



Secretaría

L.CDA. TANIA BARBAROSSA ORTIZ

- VER AL DORSO
- NOTAS
- PARA CALENDARIO
- TRAER EXPEDIENTE
- DAR CUENTA
- REGISTRAR Y PROCESAR
- ARCHIVAR
- PREPARAR CARTA
- NOMBRAMIENTO
- AUTORIZADO Y GESTIONAR

EL CAPITOLIO
PO BOX 9023431
SAN JUAN, PUERTO RICO
00902-3431

INICIALES

REFERIDO A:

COMISIONES PERMANENTES

- HACIENDA Y FINANZAS PÚBLICAS
- GOBIERNO, EFICIENCIA GUBERNAMENTAL
E INNOVACIÓN ECONÓMICA
- JURIDICA, SEGURIDAD Y VETERANOS
- SALUD Y NUTRICIÓN
- EDUCACION, FORMACION Y DESAROLLO DEL INDIVIDUO
- ASUNTOS DE LA MUJER

- INFRAESTRUCTURA, DESAROLLO URBANO
Y TRANSPORTACION
- AGRICULTURA, SEGURIDAD ALIMENTARIA
Y SUSTENTABILIDAD DE LA MONTANA
- RECURSOS NATURALES, AMBIENTALES
Y ASUNTOS ENERGÉTICOS
- COOPERATIVISMO, PEQUEÑAS Y MEDIANAS EMPRESAS
Y MICRO-EMPRESAS
- TURISMO, CULTURA, RECREACIÓN Y DEPORTES
Y GLOBALIZACIÓN
- RELACIONES LABORALES, ASUNTOS DEL CONSUMIDOR
Y CREACION DE EMPLEOS
- DERECHOS CIVILES, PARTICIPACIÓN CIUDADANA
Y ECONOMÍA SOCIAL
- AUTONOMÍA MUNICIPAL, DESCENTRALIZACIÓN
Y REGIONALIZACIÓN
- BANCA, SEGUROS Y TELECOMUNICACIONES
- VIVIENDA Y COMUNIDADES SOSTENIBLES
- ÉTICA E INTEGRIDAD LEGISLATIVA
- CORPORACIONES PÚBLICAS
Y ALIANZAS PÚBLICO-PRIVADAS
- REGLAS, CALENDARIO Y ASUNTOS INTERNOS

29 de octubre de 2013

Sra. Tania Barbarrosa Ortiz
Secretaria
Senado- El Capitolio
PO Box 9020082
San Juan PR 00902-0082

RECIBIDA SECRETARIA
SENADO SEN. J.
2013 OCT 29 AM 9:26

-Entrega a la mano-

Estimada Señora Barbarrosa:

**RE: INFORME ANUAL FIDEICOMISO PARA CIENCIA TECNOLOGIA E
INVESTIGACIÓN DE PUERTO RICO**

La Ley 214 de 2004, según enmendada (la Ley) que creó el Fideicomiso Para Ciencia Tecnología e Investigación de Puerto Rico (FCTIPR), en su Artículo 10, establece que el FCTIPR rendirá un informe anual dentro de los ciento veinte (120) días después del cierre del año fiscal. A tenor con lo dispuesto en la Ley, el Informe Anual deberá entregarse al Gobernador y a las Secretarías de ambos cuerpos legislativos no más tarde del 30 de octubre de 2013.

Debido a que algunos documentos pendientes en relación a la narrativa del Informe Anual y en vista de los procesos posteriores que tienen que llevarse a cabo para someterse un informe completo y debidamente aprobado, es necesario informarles que el FCTIPR anticipa poder presentar el mismo en o antes del 30 de diciembre de 2013. Sin embargo, adjunto le adelantamos una copia de los Estados Financieros recientemente auditados del Fideicomiso.

Agradecemos su consideración, y quedamos a las órdenes de necesitar mayor información sobre el contenido de esta carta.

Saludos cordiales,



Lcdo. Iván Ríos Mena
Director Ejecutivo Interino

Financial Statements

PUERTO RICO SCIENCE, TECHNOLOGY AND RESEARCH TRUST
(a non-for-profit organization)

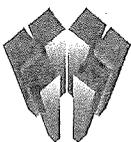
FINANCIAL STATEMENTS

JUNE 30, 2013

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2013 OCT 29 AM 9:26

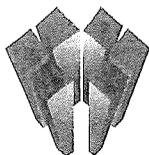
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Aquino, De Córdova, Alfaro & Co., LLP

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Puerto Rico Science, Technology and Research Trust
San Juan, Puerto Rico

We have audited the accompanying balance sheet of Puerto Rico Science, Technology and Research Trust (a non-for-profit Puerto Rico organization) as of June 30, 2013, and the related statements of activities 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.

Auditor's 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 qualified audit opinion.

Basis for Qualified Opinion

As explained in Note E, during the year ended June 30, 2008, the Trust received land and property contributed from a third party, which is stated at \$18,000,000 in the accompanying balance sheet. The land and property was valued according to a preliminary market value opinion report, which is based on significant assumptions that may affect the final fair market value. We were unable to satisfy ourselves as to the fair market value by means of other auditing procedures.

