

**HASER, INC.**

**AUDITED FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2018**

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## **INDEPENDENT AUDITORS' REPORT**

**Board of Directors  
Haser, Inc.  
San Juan, Puerto Rico**

We have audited the accompanying financial statements of **Haser, Inc.** (a non-profit organization), which comprise the statements of financial position as of December 31, 2018 and the related statements of activities, functional expenses and changes in net assets 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.

### ***Auditors' Responsibility***

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 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.

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Haser, Inc.** as of December 31, 2018, and the change in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Sánchez Berlingeri & Co. CPA PSC*

Sánchez Berlingeri & Co. CPA PSC

License No. 98

Expires December 1, 2020

September 30, 2019

San Juan, Puerto Rico

The stamp number E381066 affixed  
to the original of this report.

**HASER, INC.**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2018**

**ASSETS**

**CURRENT ASSETS:**

Cash	\$ 333,159
Accounts receivable	28,020
Other asset	<u>5,556</u>
	<u>\$ 366,735</u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES:**

Accounts payable, trade	\$ 93,128
Deferred income	<u>226,579</u>
	319,707
<b>NET ASSETS, without donor restrictions</b>	<u>47,028</u>
	<u>\$ 366,735</u>

See notes to financial statements.

**HASER, INC.**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

**YEAR ENDED DECEMBER 31, 2018**

**SUPPORT AND REVENUES:**

Grants	\$ 751,000
Donations	21,717
Interest	1,780
Other	<u>4,896</u>

**TOTAL SUPPORT AND REVENUES** 779,393

**EXPENSES:**

Programs related expenses	693,234
General and administrative	<u>59,289</u>

**TOTAL EXPENSES** 752,523

**CHANGE IN NET ASSETS** 26,870

**NET ASSETS, BEGINNING OF YEAR** 20,158

**NET ASSETS, ENDING OF YEAR** \$ 47,028

See notes of financial statements.

HASER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

<u>Description</u>	<u>Programs Services</u>	<u>General and Administrative</u>	<u>Total</u>
Grants and other assistance	\$ 635,543	\$ -	\$ 635,543
Travel	1,170	4,944	6,114
Supplies and materials	22,366	2,223	24,589
Rent	-	3,750	3,750
Professional fees	34,155	45,917	80,072
Other taxes and licenses	-	110	110
Insurance	-	636	636
Repair and maintenance	-	370	370
Utilities	-	250	250
Bank charges	-	1,089	1,089
	<u>\$ 693,234</u>	<u>\$ 59,289</u>	<u>\$ 752,523</u>

See notes of financial statements.

**HASER, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	<u>\$ 26,870</u>
Adjustments to reconcile change in net assets to net cash used in operating activities:	
(Increase) in:	
Accounts receivable	18,995
Other asset	(5,556)
Increase in:	
Accounts payable, trade	(1,146)
Deferred income	<u>(61,007)</u>
Total adjustments	<u>(48,714)</u>
<b>NET CASH USED IN THE OPERATING ACTIVITIES AND NET DECREASE IN CASH</b>	<b>(21,844)</b>
CASH, beginning	<u>355,003</u>
CASH, ending	<u><u>\$ 333,159</u></u>

See notes to financial statements.



# HASER, INC.

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

### 1. ORGANIZATION

Haser, Inc. (hereafter referred as “the Corporation” or “the Organization”) is a nonprofit organization incorporated under the laws of the Commonwealth of Puerto Rico on July 3, 2016. The purpose of the Corporation is to stimulate quality and equity of life by supporting local grassroots actions. The organization is supported mainly through donor contributions and grants.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Financial statements’ presentation**

The accompanying financial statements have been prepared on accrual basis of accounting in accordance with United States generally accepted accounting principles, as promulgated by the Financial Accounting Standard Board (FASB). Resources are presented in accordance with FASB ASC Topic 958, Financial Statements of Not-for-Profit Organizations, which requires that all not-for-profit organizations provide a statement of financial position, a statement of activities, 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: Net Assets Without Donor Restrictions and Net Assets With Donor Restrictions.

#### **Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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 Organization considers all highly liquid investments available for current use with an initially maturity of three months or less to be cash equivalents.

#### **Property and Equipment**

Property and equipment are recorded at cost. Maintenance and repair are charged to expenses as incurred; major renewals and betterments are capitalized. Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets.

## HASER, INC.

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2018

#### **Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### **Income Taxes**

The Organization is a nonprofit organization that is exempt from taxes under Section 501(c) (3) of the Internal Revenue Code.

Also, the Organization as a non-profit entity is exempt from income tax under Puerto Rico Section 1101 of Act No. 1 of January 31, 2011, as amended, subject to compliance with certain requirements of the Act. As of the date of the financial statements, the Organization is waiting for the approval of such exemption from the Treasury Department of Puerto Rico.

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.

#### **Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that benefit more than one function of the Organization are allocated among the functions based generally on the amount of time spent by contractors on each function.

## HASER, INC.

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2018

#### 3. VULNERABILITY AND CONCENTRATIONS OF CREDIT RISK

Financial instruments that are potentially subject to concentrations of credit risk consist principally of cash and members' receivable. As of December 31, 2018, the Organization maintains 100% of its operating cash balances in financial institutions insured up to \$250,000 by the Federal Deposits Insurance Corporation (FDIC). As of December 31, 2018, the Organization did exceed the insured limits by \$83,159.

#### 4. DEFERRED INCOME

Represents funds received in advance in the current fiscal year, which will be recognized as income in the next fiscal year.

#### 5. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Organization's financial instruments, none of which is held for trading purposes, include cash. The Organization estimates that the fair value of all financial instruments at December 31, 2018 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The Organization using available market information and appropriate valuation methodologies has determined the estimated fair value amounts. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

#### 6. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization routinely monitors liquidity for grants appropriations and operations in accordance with its financial policy. The Organization has financial assets, which consist principally of cash (90% of total assets), for grant appropriation and general expenditures. Financial assets are not subject to donor or other contractual restrictions that make them unavailable for grants and general expenditures within one year of the balance sheet date. The Organization financial policy is to maintain enough cash in bank to fund the grant monitoring procedures and the operating expenditures and using most of its assets to provide grants to other organizations.

#### 7. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 30, 2019, the date the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2018 that required recognition or disclosure in the current period financial statements.