposed restrictions that are met in the same year as received are reported as revenue of the net assets without donor restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Contributions of assets other than cash are recorded at their estimated fair value.

Revenue from educational and consulting services is recognized when the program occurs, or the service is provided. 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 provide workshops and fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria is not met. The Organization receives more than 500 volunteer hours per year.

(xii) **Grants, contributions 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.

Asesores Financieros Comunitarios, Inc.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020 (With Summarized Financial Information for 2020)

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.

(xiii) **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, 2021, the Organization was not subject to a tax examination.

(xiv) **New accounting standards**

The following new accounting pronouncements may have an impact on the Organization's financial statements.

In February 2016, the FASB issued Accounting Standards Update (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 September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The objective of this ASU is to increase transparency of contributed nonfinancial assets for not-for-profit ("NFP") entities through enhancements to presentation and disclosure. The amendments in this ASU apply to NFPs that receive contributed nonfinancial assets. Contribution revenue may be presented in the financial statements using different terms (for example, gifts, donations, grants, gifts-in-kind, donated services, or other terms). The term nonfinancial asset includes fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The amendments will not

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change the recognition and measurement requirements. ASU 2020-07 is effective for fiscal years beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. The amendments in this ASU should be applied on a retrospective basis. The Organization is evaluating the potential impact on the financial statements.

(xv) **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 at end of year:	
Cash	\$ 339,784
Current receivables	68,712
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 408,496</u>

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 \$47,900 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.

(2) **Contributions receivable:**

On June 30, 2021, and 2020, contributions receivable consisted of the following:

	<u>2021</u>	<u>2020</u>
Fundación Angel Ramos	\$ 19,864	\$ 41,772
Fundación Titin, Inc.	-	20,000
United Way of Puerto Rico	18,385	-
Fundación Segarra, Boerman e Hijos	20,625	-
Puerto Rico Department of Labor- Act 52	8,779	7,728
PayPal Customers	-	1,480
Miscellaneous under \$1,000	1,059	3,810
	<u>\$ 68,712</u>	<u>\$ 74,790</u>

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(3) In-kind contributions:

For the years ended June 30, 2021, and 2020, 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>2021</u>	<u>2020</u>
In-kind Contributions		
Services:		
Technical assistance	\$ 8,969	\$ 16,879
Workshop facilitators	5,574	11,546
Workshop design	5,837	1,488
Accounting and auditing	7,700	7,700
Professional and legal	3,600	-
Fund raising services	-	1,241
	<u>31,680</u>	<u>38,854</u>
Facilities:		
Workshop facilities rent	19,738	19,737
Workshop utilities	5,358	5,358
	<u>25,096</u>	<u>25,095</u>
Other:		
Material and others	-	1,619
Equipment	-	279
	<u>-</u>	<u>1,898</u>
Total	<u>\$ 56,776</u>	<u>\$ 65,847</u>
In-kind Services per Program		
<i>Educational Program</i>		
Workshop facilitators	\$ 5,574	\$ 11,546
Workshop materials and other	-	1,619
Workshop utilities	2,678	-
Workshop design	5,837	1,488
Workshop facilities rent	9,869	9,869
	<u>23,958</u>	<u>24,522</u>
<i>Consulting Program</i>		
Technical assistance	8,969	16,879
Workshop facilities rent	5,921	5,921
Workshop utilities	1,608	-
	<u>16,498</u>	<u>22,800</u>
<i>General and Administrative</i>		
Accounting and auditing	7,700	7,700
Professional and legal	3,600	-
Workshop utilities	1,072	5,358
Workshop facilities rent	3,948	3,947
	<u>16,320</u>	<u>17,005</u>
<i>Fundraising</i>		
Fund raising services	-	1,241
Equipment	-	279
	<u>-</u>	<u>1,520</u>
Total	<u>\$ 56,776</u>	<u>\$ 65,847</u>

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(4) **Grants and contributions:**

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

	<u>2021</u>	<u>2020</u>
With Donor Restrictions:		
United Way of Puerto Rico	\$ 271,287	\$ 17,771
Puerto Rico Department of Labor - Act. No. 52	30,266	12,788
Legislative Appropriations	21,000	11,259
Puerto Rico Department of Economic Development and Commerce	5,832	-
First Bank	-	1,500
Fundación Angel Ramos	-	32,454
Fundación Plaza Las Americas (Mano Amiga)	-	10,000
Fundación Tintin, Inc.	-	52,258
	<u>328,385</u>	<u>138,030</u>
Without Donor Restrictions:		
Corporate Donations	12,410	5,500
Flamboyán Foundation	-	10,000
Individual donations	15,137	2,475
Puerto Rico Society of CPA's	2,320	1,760
PGA Tour	7,500	-
Foundations	2,272	-
	<u>39,639</u>	<u>19,735</u>
Total grants and contributions	<u>\$ 368,024</u>	<u>\$ 157,765</u>

(5) **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.

(6) **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.

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Small Business Administration Loan

On January 27, 2021, the Organization obtained a second Small Business Administration (SBA) Paycheck Protection Program (PPP) loan in the amount of \$47,900 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, 2021, the PPP loan balance was \$47,900.

If the loan is not forgiven by the SBA, after deferment period, the future scheduled maturities of the loan are follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2022	\$ -
2023	8,916
2024	9,604
2025	9,699
2026	9,795
2027	9,886
	<u>\$ 47,900</u>

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. During fiscal year 2021 the Organization filed a request for loan forgiveness and on October 2020 the SBA notified the Organization that the loan principal was forgiven.

For purposes of derecognizing the PPP loan, management of the Organization elected the model of accounting under FASB ASC 450-30 *Gain Contingencies*. Under this model, the earnings impact of a gain contingency is recognized when all the contingencies related to the receipt of the assistance have been met and the loan is forgiven by the SBA. The forgiven loan principal amounting to \$38,500 was presented as non-operating revenue in the accompanying statement of activities.

(7) Federal financial awards:

During the fiscal year ended June 30, 2021, the Organization received approximately \$253,515 in federal funds from the Coronavirus Relief Fund, passed-through the United Way of Puerto Rico. Since the Organization expended less than \$750,000 in federal awards during the fiscal year, it was exempt from an independent audit under the requirements of the Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. However, records must be retained for a period of no less than three years and be available for audit or review by the pass-through entity, grantor agency and the Comptroller General of the United States of America.

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(8) COVID-19 pandemic:

On March 11, 2020, the World Health Organization declared the coronavirus outbreak a global pandemic resulting in mandates from federal, state, and local authorities ordering restrictions and forced closures for certain types of public places, activities, and services. Following the guidelines and recommendations of the Centers for Disease Control and Prevention (CDC), the Commonwealth of Puerto Rico ordered a complete lockdown of non-essential services that was in place through June 2020. However, certain significant government restrictions remained in place during the year ended June 30, 2021. Despite these restrictions, the Organization was able to successfully adapt to the new remote virtual work environment and accelerate the adoption of technology to adapt the delivery and deployment of its existing programs and services to a virtual format. To date, AFC has not experienced a material impact on its financial results and operations, however, future developments of this pandemic are uncertain and unpredictable.

(9) Subsequent events:

The Organization has evaluated subsequent events from the balance sheet date through March 21, 2022, the date at which the financial statements were available to be issued. Management believes that the subsequent event below are intrinsically related to the financial statements of the organization.

The Organization filed a request for loan forgiveness for their \$47,900 PPP Loan outstanding as of June 30, 2021 and on March 2022 the SBA notified the Organization that the loan was forgiven.