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Informe/Fin



2 de marzo de 2017

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Hon. Thomas Rivera Schatz
Presidente
Senado de Puerto Rico
Apartado Postal 9023431
San Juan de Puerto Rico 00902-3431

Apreciado señor Presidente:

En cumplimiento de la sección 4 de la Ley #68 del 3 de julio de 1986 (3 L.P.R.A Sección 22 nota), me complace adjuntarle copia de los estados financieros de la Fundación Luis Muñoz Marín para el año fiscal 2015-2016 auditados por la firma RSM Puerto Rico.

Agradecemos la confianza depositada en esta institución por el Senado de Puerto Rico. Sin más por el momento, le saluda,

Muy cordialmente,

Linda Hernández Rosado
Directora Ejecutiva
Fundación Luis Muñoz Marín

Anejo

[Faint handwritten notes and stamps]

Archivo Histórico
Centro de Visitantes
Parque Doña Inés
Casa Museo

JUNTA DE DIRECTORES

MARISARA PONT MARCHESE
Presidenta

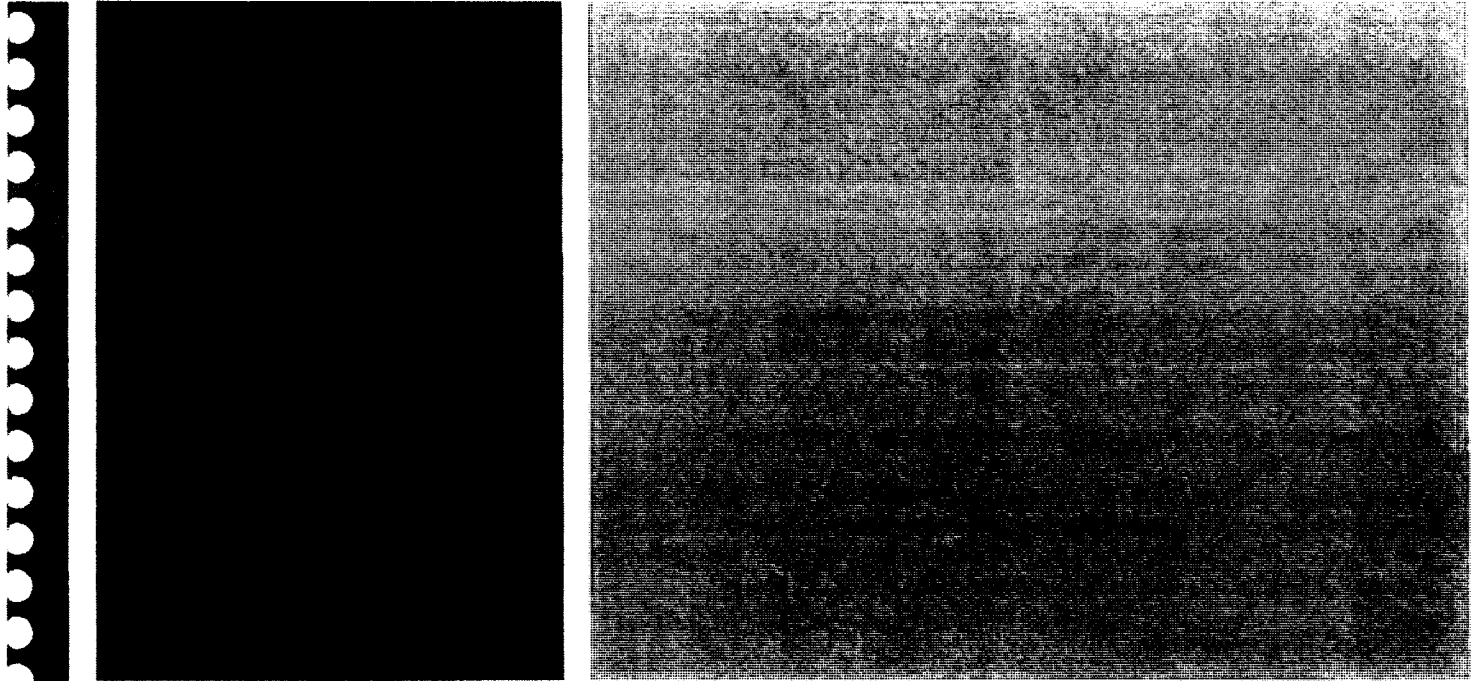
VICTOR LUIS MENA RIVERA
Vicepresidente

JORGE NAZARIO
Tesorero

CARLOS OLIVENCIA GAYÁ
Secretario

- MELBA I. ACOSTA FEBO
- MARITZA ARIZMENDI DÍAZ
- JAIME BAUZÁ
- SALVADOR CASELLAS TORO
- DIEGO R. FIGUEROA RODRÍGUEZ
- KAROLEE GARCÍA FIGUEROA
- YLDEFONSO LÓPEZ MORALES
- ANDRÉS MIGNUCCI
- MANUEL PAPADAKIS MUÑOZ
- ISABEL PICÓ VIDAL
- EMILIO E. PIÑERO FERRER
- PEDRO RAY CHACÓN
- JORGE RODRÍGUEZ BERUFF
- EUGENIO TORRES OYOLA
- LINDA HERNÁNDEZ ROSADO
Directora Ejecutiva

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Fundación Luis Muñoz Marín, Inc.

Financial Statements
June 30, 2016 and 2015

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FUNDACIÓN LUIS MUÑOZ MARÍN, INC.
FUNDACION LUIS MUNOZ MARIN, INC.



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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
Fundación Luis Muñoz Marín, Inc.

We have audited the accompanying financial statements of Fundación Luis Muñoz Marín, Inc., a non-for-profit Puerto Rico Corporation, which comprise the balance sheets as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years 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 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 auditors' 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 reasonable basis for our audit opinion.

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Emphasis of Matter

