

# 13909

SECRETARÍA DEL SENADO

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PRESIDENCIA DEL SENADO

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17 de enero de 2019

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 2017-2018 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

Archivo Histórico  
Centro de Visitantes  
Parque Doña Inés  
Casa Museo

JUNTA DE DIRECTORES

MARISARA PONT MARCHESE  
Presidenta

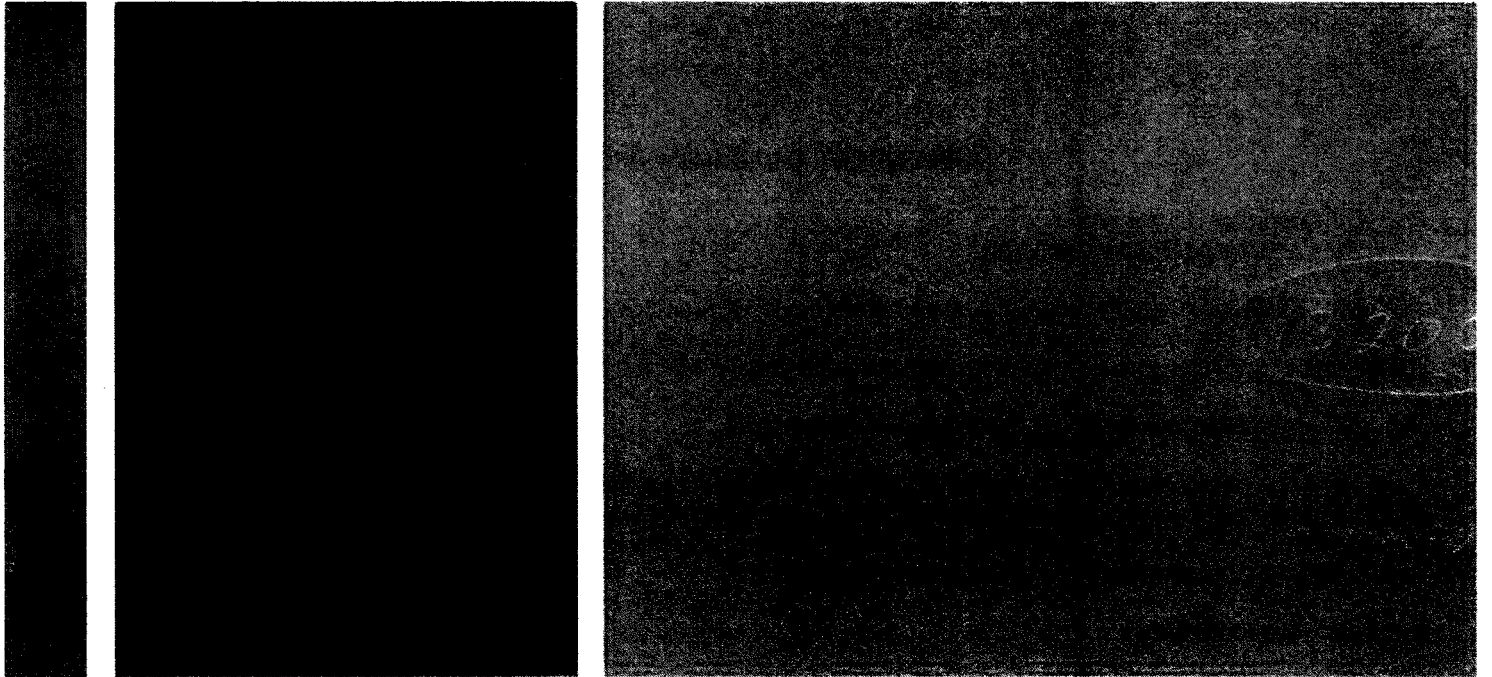
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Vicepresidente

JORGE A. NAZARIO RODRÍGUEZ  
Tesorero

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Secretario

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- EMILIO E. PIÑERO FERRER
- JORGE RODRÍGUEZ BERUFF
- EUGENIO TORRES OYOLA

LINDA HERNÁNDEZ ROSADO  
Directora Ejecutiva



**Fundación Luis Muñoz Marín, Inc.**  
(A Puerto Rico Not-for-Profit Organization)

**Financial Statements**  
**June 30, 2018 and 2017**



**RSM**

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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 Puerto Rico Not-for-Profit Organization, which comprise the balance sheets as of June 30, 2018 and 2017, 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.

