

ASESORES FINANCIEROS COMUNITARIOS, INC.

**INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS**

JUNE 30, 2023



ASESORES FINANCIEROS COMUNITARIOS, INC.

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Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of Asesores Financieros Comunitarios, Inc., which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Asesores Financieros Comunitarios, Inc. as of June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Asesores Financieros Comunitarios, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Asesores Financieros Comunitarios, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material

misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Asesores Financieros Comunitarios, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Asesores Financieros Comunitarios, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

San Juan, Puerto Rico
May 9, 2024

Valdés, García, Maín & Martínez, LLP

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To the original.

ASESORES FINANCIEROS COMUNITARIOS, INC.

STATEMENT OF FINANCIAL POSITON
JUNE 30, 2023

ASSETS

Current assets	
Cash and cash equivalents	\$ 142,745
Contributions receivable	57,167
Operating lease right-of-use assets, net	8,102
Finance lease right-of-use assets, net	3,276
Prepaid expenses	<u>7,658</u>
Total current assets	218,948
Property and equipment, net	13,777
Total assets	<u>\$ 232,725</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued liabilities	\$ 30,527
Deferred revenue	45,985
Operating lease liabilities	3,264
Finance lease liabilities	<u>12,158</u>
Total current liabilities	<u>91,934</u>
Net assets	
With donor restrictions	70,579
Without donor restrictions	<u>70,212</u>
Total net assets	<u>140,791</u>
Total liabilities and net assets	<u>\$ 232,725</u>

See accompanying notes to financial statements.

ASESORES FINANCIEROS COMUNITARIOS, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

	Without donor restrictions	With donor restrictions	Total
Revenue and support			
Program Service Fees:			
Educational	\$ 71,065	\$ -	\$ 71,065
Consulting	<u>10,730</u>	<u>-</u>	<u>10,730</u>
Total program service fees	<u>81,795</u>	<u>-</u>	<u>81,795</u>
Grants		105,024	105,024
Contributions	21,139	-	21,139
Fund-raising activities	17,167	-	17,167
Interest income	465	-	465
In-kind contributions:			
In-kind Services	21,526	-	21,526
In-kind Facilities	25,095	-	25,095
Net assets released from restrictions	<u>73,113</u>	<u>(73,113)</u>	<u>-</u>
Total revenue, gains and support, net	240,300	31,911	272,211
Expenses:			
Program Services:			
Educational Program:			
Direct program expenses	32,525	-	32,525
Allocated program expenses	85,864	-	85,864
In-kind program expenses	<u>25,123</u>	<u>-</u>	<u>25,123</u>
Total educational program expenses	<u>143,512</u>	<u>-</u>	<u>143,512</u>
Consulting Program:			
Direct program expenses	21,058	-	21,058
Allocated expenses	95,881	-	95,881
In-kind program expenses	<u>13,280</u>	<u>-</u>	<u>13,280</u>
Total consulting program expenses	<u>130,219</u>	<u>-</u>	<u>130,219</u>
Voluntary Program:			
Direct program expenses	2,676	-	2,676
Allocated program expenses	<u>41,158</u>	<u>-</u>	<u>41,158</u>
Total voluntary program expenses	<u>43,834</u>	<u>-</u>	<u>43,834</u>
Total Program Expense	<u>317,565</u>	<u>-</u>	<u>317,565</u>
Support Services:			
Management and General			
Direct expense	21,862	-	21,862
Allocated administrative expenses	54,442	-	54,442
In-kind general expenses	<u>8,219</u>	<u>-</u>	<u>8,219</u>
Total support services expenses	<u>84,523</u>	<u>-</u>	<u>84,523</u>
Fundraising			
Direct fundraising expenses	1,056	-	1,056
Allocated fundraising expenses	<u>21,864</u>	<u>-</u>	<u>21,864</u>
Total fundraising expenses	<u>22,920</u>	<u>-</u>	<u>22,920</u>
Total supporting services expenses	<u>107,443</u>	<u>-</u>	<u>107,443</u>
Total expenses	<u>425,008</u>	<u>-</u>	<u>425,008</u>
Increase/(decrease) in net assets before non operating revenue	<u>(184,708)</u>	<u>31,911</u>	<u>(152,797)</u>
Non operating revenue:			
Other income	<u>3,250</u>	<u>-</u>	<u>3,250</u>
Change in net assets	(181,458)	31,911	(149,547)
Net assets, beginning of year	<u>251,670</u>	<u>38,668</u>	<u>290,338</u>
Net assets, end of year	<u>\$ 70,212</u>	<u>\$ 70,579</u>	<u>\$ 140,791</u>

