

**ASESORES FINANCIEROS COMUNITARIOS, INC.**

**INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 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., a non-for-profit organization (the "Organization"), which comprise the statement of financial position as of June 30, 2024 and 2023, and the related statements of activities and change in net assets, functional expenses and cash flows for the years 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, 2024 and 2023, and the results of its operations and its cash flows for the years 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's 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.

### **Auditor's 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 auditor's 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. 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  
February 11, 2025

*Valdés, García, Maín & Martínez, LLP*



DLLP223-60

Asesores Financieros Comunitarios, Inc.

ASESORES FINANCIEROS COMUNITARIOS, INC.

STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2024 AND 2023

ASSETS

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 102,633	\$ 142,745
Contribution receivable - net of allowance for doubtful accounts of \$(13,406) and \$- for 2024 and 2023, respectively	100,994	57,167
Operating lease right-of-use assets, net	8,102	8,102
Finance lease right-of-use assets, net	1,764	3,276
Prepaid expenses	<u>1,829</u>	<u>7,658</u>
Total current assets	215,322	218,948
Property and equipment, net	9,572	13,777
Intangible assets	<u>63,880</u>	<u>-</u>
Total assets	<u>\$ 288,774</u>	<u>\$ 232,725</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued liabilities	\$ 59,227	\$ 30,527
Deferred revenue	37,400	45,985
Operating lease liabilities	12,158	12,158
Finance lease liabilities	<u>1,723</u>	<u>3,264</u>
Total current liabilities	110,508	91,934
Net Assets		
With donor restrictions	21,354	70,579
Without donor restrictions	<u>156,912</u>	<u>70,212</u>
Total net assets	<u>178,266</u>	<u>140,791</u>
Total liabilities and net assets	<u>\$ 288,774</u>	<u>\$ 232,725</u>

See accompanying notes to financial statements.

ASESORES FINANCIEROS COMUNITARIOS, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>	
	<u>Restrictions</u>	<u>Restriction</u>	<u>2024</u>	<u>2023</u>
Revenue and Support				
Program Fees				
	\$ 92,137	\$ -	\$ 92,137	\$ 71,065
Consulting	<u>16,532</u>	<u>-</u>	<u>16,532</u>	<u>10,730</u>
Total program service fees	<u>108,669</u>	<u>-</u>	<u>108,669</u>	<u>81,795</u>
Grants	41,243	327,809	369,052	105,024
Contribution	27,171		27,171	21,139
Fund-raising activities	23,800		23,800	17,167
Interest income	459		459	465
In-kind contributions			-	
In-kind services	15,412	-	15,412	21,526
In-kind facilities	24,760	-	24,760	25,095
Net assets released from restrictions - satisfaction of programs restrictions	<u>377,034</u>	<u>(377,034)</u>	<u>-</u>	<u>-</u>
Total revenue, gains and support, net	<u>618,548</u>	<u>(49,225)</u>	<u>569,323</u>	<u>272,211</u>
Expenses				
Program Services				
Educational Program				
Direct program expenses	76,830	-	76,830	32,525
Allocated program expenses	94,407	-	94,407	85,864
In-kind program expenses	<u>17,049</u>	<u>-</u>	<u>17,049</u>	<u>25,123</u>
Total educational program expenses	<u>188,286</u>	<u>-</u>	<u>188,286</u>	<u>143,512</u>
Consulting Program				
Direct program expenses	65,809	-	65,809	21,058
Allocated program expenses	105,511	-	105,511	95,882
In-kind program expenses	<u>12,081</u>	<u>-</u>	<u>12,081</u>	<u>13,279</u>
Total consulting program expenses	<u>183,401</u>	<u>-</u>	<u>183,401</u>	<u>130,219</u>
Voluntary Program				
Direct program expenses	4,483	-	4,483	2,676
Allocated program expenses	<u>22,990</u>	<u>-</u>	<u>22,990</u>	<u>41,158</u>
Total voluntary program expenses	<u>27,473</u>	<u>-</u>	<u>27,473</u>	<u>43,834</u>
Total program expenses	<u>399,160</u>	<u>-</u>	<u>399,160</u>	<u>317,565</u>

(Continues)