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

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**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, 2018 and 2017, 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  
December 26, 2018.

*RSM Puerto Rico*

Stamp No. E368057 was affixed to  
the original of this report.

# FUNDACIÓN LUIS MUÑOZ MARÍN, INC.



## BALANCE SHEETS June 30, 2018 and 2017

	2018	2017
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash, including cash on hold of \$67,420 and \$285,587 in 2018 and 2017, respectively	\$ 348,349	\$ 1,527,063
Contributions receivable	45,841	12,593
Bequest receivable	-	575,000
Prepaid expenses	1,653	8,297
	<u>395,843</u>	<u>2,122,953</u>
<b>PROPERTY AND EQUIPMENT, net</b>	<b>9,027,959</b>	<b>8,580,048</b>
<b>OTHER ASSETS</b>	<b>14,287</b>	<b>14,287</b>
	<u>\$ 9,438,089</u>	<u>\$ 10,717,288</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Non revolving line of credit	\$ 150,000	\$ 450,000
Loan payable	-	1,866,667
Accounts payable and accrued expenses	153,997	599,185
	<u>303,997</u>	<u>2,915,852</u>
<b>NET ASSETS:</b>		
Unrestricted-		
Available for operations	8,268,619	6,238,511
Board designated	223,053	797,627
	<u>8,491,672</u>	<u>7,036,138</u>
Temporarily restricted	642,420	765,298
	<u>9,134,092</u>	<u>7,801,436</u>
	<u>\$ 9,438,089</u>	<u>\$ 10,717,288</u>

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



**FUNDACIÓN LUIS MUÑOZ MARÍN, INC.**

**STATEMENTS OF ACTIVITIES**

For the years ended June 30, 2018 and 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUE, SUPPORT AND GAINS</b>						
Legislative appropriations	\$ 463,019	\$ -	\$ 463,019	\$ 862,953	\$ 37,300	\$ 900,253
Contributions from corporations and private institutions	16,894	25,000	41,894	86,476	-	86,476
Contributions from individuals	9,805	-	9,805	17,682	-	17,682
Contributed services	139,545	-	139,545	115,589	-	115,589
In-kind contributions	95,101	-	95,101	87,812	-	87,812
Bequests	-	-	-	-	575,000	575,000
Interest	1,597	-	1,597	1,699	-	1,699
Insurance claim recovery	124,414	-	124,414	-	-	-
Gain on settlement of debt	1,509,257	-	1,509,257	-	-	-
Special projects and other revenues	169,665	-	169,665	256,647	-	256,647
Net assets released from restrictions	147,878	(147,878)	-	-	-	-
	<u>2,677,175</u>	<u>(122,878)</u>	<u>2,554,297</u>	<u>1,428,858</u>	<u>612,300</u>	<u>2,041,158</u>
<b>OPERATING EXPENSES:</b>						
Program services:						
Luis Muñoz Marín historical archive	150,257	-	150,257	199,746	-	199,746
Gardens	88,275	-	88,275	105,890	-	105,890
Museum, exhibitions and guided tours	129,227	-	129,227	166,216	-	166,216
Educational activities and special projects	94,628	-	94,628	153,860	-	153,860
Parque Doña Inés María Mendoza	247,332	-	247,332	333,360	-	333,360
Publications	63,858	-	63,858	92,374	-	92,374
Digitalization	47,449	-	47,449	155,615	-	155,615
	<u>821,026</u>	<u>-</u>	<u>821,026</u>	<u>1,207,061</u>	<u>-</u>	<u>1,207,061</u>

Continues...