As discussed in Note 8, the Corporation has an account receivable from the Government Development Bank for Puerto Rico amounting to \$125,000. Currently, the Bank faces significant risks and uncertainties and it currently does not have sufficient liquid financial resources to meet obligations when they come due. On April 6, 2016, the Governor of Puerto Rico signed into law Act 21-2016, known as "Puerto Rico Emergency Moratorium and Financial Rehabilitation Act", which allows the Governor to declare a moratorium on debt service payments. On April 8, the Governor signed Executive Order No. 2016-010, declaring the Bank to be in a state of emergency pursuant to Act 21. Therefore, the Bank is prohibited from disbursements, with the exception of those reasonable and necessary to ensure the provisions of essential services. This situation creates significant uncertainty regarding the realization of the account receivable.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fundación Luis Muñoz Marín, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

San Juan, Puerto Rico
February 8, 2017.

A handwritten signature in black ink, appearing to read "P. M. Smith", is written over the typed name of the auditor.

Stamp No. E259461 was affixed to
the original of this report.

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.



BALANCE SHEETS June 30, 2016 and 2015

	2016	2015
ASSETS		
CURRENT ASSETS:		
Cash, including cash on hold of \$285,110 and \$360,184 in 2016 and 2015	\$ 1,089,786	\$ 1,430,771
Contributions receivable	486,155	527,129
Prepaid expenses	10,389	34,319
	<u>1,586,330</u>	<u>1,992,219</u>
PROPERTY AND EQUIPMENT, net	8,631,180	8,636,803
OTHER ASSETS	<u>14,287</u>	<u>14,287</u>
	<u>\$ 10,231,797</u>	<u>\$ 10,643,309</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Non revolving line of credit	\$ 300,000	\$ 500,000
Current portion loan payable	266,666	133,333
Accounts payable and accrued expenses	556,980	604,430
	<u>1,123,646</u>	<u>1,237,763</u>
LOAN PAYABLE	<u>1,600,001</u>	<u>1,733,334</u>
	<u>2,723,647</u>	<u>2,971,097</u>
NET ASSETS:		
Unrestricted-		
Available for operations	6,650,185	6,701,482
Board designated	704,967	817,732
	<u>7,355,152</u>	<u>7,519,214</u>
Temporarily restricted	152,998	152,998
	<u>7,508,150</u>	<u>7,672,212</u>
	<u>\$ 10,231,797</u>	<u>\$ 10,643,309</u>

The accompanying notes are an integral part of these balance sheets.



FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the years ended June 30, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
OPERATING SUPPORT AND REVENUES:						
Legislative appropriations	\$ 814,000	\$ -	\$ 814,000	\$ 1,550,000	\$ -	\$ 1,550,000
Contributions under Act No. 290	224,477	-	224,477	281,857	-	281,857
Contributions from corporations and private institutions, including contributed services	349,578	-	349,578	214,747	-	214,747
Contributions from individuals, including contributed services	342,338	-	342,338	99,297	-	99,297
Interest	2,714	-	2,714	3,853	-	3,853
Special projects and other	287,736	-	287,736	349,080	-	349,080
Net assets released from restrictions	-	-	-	27,162	(27,162)	-
	<u>2,020,843</u>	<u>-</u>	<u>2,020,843</u>	<u>2,525,996</u>	<u>(27,162)</u>	<u>2,498,834</u>
OPERATING EXPENSES:						
Program services:						
Luis Muñoz Marín archives	288,175	-	288,175	247,794	-	247,794
Gardens	100,820	-	100,820	127,275	-	127,275
Museum and exhibitions	209,684	-	209,684	449,215	-	449,215
Educational activities and special projects	190,744	-	190,744	221,486	-	221,486
Arboretum	315,714	-	315,714	371,977	-	371,977
Publications	62,347	-	62,347	103,620	-	103,620
Digitalization	162,344	-	162,344	152,566	-	152,566
	<u>1,329,828</u>	<u>-</u>	<u>1,329,828</u>	<u>1,673,933</u>	<u>-</u>	<u>1,673,933</u>

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FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the years ended June 30, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Continued...						
Supporting services:						
General and administrative	\$ 591,549	\$ -	\$ 591,549	\$ 550,064	\$ -	\$ 550,064
Fundraising	263,528	-	263,528	197,268	-	197,268
	<u>855,077</u>	<u>-</u>	<u>855,077</u>	<u>747,332</u>	<u>-</u>	<u>747,332</u>
	<u>2,184,905</u>	<u>-</u>	<u>2,184,905</u>	<u>2,421,265</u>	<u>-</u>	<u>2,421,265</u>
INCREASE (DECREASE) IN NET ASSETS	(164,062)	-	(164,062)	104,731	(27,162)	77,569
NET ASSETS, beginning of year	7,519,214	152,998	7,672,212	7,414,483	180,160	7,594,643
NET ASSETS, end of year	\$ 7,355,152	\$ 152,998	\$ 7,508,150	\$ 7,519,214	\$ 152,998	\$ 7,672,212

The accompanying notes are an integral part of these statements.

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.



STATEMENTS OF CASH FLOWS

For the years ended June 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (164,062)	\$ 77,569
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities-		
Depreciation and amortization expense	69,412	77,182
Changes in operating assets and liabilities-		
(Increase) decrease in assets:		
Contributions receivable	40,974	(462,735)
Prepayments	23,930	(10,002)
Other assets	-	100
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(47,450)	(28,116)
Net cash used in operating activities	<u>(77,196)</u>	<u>(346,002)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to property and equipment	<u>(63,789)</u>	<u>(269,588)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Advances from (payments to) line of credit	(200,000)	500,000
Payments to loan payable	-	(133,333)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	<u>(200,000)</u>	<u>366,667</u>
NET DECREASE IN CASH	(340,985)	(248,923)
CASH, beginning of year	<u>1,430,771</u>	<u>1,679,694</u>
CASH, end of year	<u>\$ 1,089,786</u>	<u>\$ 1,430,771</u>

The accompanying notes are an integral part of these statements.

1) Organization and summary of significant accounting policies:

A) Organization – Fundación Luis Muñoz Marín, Inc. (the Foundation), is a not-for-profit corporation organized under the Laws of the Commonwealth of Puerto Rico on June 25, 1980. The general purpose of the Foundation is to undertake custody, arrange and preserve the public and private documents and other historical material concerning the life and work of Luis Muñoz Marín.

Following is a general description of the Foundation's program services:

Luis Muñoz Marín Historical Archive – The Historical Archive constitutes one of the primary resources of the Foundation. Its contents have been estimated at close to one and a half million items, including, among others, private and public documents, as well as documents compiled by Luis Muñoz Marín during his younger years, and during his incumbencies as Founder and as Chairman of the Popular Democratic Party from 1938 to 1960, as President from 1941 to 1949 and as member of the Puerto Rican Senate on five occasions, and as first elected Governor of Puerto Rico from 1949 to 1965.

Gardens – In accordance with Luis Muñoz Marín's last will, the Foundation maintains in its original state the property of approximately four "acres" where his family resided and where the Foundation's facilities are located. This property serves as the site for varieties of over thirty (30) different trees, and a diversity of collections of plants and flowers, which serve as an urban forest for the enjoyment of the general public, and to enhance the environment in the metropolitan area.