ASESORES FINANCIEROS COMUNITARIOS, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>	
	<u>Restrictions</u>	<u>Restriction</u>	<u>2024</u>	<u>2023</u>
Supporting Services				
Management and General				
Direct expenses	55,907	-	55,907	21,862
Allocated administrative expenses	45,330	-	45,330	54,442
In-kind general expenses	<u>7,930</u>	<u>-</u>	<u>7,930</u>	<u>8,219</u>
	<u>109,167</u>	<u>-</u>	<u>109,167</u>	<u>84,523</u>
Total management and general expenses				
Fundraising				
Direct fundraising expenses	530	-	530	1,056
Allocated fundraising expenses	24,379	-	24,379	21,864
In-kind program expenses	<u>3,112</u>	<u>-</u>	<u>3,112</u>	<u>-</u>
Total fundraising expenses	<u>28,021</u>	<u>-</u>	<u>28,021</u>	<u>22,920</u>
Total supporting services expenses	<u>137,188</u>	<u>-</u>	<u>137,188</u>	<u>107,443</u>
Total expenses	<u>536,348</u>	<u>-</u>	<u>536,348</u>	<u>425,008</u>
Increase/(decrease) in net assets before non-operating revenue	<u>82,200</u>	<u>(49,225)</u>	<u>32,975</u>	<u>(152,797)</u>
Non-operating revenue				
Other income	<u>4,500</u>	<u>-</u>	<u>4,500</u>	<u>3,250</u>
Change in net assets	86,700	(49,225)	37,475	(149,547)
Net assets, beginning of year	<u>70,212</u>	<u>70,579</u>	<u>140,791</u>	<u>290,338</u>
Net assets, end of year	<u>\$ 156,912</u>	<u>\$ 21,354</u>	<u>\$ 178,266</u>	<u>\$ 140,791</u>

See accompanying notes to financial statements.

ASESORES FINANCIEROS COMUNITARIOS, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>PROGRAM SERVICES</u>			<u>SUPPORT SERVICES</u>		<u>Total</u>	
	<u>Educational</u>	<u>Consulting</u>	<u>Voluntary</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2024</u>	<u>2023</u>
Salaries, and fringe benefits	\$ 78,373	\$ 93,129	\$ 14,733	\$ 30,964	\$ 21,677	\$ 238,876	\$ 239,743
Rent	7,675	8,244	4,548	6,254	1,706	28,427	28,904
Utilities, repair and maintenance	2,213	2,377	1,312	1,804	492	8,198	8,223
Professional services	-	29,788	-	18,860	-	48,648	4,150
Workshop designs/ events	10,062	-	-	-	-	10,062	3,000
Meals, entertainment and hotel	35,818	-	-	2,926	-	38,744	28,013
Equipment, material and supplies	381	-	-	4,038	-	4,419	1,001
Mentoring	-	12,647	-	-	-	12,647	16,802
Telephone, networks and web page	-	-	-	10,719	-	10,719	7,205
Bank charges	-	-	-	3,264	-	3,264	2,408
Insurance	-	-	-	3,402	-	3,402	1,819
Instructors	12,850	-	-	-	-	12,850	6,525
Subscriptions	-	-	-	5,647	-	5,647	5,116
Depreciation expense	1,178	1,430	631	463	504	4,206	6,807
Advertising costs	4,967	331	1,766	3,974	-	11,038	13,732
Right of use amortization	-	-	-	1,512	-	1,512	1,512
Interest expense	-	-	-	283	-	283	442
In-kind program expenses	17,049	12,081	-	7,930	3,112	40,172	46,621
Miscellaneous	17,720	23,374	4,483	7,127	530	53,234	2,985
<b>Total</b>	<b>\$ 188,286</b>	<b>\$ 183,401</b>	<b>\$ 27,473</b>	<b>\$ 109,167</b>	<b>\$ 28,021</b>	<b>\$ 536,348</b>	<b>\$ 425,008</b>

See accompanying notes to financial statements.



ASESORES FINANCIEROS COMUNITARIOS, INC.

STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JANUARY 1, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ 37,475	\$ (149,547)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	4,206	6,807
Amortization of operating lease right-of-use-asset	16,156	16,156
Amortization of finance lease right-of-use-asset	1,512	1,512
Change in allowance for doubtful accounts	13,406	-
Decrease (increase) in assets:		
Contribution and accounts receivable	(57,233)	11,786
Prepaid expenses	5,829	(7,428)
Decrease (increase) in liabilities:		
Accounts payable and accrued expenses	28,699	(17,235)
Deferred revenue	(8,585)	31,929
Operating lease-right-of-use, principal payments	<u>(16,156)</u>	<u>(16,156)</u>
Total adjustments	<u>(12,166)</u>	<u>27,371</u>
Net cash provided by (used in) operating activities	<u>25,309</u>	<u>(122,176)</u>
Cash flows from investing activities		
Payment of online software development	<u>(63,880)</u>	<u>-</u>
Net cash used in investing activities	<u>(63,880)</u>	<u>-</u>
Cash flows from financing activities		
Payment of finance lease liabilities	<u>(1,541)</u>	<u>(1,382)</u>
Net cash used in financing activities	<u>(1,541)</u>	<u>(1,382)</u>
Net decrease in cash and cash equivalents	(40,112)	(123,558)
Cash and cash equivalents, beginning of year	<u>142,745</u>	<u>266,303</u>
Cash and cash equivalents, end of year	<u>\$ 102,633</u>	<u>\$ 142,745</u>

See accompanying notes to financial statements.

ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 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-for-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-for-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- for-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 helps 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.

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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 non-for-profit 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.

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ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS

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

Cash and Cash Equivalents

Cash and cash equivalents include cash in bank, on hand and certificates of deposit with original maturities of three months or less. It also includes reserved cash which portion of cash set aside for specific purposes and is not available for general use on an immediate basis.

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>2024</u>	<u>2023</u>
Educational Program		
Salaries		
Executive Director	30%	30%
Administrative Coordinator/Accounting	8%	8%
Service Coordinator	82%	82%
Educational Officer	100%	100%
Development Officer	15%	50%
System Data and Programming Management	50%	15%
Service Coordinator II	0%	2%
Service Coordinator III	25%	26%
Rent	27%	27%
Utilities	27%	27%
Advertising	45%	45%
Consulting Program		
Salaries		
Executive Director	26%	26%
Administrative Coordinator/Accounting	12%	12%
Development Officer	5%	5%
System Data and Programming Management	12%	12%
Service Coordinator II	100%	85%
Rent	24%	24%
Utilities	24%	24%
Advertising	0%	24%

(Continues)

ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS

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

	<u>2024</u>	<u>2023</u>
Consulting AFU - SubProgram		
Salaries		
Executive Director	4%	4%
Administrative Coordinator/Accounting	3%	3%
Service Coordinator	3%	3%
Development Officer	30%	30%
System Data and Programming Management	23%	23%
Service Coordinator III	70%	70%
Service Coordinator IV	30%	30%
Rent	5%	5%
Utilities	5%	5%
Advertising	3%	3%
Voluntary Program		
Salaries		
Executive Director	8%	8%
Service Coordinator	10%	10%
Development Officer	35%	35%
System Data and Programming Management	5%	5%
Service Coordinator III	5%	5%
Service Coordinator IV	70%	70%
Rent	16%	16%
Utilities	16%	16%
Advertising	16%	16%
General and Administrative		
Salaries		
Executive Director	12%	12%
Administrative Coordinator/Accounting	75%	75%
System Data and Programming Management	2%	2%
Service Coordinator II	0%	8%
Rent	22%	22%
Utilities	22%	22%
Advertising	36%	22%
Meals and Entertainment	100%	100%

(Continues)

ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS

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

	<u>2024</u>	<u>2023</u>
Fundraising		
Salaries		
Executive Director	20%	20%
Administrative Coordinator/Accounting	2%	2%
Service Coordinator	5%	5%
Development Officer	15%	15%
System Data and Programming Management	8%	8%
Service Coordinator II	0%	5%
Rent	6%	6%
Utilities	6%	6%

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, 2024 and 2023, the Organization has no uninsured cash balance. 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.

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.

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ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS

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

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, 2024 and 2023, the Organization has an allowance for doubtful accounts of \$13,406 and \$-, respectively.

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.

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.

Intangible assets

The Organization capitalizes the cost incurred to develop and implement an internal, online, software for the Pre-checks under the Consulting Program. It is to be used as a storage and directory tool for the received documents of the non-for-profits, which would facilitate the evaluation process and the Pre-checks fund assignment/donation.