**FUNDACIÓN LUIS MUÑOZ MARÍN, INC.**

**STATEMENTS OF ACTIVITIES**

For the years ended June 30, 2018 and 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Continued...						
Supporting services:						
General and administrative	298,717	-	298,717	400,684	-	400,684
Fundraising	101,898	-	101,898	140,127	-	140,127
	<u>400,615</u>	<u>-</u>	<u>400,615</u>	<u>540,811</u>	<u>-</u>	<u>540,811</u>
	<u>1,221,641</u>	<u>-</u>	<u>1,221,641</u>	<u>1,747,872</u>	<u>-</u>	<u>1,747,872</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>1,455,534</b>	<b>(122,878)</b>	<b>1,332,656</b>	<b>(319,014)</b>	<b>612,300</b>	<b>293,286</b>
<b>NET ASSETS, beginning of year</b>	<u>7,036,138</u>	<u>765,298</u>	<u>7,801,436</u>	<u>7,355,152</u>	<u>152,998</u>	<u>7,508,150</u>
<b>NET ASSETS, end of year</b>	<u>\$ 8,491,672</u>	<u>\$ 642,420</u>	<u>\$ 9,134,092</u>	<u>\$ 7,036,138</u>	<u>\$ 765,298</u>	<u>\$ 7,801,436</u>

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, 2018 and 2017

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 1,332,656	\$ 293,286
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities-		
In-kind contribution of equipment	(14,280)	-
Depreciation and amortization expense	155,422	70,651
Gain on settlement of debt	(1,509,257)	-
Changes in operating assets and liabilities-		
(Increase) decrease in assets:		
Contributions receivable	(33,248)	373,562
Bequest receivable	-	(475,000)
Prepaid expenses	6,644	2,092
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(282,598)	42,205
Net cash provided by (used in) operating activities	<u>(344,661)</u>	<u>306,796</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES:</b>		
Additions to property and equipment	<u>(14,053)</u>	<u>(19,519)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Advances from (payments to) line of credit	(300,000)	150,000
Payments to loan payable	<u>(520,000)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>(820,000)</u>	<u>150,000</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(1,178,714)</b>	<b>437,277</b>
<b>CASH, beginning of year</b>	<u><b>1,527,063</b></u>	<u><b>1,089,786</b></u>
<b>CASH, end of year</b>	<u><u><b>\$ 348,349</b></u></u>	<u><u><b>\$ 1,527,063</b></u></u>

The accompanying notes are an integral part of these statements.



# FUNDACIÓN LUIS MUÑOZ MARÍN, INC.



## NOTES TO FINANCIAL STATEMENTS June 30, 2018 and 2017

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### 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.

The 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, Exhibitions and Guided Tours – 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. In addition, 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.

Digitalization – The Historical Archive of the Luis Muñoz Marín Foundation established a digitalization project that allows the preservation of the historical collection in digital format. This program includes not only the processing of historical documents, but also old objects from the three-dimensional collections that the Foundation owns. The digitalization of historical documents has opened the doors to a wider dissemination of the historical heritage in Puerto Rico. The opening thought virtual access helps to conserve the documents and objects of the collections, and achieve the dissemination by reaching and attracting potential researchers and other types of users who could not have physical access to the documents in Puerto Rico and the world.

# FUNDACIÓN LUIS MUÑOZ MARÍN, INC.



## NOTES TO FINANCIAL STATEMENTS June 30, 2018 and 2017

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 (US GAAP) for Not-for-Profit Organizations. The significant accounting policies used by the Foundation are as follows:

Basis of presentation – 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, 2018 and 2017, 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.

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 sheets. 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.

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:

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

# FUNDACIÓN LUIS MUÑOZ MARÍN, INC.



## NOTES TO FINANCIAL STATEMENTS June 30, 2018 and 2017

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Maintenance and repairs are recorded as expense during the period. Building, building 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.

Impairment or disposal of 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, 2018 and 2017.

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.

