

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

ASESORES FINANCIEROS COMUNITARIOS INC.

(A NON-PROFIT ORGANIZATION)

December 31, 2007

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INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Asesores Financieros Comunitarios, Inc.
(A non-profit organization)
San Juan, Puerto Rico

We have audited the accompanying statement of financial position of Asesores Financieros Comunitarios, Inc. (A non-profit organization) as of December 31, 2007 and the related statements of activities and changes in net assets and cash flows for the period from inception (August 10, 2007) to December 31, 2007 then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Asesores Financieros Comunitarios, Inc. (A non-profit organization) as of December 31, 2007, and the changes in its net assets and its cash flows for the period from inception (August 10, 2007) to December 31, 2007 then ended in conformity with accounting principles generally accepted in the United States of America.



HTR- Del Valle & Nieves, PSC

Asesores Financieros Comunitarios, Inc.

(A non-profit organization)

STATEMENT OF FINANCIAL POSITION

December 31, 2007

ASSETS

CURRENT ASSET
Account receivable

\$ 14,300

NET ASSETS

NET ASSETS – Unrestricted

\$ 14,300

The accompanying notes are an integral part of this statement.

Asesores Financieros Comunitarios, Inc.

(A non-profit organization)

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the period from inception (August 10, 2007) to December 31, 2007

SUPPORT AND REVENUES

Donated services	\$	6,823
Contribution from the PR Society of CPA		<u>15,000</u>

Total support and revenues		21,823
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GENERAL AND ADMINISTRATIVE EXPENSES

Professional services - accounting and incorporation	\$	(3,838)
Professional services - legal		(3,385)
Other administrative expenses		<u>(300)</u>

Total general and administrative expenses		<u>(7,523)</u>
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Increase in net assets and net assets at end of period	\$	<u>14,300</u>
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The accompanying notes are an integral part of this statement.

Asesores Financieros Comunitarios, Inc.

(A non-profit organization)

STATEMENT OF CASH FLOWS

For the period from inception (August 10, 2007) to December 31, 2007

SUPPLEMENTARY SCHEDULES OF NON-CASH
TRANSACTIONS:

Donated services	\$ <u>7,523</u>
Contribution from the PR Society of CPA	\$ <u>15,000</u>

The accompanying notes are an integral part of this statement.

Asesores Financieros Comunitarios, Inc.

(A non-profit organization)

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE A - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

The organization was formed under the laws of the commonwealth of Puerto Rico on August 10, 2007 and commenced operations in December 2007 as a nonprofit organization. The primary objective of the organization is to empower non-profit and community based organizations to improve their fiscal administration and ensure their financial viability in the long run. Also, the organization will provide training services to non-profit organizations in order to capacitate their personnel and to structure their operations especially in the areas of accounting and general administration.

A summary of the significant accounting policies followed in the United States of America and consistently applied in the preparation of the accompanying financial statements judged by management to be the most appropriate in the circumstances to present fairly the organization's financial position and results of operations in accordance with accounting principles generally accepted in the United States of America follows.

1. 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 and disclosures. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Accordingly, actual results could differ from those estimates.

2. Method of accounting

The organization's records are kept using the accrual basis of accounting whereby revenue is recorded as earned and expenses recorded as incurred.

The organization adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, it is required to present a statement of cash flows.

Asesores Financieros Comunitarios, Inc.

(A non-profit organization)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2007

NOTE A - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES - CONTINUED

3. Allowance for doubtful accounts

Provision for losses on accounts receivable is made in amounts required to maintain an adequate allowance to cover anticipated bad debts. Accounts receivable are charged against the allowance when it is determined by the company that payment will not be received, and any subsequent receipts are credited to the allowance. This allowance is adjusted by management based on a review of all accounts receivable. As of December 31, 2007, an allowance for doubtful accounts was not considered necessary.

4. Contributions

The organization also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose of the restrictions. Contributions that are restricted or temporarily restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received or at values indicated by the donor. Due to the nature of the donated services there might be activities which the organization has not been able to account for.

5. Income taxes

The organization filed an application to be exempt from 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. Such requesting is still pending to be approved.

Also, the organization will request during the year 2008 to be exempt from federal taxes under section 501 (c) (9).

Asesores Financieros Comunitarios, Inc.

(A non-profit organization)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2007

NOTE B - CONTRIBUTION RECEIVED

The organization received from the Puerto Rico Society of Certified Public Accountants a contribution of \$15,000 to commence its operations. This contribution will be used in the organization's operations, including but limited, to pay the financial advisors of the consulting services to be provided by the organization.