



SALÓN LITERARIO LIBROAMÉRICA EN PR, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Salón Literario Libro América en PR, Inc.
San Juan, Puerto Rico

Report on the Financial Statements

We have audited the accompanying financial statements of Salón Literario Libro América en PR, Inc. which comprise the balance sheet as of DECEMBER 31, 2016, and the related statement of operations and comprehensive loss, changes in stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

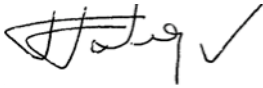
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Company'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Salón Literario Libro América en PR, Inc. as of December 31, 2016, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



San Juan, Puerto Rico
August 11, 2017

License No. LLC-285 expires December 1, 2019
Stamp of the PR Society of CPA's
was affixed to the original of this report.

SALÓN LITERARIO LIBROAMÉRICA EN PR, INC.
STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2016

ASSETS	Dec-16
CURRENT ASSETS	
Cash in banks	\$ 39,766
Pledges Receivable	43,500
Other assets	-
TOTAL CURRENT ASSETS	83,266
TOTAL ASSETS	<u><u>\$ 83,266</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable	\$ 73,308
Credit Card Payable	24,761
Payroll Liabilities	5,699
Credit Line Payable	28,653
TOTAL CURRENT LIABILITIES	132,420
NET ASSETS	
Unrestricted:	
Undesignated	(92,655)
Temporarily restricted	43,500
TOTAL NET ASSETS	(49,155)
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 83,266</u></u>

See Accountants Compilation Report and notes to the financial statements.

SALÓN LITERARIO LIBROAMÉRICA EN PR, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

REVENUES	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
In-Kind Contributions	\$ -	\$ 12,000		\$ 12,000
Donations & Support	<u>139,770</u>	<u>261,500</u>		<u>401,270</u>
TOTAL REVENUES	139,770	273,500	-	413,270
OPERATING EXPENSES				
Program Services				
Literary Festivals & Events	250,611	12,000		262,611
Supporting Services				-
General and Administrative	45,645	-		45,645
Fundraising Activities	<u>34,445</u>	<u>-</u>	<u>-</u>	<u>34,445</u>
	330,701	12,000	-	342,701
CHANGE IN NET ASSETS	\$ (190,932)	\$ 261,500	\$ -	\$ 70,568
NET ASSETS, beginning of year	(114,194)	-	-	(114,194)
Prior Period Adjustment	<u>(15,529)</u>	<u>10,000</u>	<u>-</u>	<u>(5,529)</u>
NET ASSETS, end of year	\$ (92,655)	\$ 43,500		\$ (49,155)

SALÓN LITERARIO LIBROAMÉRICA EN PR, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	Dec-16
Change in net assets	\$ 70,568
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	-
Change in assets and liabilities:	
Accounts Receivable	(37,971)
Accounts payable	-
Credit Card	2,080
Line of Credit	(3,390)
Payroll liabilities	<u>(1,759)</u>
Net cash used in operating activities	<u>29,529</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	29,529
CASH AND CASH EQUIVALENTS, beginning of year	15,766
Prior Period Adjustment	(5,529)
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 39,766</u>

See Accountants Compilation Report and notes to the financial statements.

SALÓN LITERARIO LIBROAMÉRICA EN PR, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
Professional Services Expense	\$ 90,804	\$ 91,361	\$ 182,165
Program Services			
Awards Expense		25,000	25,000
Publications Expense	(0)	8,244	8,244
Instructors Expense	-		-
Student Activities & Meals Expense	0	13,708	13,708
Travel Expense	0	70,876	70,876
Other Program Expenses	-		-
General Administrative Expense			
Advertising & Fundraising	348		348
Bank Charges Expense	807		807
Miscellaneous Expense	87		87
Insurance Expense	4,428		4,428
Interest & Commissions Expense	5,486		5,486
Licences and Permits Expense	-	6,410	6,410
Maintenance & Repairs Expense	284		284
Office & Supplies Expense	457		457
Rent & Utilities Expense	0	24,402	24,402
TOTAL PROGRAM AND SUPPORT EXPENSES	<u>\$ 102,702</u>	<u>\$ 240,000</u>	<u>\$ 342,702</u>