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

In-kind support – The Foundation records various types of in-kind support including contributed equipment, services and other property. Contributions of tangible assets and services are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or assets.

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, 2018 and 2017, advertising and public relations costs amounted to approximately \$65,000 and \$128,000, respectively.

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.

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.

NOTES TO FINANCIAL STATEMENTS  
June 30, 2018 and 2017

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Generally Accepted Accounting Principles in the United States of America 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, 2018, 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, 2017 have been appropriately filed by the Foundation. The Foundation's open audit periods are fiscal years ended June 30, 2014 to June 30, 2018.

Future accounting pronouncement – In August 2016, the Financial Accounting Standards Board (FASB) has issued the Accounting Standard Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Its main provisions include changes in the net assets classification requirements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The amendments of this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018.

Management is evaluating the impact that this ASU will have in its financial statements.

**2) Concentrations risk:**

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, 2018 and 2017, the Foundation had approximately \$401,000 and \$1,556,000, respectively, in those banking institutions, of which approximately \$19,000 and \$806,000 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 legislative appropriations. During the years ended June 30, 2018 and 2017, the legislative appropriation received through the "Instituto de Cultura Puertorriqueña" amounted to \$437,000 and \$800,000, respectively, which represent approximately 17% and 39% of the Foundation's combined revenues. In addition, for the years ended June 30, 2018 and 2017, the Foundation received approximately \$26,000 and \$100,000 from other legislative appropriations, respectively, which represents 1% and 5% of the Foundation's combined revenues.

As of June 30, 2018 and 2017, the Foundation maintains a restricted cash amount of \$67,420 and \$285,587, respectively.

**3) Bequest receivable:**

During the year ended June 30, 2017, the Foundation was notified of a testamentary gift through a bequest including a property located in San Juan, Puerto Rico, art collections and Puertorican traditions. An appraisal report was obtained for the property and its fair value was estimated at \$575,000. As of June 30, 2017, the Foundation was completing the property transfer process, and it was recognized as a bequest receivable in the accompanying financial statements. The testament established that the Foundation may sell or lease the property and the proceeds obtained should be used for a special project consisting in the indexing, study and conservation of the art collections and Puertorican traditions that were donated through the testament.

During the year ended June 30, 2018, the Foundation completed the property transfer process and the property was recorded as part of its properties and as such is presented in the accompanying financial statements.

# FUNDACIÓN LUIS MUÑOZ MARÍN, INC.



## NOTES TO FINANCIAL STATEMENTS June 30, 2018 and 2017

### 4) Property and equipment:

As of June 30, 2018 and 2017, property and equipment consist of the following:

Description	2018	2017
Building	\$ 9,232,116	\$ 1,718,940
Building improvements	6,480	6,480
Furniture and fixtures	435,935	416,437
Machinery and equipment	376,186	373,303
Vehicle	35,045	35,045
	<u>10,085,762</u>	<u>2,550,205</u>
Less: Accumulated depreciation and amortization	<u>(2,199,189)</u>	<u>(2,043,767)</u>
	7,886,573	506,438
Plus:		
Land	906,609	906,609
Construction in progress	234,777	7,167,001
	<u>\$ 9,027,959</u>	<u>\$ 8,580,048</u>

### 5) 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.

### 6) Non revolving line of credit:

On September 3, 2014, the Foundation entered into a revolving line of credit facility with a financial institution in the amount of \$450,000. Amounts due under the line of credit bear interest at 2.0% over prime interest rate (5.00% and 6.25%, as of June 30, 2018 and 2017, respectively). This line of credit is intended to meet short-term financing needs of the Foundation. The balance outstanding as of June 30, 2018 and 2017 is \$150,000 and \$450,000, respectively.

### 7) Loan payable:

It represents a \$2,000,000 loan payable to bank 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 was collateralized with a pledge of the proceeds of funds granted under Act. No. 290. 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.