Museums and Exhibitions – Various edifications within the Foundation premises have been converted into museums and exhibition area. Museum facilities include the Muñoz-Mendoza residence, the Luis Muñoz Marín office and library, as well as the "bohío" or meeting place. Exhibition rooms include the Luis Muñoz Marín and Inés María Mendoza halls and carriage-house. These facilities are open to the general public.

Guided Tours – The Foundation provides guided tours throughout the historic site, including the museums, exhibitions, gardens, as well as the presentation of films regarding the life and work of Luis Muñoz Marín, and the contemporary history of Puerto Rico, among others.

Educational Activities and Special Projects – The Foundation commemorates annually the birthdays of Luis Muñoz Marín, Luis Muñoz Rivera, and Inés María Mendoza de Muñoz Marín. In addition to the cultural activities derived from these annual commemorations, the Foundation is also involved in other educational and cultural initiatives.

Parque Doña Inés María Mendoza – This project is related to the development of an arboretum in a location adjacent to the Foundation's premises. This park will be open to the general public and will feature an urban forest and an educational center dedicated to the biodiversity of the Caribbean and conservation of our flora, among others.

Publications – The Foundation's publications program carry the objectives of editing, publishing, and promoting the publication of monographs, articles, and other materials related to the life, time and works of Luis Muñoz Marín.

B) Summary of significant accounting policies – The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America for Not-for-Profit Organizations. The significant accounting policies used by the Foundation are as follows:

Basis of presentation – All not-for-profit organizations are required to present a balance sheet, a statement of activities, and a statement of cash flows. In addition, net assets are classified in one or more of the following categories: unrestricted, temporarily restricted and permanently restricted.

- Unrestricted net assets – Unrestricted net assets are resources available to support operations. These resources are unrestricted as to their use and expendable at the discretion of the Board of Directors.
- Temporarily restricted net assets – Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period.
- Permanently restricted net assets – Permanently restricted net assets are resources whose use is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time.

As of June 30, 2016 and 2015, the Foundation's net assets are classified as unrestricted and temporarily restricted.

Accounting estimates – The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Promises to give – Unconditional promises to give are recorded at net realizable value. Conditional promises to give are not included as support until conditions are substantially met. An allowance for uncollectible promises to give is provided, if necessary, based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity.

As of June 30, 2016 and 2015, the Foundation had received conditional promises to give from Government Development Bank for Puerto Rico (GDB) and other legislative appropriations aggregating approximately \$224,000 and \$282,000, respectively. The conditional promise to give from GDB are contingent upon the Foundation's raising matching private contribution funds. The conditional promise to give is subject to the amount collected by the Commonwealth of Puerto Rico related to the excise taxes on tobacco sales and the number of institutions that qualify to receive the funds.

Collections – Collection items, which were acquired through donations by the estates of Luis Muñoz Marín and Inés M. Mendoza de Muñoz Marín, as well as from other donors, are not recognized as assets on the balance sheet. Purchase of collections items are recorded as decreases in unrestricted net assets in the year in which the items are acquired or as temporarily or permanently restricted net assets if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected on the financial statements.

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.



NOTES TO FINANCIAL STATEMENTS June 30, 2016 and 2015

Property and equipment – Is recorded at cost. Depreciation and amortization are computed based on the straight-line method over the assets estimated useful lives, as follows:

<u>Description</u>	<u>Useful Lives</u>
Building	40 years
Building improvements	10 years
Furniture and fixtures	3-5 years
Machinery and equipment	5-10 years
Vehicle	5 years

Maintenance and repairs are recorded as expense during the period. Building, leasehold improvements and certain other property and equipment are capitalized and reported as fixed assets. When property and equipment is sold or otherwise disposed of, the asset cost and related accumulated depreciation are removed from the books and the resulting gain or loss, if any, is credited or charged to operations. Property and equipment is capitalized if it has a cost of \$500 or more.

Long-lived assets – Long-lived assets such as fixed assets are reviewed for impairment when events or circumstances indicate that their carrying value may not be recoverable. Estimated undiscounted future cash flows are used to determine if an asset is impaired, in which case the asset's carrying value would be reduced to fair value. No impairment loss was recognized during the years ended June 30, 2016 and 2015.

Contributed support – The Foundation recognizes all contributed support received as income in the period received. All contributions are considered to be available for unrestricted use, unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases the net assets of those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted.

Functional allocation of expenses – The cost of providing the various program services, fundraising, and other activities of the Foundation have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and fundraising activities benefited. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Contributed services – Contributions of services are only recognized if services received (a) create or enhance non-financial assets or would typically need to be purchased if not provided by donation, (b) require specialized skills and are provided by individuals possessing those skills. The contribution revenue for services received is recognized at the fair value of those services.