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ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS

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

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 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.

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.

(Continues)



ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS

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

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 barriers 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 non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provide workshops and fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria are 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.

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.

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.

(Continues)

ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS

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

Income taxes and other taxes

For federal tax purposes, the Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the United States of America Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified by the Internal Revenue Service as *Other than a Private Foundation* under Section 509(a)(2). In Puerto Rico, the Organization is exempt from the payment of income, municipal and property taxes, under Section 1101(12) of the Puerto Rico Income Tax Code, Section 9(7) of the Municipal License Tax Act, and Section 5.01(e) of the Municipal Property Tax Act, respectively.

The Board of Directors evaluates uncertain tax positions that may be material in the financial statements. In addition, the Board of Directors determined that the Organization currently is being operated substantially in compliance with the applicable requirements of the Puerto Rico Internal Revenue Code and the United States Internal Revenue Code. Accordingly, the Board of Directors believes that there is no significant income tax exposure.

The Organization's tax returns are subject to examination for a period of four years after filing, in Puerto Rico, and three years after filing in the United States. As of June 30, 2024 and 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 February 11, 2025, 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 as of June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Financial assets at end of year		
Cash	\$ 102,633	\$ 142,745
Contributions receivable	<u>100,994</u>	<u>57,167</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 203,627</u>	<u>\$ 199,912</u>

NOTE 3 CONTRIBUTIONS RECEIVABLE

As of June 30, 2024 and 2023, contributions receivable consisted of the following:

	<u>2024</u>	<u>2023</u>
Puerto Rico Fiscal Agency and Financial Advisory	\$ 84,019	\$ -
Puerto Rico Department of Labor - Act. No. 52	13,200	13,543
United Way of Puerto Rico (Fondos Unidos)	9,300	15,870
Kevane Grant Thorton	6,580	-
Fundación Comunitaria de Puerto Rico	700	-
5 Sentidos-Transmisiones	500	50
Global Giving Customer	70	100
Foundation for Puerto Rico	31	-
Fundación Ángel Ramos	-	8,114
Asesoría Técnica	-	1,310
COPUR	-	2,500
Fundación Plaza Las Américas - Mano Amiga	-	6,250
AFC Summit	-	5,500
Rural Community Development	-	3,978
Miscellaneous	-	(48)
Total contributions receivable	█ 114,400	█ 57,167
Less: allowance for doubtful accounts	<u>(13,406)</u>	<u>-</u>
Total contributions receivable, net	<u>\$ 100,994</u>	<u>\$ 57,167</u>

ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 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, 2024 and 2023, property and equipment consist of the following:

	<u>2024</u>	<u>2023</u>
Computer	\$ 19,740	\$ 19,740
Equipment	<u>19,576</u>	<u>19,576</u>
Total depreciable assets	39,316	39,316
Less: accumulated depreciation	<u>(29,744)</u>	<u>(25,539)</u>
Total property and equipment - net	<u>\$ 9,572</u>	<u>\$ 13,777</u>

NOTE 5 INTANGIBLE ASSETS

Intangible assets are amortized using the straight-line method over their estimated useful lives of five years. As of June 30, 2024 and 2023, intangible assets consist of the following:

	<u>2024</u>	<u>2023</u>
Online software (Consulting Program Pre-checks)	\$ 63,880	\$ -
Less: accumulated amortization	<u>-</u>	<u>-</u>
Total intangible assets	<u>\$ 63,880</u>	<u>\$ -</u>

As of June 30, 2024 the software was under Fase II (Development and Testing).

NOTE 6 LEASES

As a result of adopting ASU 2016-02, *Leases* (Topic 842) on August 2020 using the modified retrospective transition method, the Institution 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.

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

The Organization finance lease has a term of four years with a discount rate of 10.95%, due in 2025.