# FUNDACIÓN LUIS MUÑOZ MARÍN, INC.



## NOTES TO FINANCIAL STATEMENTS June 30, 2018 and 2017

As of June 30, 2017, there were two annual payments in arrears for the amount of \$266,666 and accrued interest of \$162,590. On December 19, 2017, the Foundation presented an offer for the full settlement and payoff of its loan payable. The settlement amount was determined as 27.86% of the unpaid principal balance or \$520,000 as of November 30, 2017. A non-refundable deposit of 5% or \$26,000 was paid within three business days of the bank's acceptance of the offer. On December 20, 2017, the offer was acknowledged and agreed by the bank. The transaction and payoff was completed on January 29, 2018.

During the year ended June 30, 2018, the Foundation recognized a gain on settlement of debt for the amount of \$1,509,257. This gain on settlement of debt is presented as revenue in the accompanying statements of activities.

### 8) Temporarily restricted net assets:

As of June 30, 2018 and 2017, temporarily restricted net assets by purpose are as follows:

Description	2018	2017
Operations	\$ 25,024	\$ 110,602
Greenhouse	42,396	42,396
Legislative appropriation	-	37,300
Bequest receivable	-	575,000
Property acquired through a bequest	575,000	-
	<u>\$ 642,420</u>	<u>\$ 765,298</u>

### 9) Contributed services and in-kind contributions:

Contributed services and in-kind contributions for the years ended June 30, 2018 and 2017, consist of the following:

Description	2018	2017
Public relations and advertising	\$ 65,098	\$ 127,830
Legal and accounting services	29,674	22,000
Individuals and other contributions	93,306	396
Construction drawings and exhibitions	32,288	53,175
Equipment	14,280	-
	<u>\$ 234,646</u>	<u>\$ 203,401</u>

The Foundation receives a significant amount of volunteer time that does not meet the criteria for recognition as a contribution. Accordingly, the value of this contributed time has not been reflected in the accompanying financial statements.

# FUNDACIÓN LUIS MUÑOZ MARÍN, INC.



## NOTES TO FINANCIAL STATEMENTS June 30, 2018 and 2017

### 10) Special projects and other revenues:

Special projects and revenues for the years ended June 30, 2018 and 2017, consist of the following:

Description	2018	2017
Summer workshop	\$ 4,120	\$ 33,750
Rent of facilities	94,446	90,514
Bookstore and souvenir shop net sales	7,189	15,728
Other	63,910	116,655
	<u>\$ 169,665</u>	<u>\$ 256,647</u>

### 11) Supplemental information to the statements of cash flows:

A) Non-cash investing and financing transactions – During the years ended June 30, 2018 and 2017, non-cash investing and financing activities were approximate the following:

Description	2018	2017
In-kind contribution of equipment	\$ 14,280	\$ -
Property acquired through a bequest	\$ 575,000	\$ -
Loan payable cancellation	\$ 1,346,667	\$ -

B) Other cash flows transactions – During the years ended June 30, 2018 and 2017, interest payments amounted to approximately \$18,000 and \$28,000, respectively.

### 12) Insurance claim recovery:

On September 20, 2017, Hurricane Maria landfall in Puerto Rico as a category 4 hurricane causing extensive destruction, and flooding throughout the Island. The hurricane caused a major disruption on Puerto Rico's economic activity. The Foundation suffered damages to the physical structure and the gardens. In addition, there was an interruption of the Foundation's operations. The Foundation submitted a claim of approximately \$322,300 to the insurance company for the reimbursement of losses caused by the Hurricane Maria.

During the year ended June 30, 2018, the Foundation recorded a gain on insurance claim of \$124,414, detailed as follows:

Description	Amount
Amount received from insurance company; net of deductible balance of \$49,348	\$ 272,965
Expenses incurred during the year ended June 30, 2018 related to damages suffered	(148,551)
Amount that should be used for repairs of damage during the year ended June 30, 2019	<u>\$ 124,414</u>

### 13) Subsequent events:

Management has evaluated subsequent events through December 26, 2018, the date the financial statements were available to be issued.