SALÓN LITERARIO LIBROAMÉRICA EN PR, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

This summary of significant accounting policies of Salón Literario LibroAmérica en PR, Inc. (The Company) is presented in order to assist in understanding the Company's financial statements. The financial statements and notes are a representation of the Company's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of Operations

The Company was organized in April 7, 2008, as a Not-for-Profit Corporation organized under the laws of the Commonwealth of Puerto Rico and has ever since engaged in promoting at Puerto Rico the analysis and discussion of Puerto Rican and foreign literature. The organization is a non-stock corporation. Its Board of Directors develops and promotes activities and requests contributions that will provide the necessary funds to support the operations. The main offices are located in San Juan, Puerto Rico. The accounting period starts on January 1st and ends on December 31st of each year.

Basis for Earnings Recognition

The accrual method of accounting is used to record revenues and expenses. Under this method, revenues are recognized when earned, and expenses are recorded when incurred.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers all cash not subject to withdrawal restriction or penalties, certificates of deposit and other investments with original maturities of 90 days or less, to be cash or cash equivalents.

Contributions

The Company also follows the provisions regarding accounting for contributions received and contributions made. Under this approach, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Income Tax

The Puerto Rico Treasury Department granted the Company, under Section 1101 (4) of the Puerto Rico Internal Revenue Code, as amended, exemption from the payment of income tax on the income and donors' contributions it receives. The exemption also applies to the payment of other state and municipal taxes. Subject to compliance with the requirements of the Code, this exemption is for an indefinite time, and the donors can claim an income tax deduction, based on certain limitations imposed by the Code. For the period ended December 31, 2013, all contributions and revenues received were exempt from income tax.

Use of Estimates

In preparing the financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities of the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

The Company presents its financial statements as provided for Not-for-Profit Organizations. Under this approach, the Company is required to report the information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, or permanently restricted. In addition, the Company is required to present a statement of Cash Flows.

NOTE 2 – FUND ACCOUNTING

The Company uses the fund accounting method to keep accounting records. Fund Accounting is the required method by the American Institute of Certified Public Accountants for Not-For-Profit organizations.

NOTE 3 – CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of cash deposits. The Company has cash deposits with one (1) financial institution. The cash deposits did not exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC) as of statement date. Therefore, as of statement date, all cash deposits were insured by the FDIC.

NOTE 4 – CASH

As of statement date, cash balance includes the following amounts deposited in local financial institutions amounting to \$39,766.

NOTE 5 – PLEDGES RECEIVABLE

As of statement date, the Company recognized contributions receivable from several unconditional promises, amounting to \$43,500.

NOTE 6 – CREDIT CARD PAYABLE

The Company has a Visa card with a revolving credit line at Banco Popular of PR. The outstanding amount payable to as of statement date was \$24,761.22. The credit card requires minimum monthly payments when in use and accrues interest on the average outstanding balance.

NOTE 7 – PAYROLL LIABILITIES

This provision consists of the outstanding payroll taxes and income taxes withheld in origin from payments for professional services accrued as of statement date. It does not represent any past due amounts from prior years.

NOTE 8 – CREDIT LINE PAYABLE

The Company has a \$15,000 credit line with Banco Popular of PR. The outstanding amount payable to as of statement date was \$28,652.74. The line requires monthly payments when in use and accrues interest at 9.25% on the average outstanding balance.

NOTE 9 – LEASE AGREEMENT

The Company has entered into a three-year agreement, expiring on 2019, with Fundación for Puerto Rico, for the use, at no cost, of the office premises. The company recognizes the use of these facilities as an unconditional contribution, based on the fair value of similar properties in the area where the facilities are located. The estimated fair value of the donation was \$36,000 at the end of December 31, 2016.

NOTE 10 – SUPPLEMENTAL DISCLOSURES FOR THE STATEMENT OF CASH FLOWS

During the year ended December 31, 2016, the Company has made interest payments to the Banco Popular of Puerto Rico under the arrangement described in Note 8, amounting to \$5,280.06 approximately.