See accompanying notes to financial statements.

ASESORES FINANCIEROS COMUNITARIOS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	PROGRAM SERVICES			SUPPORT SERVICES		Total
	Educational	Consulting	Voluntary	Management and General	Fundraising	
Salaries, and fringe benefits	\$ 67,753	\$ 82,389	\$ 31,999	\$ 38,782	\$ 18,820	\$ 239,743
Rent	7,804	8,382	4,625	6,359	1,734	28,904
Utilities, repair & maintenance	2,220	2,384	1,316	1,809	493	8,222
Professional services		4,150				4,150
Workshop designs	3,000					3,000
Meals, entertainment and hotel	22,574		2,676	2,763		28,013
Equipment, material and supplies				1,001		1,001
Mentoring		16,802				16,802
Telephones, networks and web pages				7,205		7,205
Bank charges				2,408		2,408
Insurance				763	1,056	1,819
Instructors	6,525					6,525
Subscriptions				5,116		5,116
Depreciation expense	1,906	2,314	1,021	749	817	6,807
Advertising costs	6,180	412	2,197	4,943		13,732
Right of use amortization				1,512		1,512
Interest expense				442		442
InKind program expenses	25,123	13,280		8,219		46,622
Miscellaneous	427	106		2,452		2,985
Total	\$ 143,512	\$ 130,219	\$ 43,834	\$ 84,523	\$ 22,920	\$ 425,008

See accompanying notes to financial statements.

ASESORES FINANCIEROS COMUNITARIOS, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

Cash flows from operating activities:	
Change in net assets	\$ (149,547)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation	6,807
Amortization of operating lease right-of-use asset	16,156
Amortization of finance lease right-of-use asset	1,512
Decrease (increase) in assets:	
Contributions and accounts receivable	11,786
Prepaid expenses	(7,428)
(Decrease) increase in liabilities:	
Accounts payable and accrued expenses	(17,235)
Deferred revenue	<u>31,929</u>
Net cash used in operating activities	<u>(106,020)</u>
Cash flows and net cash used in financing activities:	
Payment of finance lease liabilities	<u>(17,538)</u>
Net decrease in cash and cash equivalents	(123,558)
Cash and cash equivalents, beginning of year	<u>266,303</u>
Cash and cash equivalents, end of year	<u>\$ 142,745</u>

Supplementary disclosures of non-cash investing and financing activities:

Operating lease/right of use assets generated during the year	<u>\$ 32,371</u>
Finance lease/right of use asset generated during the year	<u>\$ 6,047</u>

See accompanying notes to financial statements.

ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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 services mainly to accounting students from universities in Puerto Rico aimed at providing 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.

(Continues)

ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS

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

Summary of significant accounting policies

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

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.

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.

Cash and cash equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid instruments in which it has invested, that have a maturity of three months or less, to be cash equivalents. Cash equivalents as of December 31, 2022 consist of money market funds.

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ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS

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

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 based 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.