(Continues)

ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 LEASES-CONTINUED

Minimum future lease payments under non-cancelable operating and finance lease having remaining terms as of June 30, 2024, are as follows:

	<u>Operating Lease</u>	<u>Finance Lease</u>
2025	\$ <u>12,170</u>	\$ <u>1,827</u>
Total undiscounted lease payment	12,170	1,827
Less: imputed interest	<u>(12)</u>	<u>(104)</u>
Total lease liability	<u>\$ 12,158</u>	<u>\$ 1,723</u>

The components of lease expense for the year ended June 30, 2024, were as follows:

	<u>Operating</u>
Amortization of the right-of-use assets	<u>\$ 16,156</u>
Interest on lease liability	<u>71</u>
Remaining lease term in years	<u>1</u>

NOTE 7 IN-KIND CONTRIBUTIONS

Donated services are recognized as contributions and expenses in accordance with GAAP. No restricted in-kind contributions were received for the years ended June 30, 2024 and 2023. For the years ended June 30, 2024 and 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.

(Continues)

ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 7 IN-KIND CONTRIBUTIONS (CONTINUED)

	<u>2024</u>	<u>2023</u>
In-kind Contributions		
Services		
Technical assistance	\$ 4,687	\$ 5,751
Workshop facilitator	4,725	12,575
Advertising and promotion	6,000	-
Accounting and auditing	-	3,200
	<u>15,412</u>	<u>21,526</u>
Facilities		
Workshop facilities rent	19,737	19,737
Workshop utilities	4,912	5,358
Workshop equipment	111	-
	<u>24,760</u>	<u>25,095</u>
Total In-kind contributions	<u>\$ 40,172</u>	<u>\$ 46,621</u>
In-kind Service per Program		
Educational Program		
Workshop facilitator	\$ 4,724	\$ 12,575
Workshop facilities rent	9,869	9,869
Workshop utilities	2,456	2,679
	17,049	25,123
Consulting Program		
Technical assistance	4,687	5,751
Workshop facilities rent	5,921	5,921
Workshop utilities	1,473	1,607
	12,081	13,279
General and Administrative		
Workshop facilities rent	3,948	3,947
Workshop utilities	982	1,072
Advertising and promotion	3,000	-
Accounting and auditing	-	3,200
	7,930	8,219
Fundraising		
Workshop equipment	112	-
Advertising and promotion	3,000	-
	3,112	-
Total In-kind contribution per program	<u>\$ 40,172</u>	<u>\$ 46,621</u>

ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 8 GRANTS AND CONTRIBUTIONS

Grants and contributions were received from the following organizations and individuals as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Grants		
Without Donor Restrictions		
Ryan White	\$ 28,743	\$ -
Fundación Plaza Las Américas (Mano Amiga)	<u>12,500</u>	<u>-</u>
	<u>41,243</u>	<u>-</u>
With Donor Restrictions		
United Way of Puerto Rico (Fondos Unidos)	84,572	53,710
Puerto Rico Department of Labor - Act. No. 52	30,045	32,640
Legislative Appropriations	9,851	9,500
Puerto Rico Fiscal Agency and Financial Advisory Authority (AAFAF)	190,827	9,173
Fundación Flamboyán	4,400	-
Fundación Ángel Ramos	<u>8,114</u>	<u>-</u>
	<u>327,809</u>	<u>105,023</u>
Contributions		
Without Donor Restrictions		
Individual donations	12,080	11,788
Corporate donations	8,691	9,351
Puerto Rico Society of CPA's	1,720	-
Kevane Grant Thorton	<u>4,680</u>	<u>-</u>
	<u>27,171</u>	<u>21,139</u>
Total grants and contributions	<u>\$ 396,223</u>	<u>\$ 126,162</u>

NOTE 9 COMMITMENTS AND CONTINGENCIES

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is probable that a liability has been incurred, and the amount of the assessment and/or remediation can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. As of June 30, 2024 and 2023, the Organizations have no liabilities or contingencies loss.

ASESORES FINANCIEROS COMUNITARIOS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 10 SUPPLEMENTAL CASH FLOWS INFORMATION

During the years ended June 30, 2024 and 2023, the following transactions were excluded from the statement of cash flows:

	<u>2024</u>	<u>2023</u>
Interest paid	<u>\$ 354</u>	<u>\$ 512</u>
Operating lease right of use asset in connection with ther right of use liability	<u>\$ 16,156</u>	<u>\$ 16,156</u>

NOTE 11 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.

NOTE 12 RECLASSIFICATIONS

Certain reclassifications have been made to prior year financial statements to conform to classification used in the current year. These reclassifications had no impact on the net loss, and net assets as previously reported.