Advertising costs and public relations – The Foundation follows the policy of charging advertising and public relations costs to operations as incurred. During the years ended June 30, 2016 and 2015, advertising and public relations costs amounted to approximately \$203,000 and \$133,000, respectively.

Income taxes and other taxes – As a not-for-profit corporation, the Foundation is exempt from local income taxes under the provisions of Law No. 68 of July 3, 1986 of the Commonwealth of Puerto Rico, and from federal taxes under the provisions of Section 501 (c)(3), of the United States Internal Revenue Code of 1986, as amended. In addition, it is exempt from volume of business tax and real and personal property taxes.

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.



NOTES TO FINANCIAL STATEMENTS June 30, 2016 and 2015

US GAAP require Foundation's management to evaluate tax positions taken and recognize a tax liability or asset if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination of taxing authorities. Management evaluated the tax position taken by the Foundation and concluded that the Foundation as of June 30, 2016, had maintained its tax exempt status and had taken no uncertain tax positions that would require adjustment or disclosures to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

All tax returns through fiscal year June 30, 2015 have been appropriately filed by the Foundation. The Foundation's open audit periods are fiscal years ended June 30, 2012 to June 30, 2016.

2) Concentration risks:

Financial instruments, which potentially subject the Foundation to concentrations of credit risk, consist principally of cash deposits. Cash is maintained in three (3) financial institutions. As of June 30, 2016 and 2015, the Foundation had approximately \$1,135,000 and \$1,504,000, respectively, in those banking institutions of which approximately \$609,000 and \$1,128,000 exceeded the limits of \$250,000 insured by the Federal Deposit Insurance Corporation (FDIC).

Current vulnerability due to certain concentrations with a particular grantor consists of a legislative appropriation and the contributions received under Act No. 290 (refer to note 8). During the years ended June 30, 2016 and 2015, the Legislative appropriation amounted to \$814,000 and \$1,550,000 for years 2016 and 2015, which represents approximately 42% and 62% of Foundation's contributions combined revenues, respectively. In addition, for the years ended June 30, 2016 and 2015, the Foundation received approximately \$224,000 and \$282,000, from other legislative appropriations, respectively, which represents 12% and 11% of Foundation's contributions, combined revenues for years 2016 and 2015, respectively.

The Foundation maintains in their cash balance an amount of \$285,110 and \$360,184 as of June 30, 2016 and 2015, respectively, which is held for specific purpose.

3) Property and equipment:

As of June 30, 2016 and 2015, property and equipment consist of the following:

Description	2016	2015
Building	\$ 1,718,940	\$ 1,718,940
Building improvements	6,480	6,480
Furniture and fixtures	413,338	413,338
Machinery and equipment	373,303	372,105
Vehicle	35,045	35,045
	<u>2,547,106</u>	<u>2,545,908</u>
Less: Accumulated depreciation and amortization	<u>(1,973,116)</u>	<u>(1,903,705)</u>
	573,990	642,203
Plus:		
Land	906,609	906,609
Construction in progress	7,150,581	7,087,991
	<u>\$ 8,631,180</u>	<u>\$ 8,636,803</u>

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.



NOTES TO FINANCIAL STATEMENTS June 30, 2016 and 2015

4) Other assets:

The Foundation's other assets consist of collections of works of art, including paintings, caricatures, artifacts of historical significance, archives, an automobile and art objects that were acquired through donations from the estates of Luis Muñoz Marín and Inés M. Mendoza de Muñoz Marín and are held for educational and research purposes. They are cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. The collections are subject to a policy that requires proceeds from their sales to be used to acquire other items for collection.

5) Line of credit:

On May 9, 2013, the Foundation entered into a revolving line of credit facility with a financial institution in the amount of \$500,000. Amounts due under the line of credit bear interest at 2.0% over prime interest rate (3.25% as of June 30, 2016 and 2015). The line is intended to meet short-term financing needs of the Foundation. The balance outstanding as of June 30, 2016 and 2015 is \$300,000 and \$500,000, respectively.

6) Loan payable:

Loan payable represents a \$2,000,000, payable in five (5) annual installments, four (4) of \$133,333 and one (1) of \$1,466,668 plus accrued interest at 6.5%, commencing on January 5, 2015. The loan is collateralized with a pledge of the proceeds of funds granted under Act. No. 290, as described in Note 8. The proceeds of this loan were used to refinance the amounts due under a line of credit that was used as interim construction financing for the development and construction of the Foundation's visitors and educational center.