Education Program

Salaries:	
Executive Director	30%
Administrative Coordinator	8%
Service Coordinator	82%
Educational Officer	100%
Development Officer	50%
Systems Data and Programming Manager	15%
Service Coordinator II	2%
Service Coordinator III	26%
Rent	27%
Utilities	27%
Advertising	45%

Consulting Program

Salaries:	
Executive Director	26%
Administrative Coordinator	12%
Development Officer	5%
Systems Data and Programming Manager	12%
Service Coordinator II	85%
Rent	24%
Utilities	24%
Advertising	24%

(Continues)

ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS

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

Consulting AFU - SubProgram

Salaries:	
Executive Director	4%
Administrative Coordinator	3%
Service Coordinator	3%
Development Officer	30%
Systems Data and Programming Manager	23%
Service Coordinator III	70%
Service Coordinator IV	30%
Rent	5%
Utilities	5%
Advertising	3%

Voluntary Program

Salaries:	
Executive Director	8%
Service Coordinator	10%
Development Officer	35%
Systems Data and Programming Manager	5%
Service Coordinator III	5%
Service Coordinator IV	70%
Rent	16%
Utilities	16%
Advertising	16%

General and Administrative

Salaries:	
Executive Director	12%
Administrative Coordinator	75%
Service Coordinator	0%
Service Coordinator II	8%
Systems Data and Programming Manager	2%
Rent	22%
Utilities	22%
Advertising	22%
Meals and Entertainment	100%

Fundraising

Salaries:	
Executive Director	20%
Administrative Coordinator	2%
Service Coordinator	5%
Service Coordinator II	5%
Development Officer	15%
Systems Data and Programming Manager	8%
Rent	6%
Utilities	6%

(Continues)

ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 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, 2023 there is uninsured cash balance. The Organization does not foresee any significant credit risks in its bank deposits.

The Organization receives an annual grant from Fundacion 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.

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.

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, 2023, the Organization did not have an allowance for doubtful accounts.

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.

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ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS

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

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.

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.

Leases

Effective January 1, 2022, the Organization recognizes and measures its leases in accordance with FASB Accounting Standard Codification (ASC) Topic 842, *Leases*. Upon execution of a new contract, the Organization determines whether an arrangement is or contains a lease. Right-of-use assets represent the Organization's right to use leased asset over the term of the lease. Lease liabilities represent the Organization's contractual obligation to make lease payment over the lease term. Right-of-use assets and lease liabilities are measured, categorized, and recognized at lease commencement. The commencement date is when the Organization takes possession of the asset, or in the case of real estate leases, when the landlord makes the building available for use. Operating leases as lessee are included in the operating lease right-of-use assets and operating lease liabilities on the statement of financial position. Finance leases as lessee are included in the finance lease right-of-use assets and finance lease liabilities on the statement of financial position.

The Organization has elected not to recognize right-of-use assets and obligations for leases with an initial term of 12 months or less. To the extent a lease arrangement includes both lease and non-lease components, the components are combined as one component.

Operating and finance lease right-of-use assets and associated lease liabilities are recognized based on the present value of future minimum lease payment to be made over the expected lease term. The Organization uses the rate implicit in a lease if it is determinable. When the rate implicit in the lease is not determinable, the Organization uses a risk-free discount rate as of the commencement date to determine the present value of the lease payments. The risk-free rate is determined using a period comparable with the lease term. Lease expense for lease payments is recognized on a straight-line basis over the lease term for operating leases. Interest expense is recognized as a component of the lease payment for finance leases.

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ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS

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

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.

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 collected in advance is included in deferred revenue and 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.

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.

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.

(Continues)

ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS

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

For donated facilities and utilities the Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the annual estimated fair value rental of the property. The fair value of donated facilities is determined based on the amount of rent charged for comparative facilities in the area.

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, 2023, the Organization was not subject to a tax examination.

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.

Subsequent events

The Organization has evaluated subsequent events from the statement of financial position date through May 9, 2024, the date at which the financial statements were available to be issued. The Organization is not aware of any subsequent events, which would require recognition and/or disclosure in the financial statements.

ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 FINANCIAL ASSETS

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	\$ 142,745
Contributions receivable	<u>57,167</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 199,912</u></u>

NOTE 3 CONTRIBUTIONS RECEIVABLE

On June 30, 2023, contributions receivable consisted of the following:

Fondos Unidos	\$ 15,870
Global Giving Foundation	100
Asesoría Técnica	1,310
5 Sentidos - Transmisiones	50
Fundación Ángel Ramos	81,134
Fundación Plaza Las Américas - Mano Amiga	6,250
Ley 52	13,543
COPUR	2,500
AFC Summit	5,500
Rural	<u>3,930</u>
	<u><u>\$ 130,187</u></u>

NOTE 4 IN-KIND CONTRIBUTIONS

Donated services are recognized as contributions and expensed in accordance with GAAP. No restricted in-kind contributions were received for the year ended June 30, 2023. For the year ended June 30, 2023, 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-kind Contributions

Services:

Technical assistance	\$ 5,751
Workshop facilitators	12,575
Accounting and Auditing	<u>3,200</u>
	<u>21,526</u>

Facilities:

Workshop facilities rent	19,737
Workshop utilities	<u>5,358</u>
	<u>25,095</u>

Total	<u><u>\$ 46,621</u></u>
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(Continues)

ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 IN-KIND CONTRIBUTIONS (CONTINUED)

In-kind Service per Program

Educational Program:

Workshop facilitators	\$ 12,575
Workshop facilities rent	12,547
	<u>25,122</u>

Consulting Program:

Technical assistance	5,751
Workshop facilities rent	7,529
	<u>13,280</u>

General and Administrative:

Accounting and Auditing	3,200
Workshop facilities rent	5,019
	<u>8,219</u>

Total	<u>\$ 46,621</u>
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NOTE 5 GRANTS AND CONTRIBUTIONS

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

With Donor Restrictions:

United Way of Puerto Rico	\$ 53,710
Puerto Rico Department of Labor-Act 52	32,640
Legislative Appropriations	9,500
AAFAF	9,173
	<u>105,023</u>

Without Donor Restrictions:

Individual donations	11,788
Corporate donations	9,351
	<u>21,139</u>

Total grants and contributions	<u>\$ 126,162</u>
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NOTE 6 LEASES

As a result of adopting ASU 2016-02, *Leases* (Topic 842) on August 2020 using the modified retrospective transition method, the Organization now recognizes right-of-use ("ROU") assets and lease liabilities for their finance and operating leases. These new leases requirements were applied to those leasing arrangements with terms of more than twelve months since January 1, 2022, the ASC 842 adoption date.

(Continues)

ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 LEASES (CONTINUED)

Total lease cost for the year ended June 30, 2023 was as follows:

The Organization operating lease has a term of two years with a discount rate of 0.39% (risk-free discount rate).

Maturities of lease liabilities under operating and finance lease liabilities as of June 30, 2023 were as follows:

	<u>Finance Lease</u>	<u>Operating Lease</u>
2024	\$ 8,114	\$ 1,824
2025	<u>4,057</u>	<u>1,824</u>
Total undiscounted lease payments	12,171	3,648
Less: imputed interest	<u>(13)</u>	<u>(384)</u>
Total lease liabilities	<u>\$ 12,158</u>	<u>\$ 3,264</u>

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment are depreciated using the straight-line method over their estimated useful lives of three years. As of June 30, 2023, property and equipment consist of the following:

Computer	\$ 19,740
Equipment	<u>19,575</u>
Total depreciable assets	39,316
Less: accumulated depreciation	<u>(25,539)</u>
Property and Equipment, net	<u>\$ 13,777</u>

NOTE 8 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.

ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 9 COVID – 19 PANDEMIC

More than three years after the World Health Organization declared the COVID-19 global pandemic, management believes that Puerto Rico has been returning to pre-pandemic normality. The government has lifted the restrictions on mobility and on economic activities that were in force since the start of the pandemic, with ups and downs caused by the new variants and successive waves. Management is constantly monitoring the evolution of the situation and, according to its most current estimates, considers that the going concern basis of accounting is not affected.