Maturities of principal under this loan are as follows:

Year ended	Amount
June 30, 2017	\$ 266,666
June 30, 2018	133,333
June 30, 2019	1,466,668
	1,866,667
Less: Current portion	(266,666)
	<u>\$ 1,600,001</u>

As of June 30, 2016, there is one annual payment in arrear for the amount of \$133,333 and the Foundation's management is in the process to obtain an extension up to July 2017. Accrued interest as of June 30, 2016, aggregates \$57,752.

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.



NOTES TO FINANCIAL STATEMENTS June 30, 2016 and 2015

7) Temporarily restricted net assets:

As of June 30, 2016 and 2015, temporarily restricted net assets by purpose are as follows:

Description	2016	2015
Operations	\$ 110,602	\$ 110,602
Greenhouse	42,396	42,396
	<u>\$ 152,998</u>	<u>\$ 152,998</u>

8) Contributions under Act No. 290:

Act No. 290 of September 1, 2000 created a special fund administered by the GDB, with the purpose of providing contributions to institutions engaged as depositories of archives and relics of former governors and first ladies of Puerto Rico. Those contributions are contingent upon the Foundation's raising matching private contribution funds and the amount collected by the Commonwealth of Puerto Rico related to excise taxes on tobacco sales and the number of institutions that qualify to receive the funds.

As of June 30, 2016 and 2015, the Foundation has complied with the condition of submitting the matching of funds documentation to GDB. As of June 30, 2016 and 2015, corresponding amounts of these fiscal years are pending to be collected.

For the years ended June 30, 2016 and 2015, amounts collected under the provisions of this Act were approximately \$125,000 and \$143,000, covering fiscal year 2014-2015 and 2012-2013, respectively. Those funds have been pledged as collateral under a loan payable as described in Note 6, and as such have been designated by the Board of Directors to be used for this purpose and for other development and construction cost of the Foundation's visitors and educational center.

Currently, GDB faces significant risks and uncertainties and it currently does not have sufficient liquid financial resources to meet obligations when they come due. On April 6, 2016, the Governor of Puerto Rico signed into law Act 21-2016, known as "Puerto Rico Emergency Moratorium and Financial Rehabilitation Act", which allows the Governor to declare a moratorium on debt service payments. On April 8, the Governor signed Executive Order No. 2016-010, declaring the Bank to be in a state of emergency pursuant to Act 21. Therefore, the Bank is prohibited from disbursements, with the exception of those reasonable and necessary to ensure the provisions of essential services. This situation creates significant uncertainty regarding the realization of the account receivable. Management believes that the amount will ultimately be collected.

Contributions are recorded as they are received since the collectability depends on the funds available in the special fund administered by GDB. The remaining balances of these special funds as of June 30, 2016 and 2015, which have not been reflected in the accompanying financial statements, aggregate approximately \$3,277,000 and \$3,065,000, respectively.

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.



NOTES TO FINANCIAL STATEMENTS June 30, 2016 and 2015

9) Contributed services:

Contributed services for the years ended June 30, 2016 and 2015, consist of the following:

Description	2016	2015
Exhibitions	\$ 1,000	\$ -
Public relations and advertising	16,314	97,418
Legal and accounting services	204,240	40,672
Individual contributors	17,801	63,281
Construction drawings and exhibitions	215,311	39,670
	<u>\$ 454,666</u>	<u>\$ 241,041</u>

10) Other operating support and revenues:

Other operating support and revenues for the years ended June 30, 2016 and 2015, consist of the following:

Description	2016	2015
Summer workshop	\$ -	\$ 120,000
Museum activities	-	58,315
Rent of facilities	63,715	23,025
Bookstore and souvenir shop net sales	30,995	27,280
Other	193,026	120,460
	<u>\$ 287,736</u>	<u>\$ 349,080</u>

11) Contingencies:

The Foundation is party to certain claims arising in the ordinary course of business. Management, based on the advice from legal counsel, is of the opinion that the outcome of such litigation will not have a material adverse effect on the Foundation's financial position or results of operations.

12) Supplemental information to the statements of cash flows:

During the years ended June 30, 2016 and 2015, interest payments amounted to approximately \$119,000 and \$146,000, respectively.

13) Subsequent events:

Management has evaluated subsequent events through February 8, 2017, the date the financial statements were available to be issued.

For further information please contact

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