Also as described in Note A, the Trust should receive twenty eight percent (28%) of the money deposited in the Special Fund for Economic Development managed by the Puerto Rico Industrial Development Company (PRIDCO). The amount corresponding to the year ended June 30, 2013 was not deposited in the Special Fund for Economic Development by the Treasury Department of Puerto Rico; consequently the amount corresponding to the Trust is undeterminable as of this date. Therefore, such revenues have not been recorded in the accompanying statement of activities and changes in net assets for the year ended June 30, 2013.

Qualified Opinion

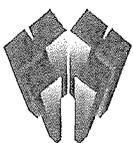
In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the fair market value of land and property and the amount of the twenty eight percent (28%) of the money to be received from the Special Fund, the financial statements referred to above present fairly, in all material respects, the financial position of Puerto Rico Science, Technology and Research Trust as of June 30, 2013, and the changes 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.

Carolina, Puerto Rico

September 25, 2013

Stamp number E87002
has been affixed to
the original report

Aquino, De Córdova, Alfaro & Co., LLP



Aquino, De Córdova, Alfaro & Co., LLP

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

PUERTO RICO SCIENCE, TECHNOLOGY AND RESEARCH TRUST
(a non-for-profit organization)
BALANCE SHEET
JUNE 30, 2013

ASSETS

Cash	\$ 68,579,854
Accrued interest receivable	6,439
Other assets	550
Convertible Promissory Note Receivable	889,695
Property and equipment, net	5,506
Equipment under capital lease, net of accumulated amortization of \$12,411	24,657
Due from government entity	13,738,958
Restricted cash	6,890,000
Building, net of accumulated depreciation of \$37,700	2,601,249
Land and property for research, development and infrastructure project related to science and technology - restricted	18,000,000
Land development costs	<u>6,477,291</u>
	<u>\$ 117,214,199</u>

LIABILITIES AND NET ASSETS

LIABILITIES

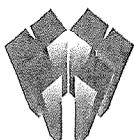
Program service payable	\$ 1,689,474
Accounts payable	702,912
Accrued expenses	7,021
Other liabilities	1,200
Obligation under capital lease	<u>25,282</u>
	2,425,889

COMMITMENT

NET ASSETS

Unrestricted	86,616,310
Temporarily restricted	10,172,000
Permanently restricted	<u>18,000,000</u>
	<u>114,788,310</u>
	<u>\$ 117,214,199</u>

See accompanying notes to financial statements.



PUERTO RICO SCIENCE, TECHNOLOGY AND RESEARCH TRUST
(a non-for-profit organization)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2013

CHANGES IN NET ASSETS	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT				
Grants	\$ 14,738,958	\$ -	\$ -	\$ 14,738,958
Rental Income	2,400	-	-	2,400
Interest Income	76,335	-	-	76,335
Program Service Fees	216	-	-	216
Donations	7,500	-	-	7,500
Conversion of Grant to Convertible Note	889,695	-	-	889,695
Other Income	10,245	-	-	10,245
Total Unrestricted Revenues and Support	<u>15,725,349</u>	<u>-</u>	<u>-</u>	<u>15,725,349</u>
Net Assets released from restrictions				
Satisfaction of Program Restrictions	<u>5,118,000</u>	<u>(5,118,000)</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>20,843,349</u>	<u>(5,118,000)</u>	<u>-</u>	<u>15,725,349</u>
EXPENSES				
Program and Services				
Research & Data	5,809,741	-	-	5,809,741
Tech. Transfer and Commercialization	2,056,435	-	-	2,056,435
Science City Development	541,320	-	-	541,320
Total Programs and Services	<u>8,407,496</u>	<u>-</u>	<u>-</u>	<u>8,407,496</u>
Supporting Services				
Operational Expenditures	1,416,269	-	-	1,416,269
Total Supporting Services	<u>1,416,269</u>	<u>-</u>	<u>-</u>	<u>1,416,269</u>
Total Expenses from Operations	<u>9,823,765</u>	<u>-</u>	<u>-</u>	<u>9,823,765</u>
Change in Net Assets from Operations	<u>11,019,584</u>	<u>(5,118,000)</u>	<u>-</u>	<u>5,901,584</u>
NON OPERATING REVENUE (EXPENSE)				
Loss on Asset Disposition	(33,991)	-	-	(33,991)
Total Non-Operating Revenue (Expense)	<u>(33,991)</u>	<u>-</u>	<u>-</u>	<u>(33,991)</u>
Increase in Net Assets	<u>10,985,593</u>	<u>(5,118,000)</u>	<u>-</u>	<u>5,867,593</u>
Net Assets, beginning of year	<u>75,630,717</u>	<u>15,290,000</u>	<u>18,000,000</u>	<u>108,920,717</u>
Net Assets, end of year	<u>\$ 86,616,310</u>	<u>\$ 10,172,000</u>	<u>\$ 18,000,000</u>	<u>\$ 114,788,310</u>

See accompanying notes to financial statements.



Aquino, De Córdova, Alfaro & Co., LLP

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

PUERTO RICO SCIENCE, TECHNOLOGY AND RESEARCH TRUST

(a non-for-profit organization)

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2013

	Research and Data	Technology Transfer and Commercialization	Science City Development	Operational Expenditures	Total
Program Support					
Sponsorships	\$ 34,900	\$ -	\$ -	\$ -	\$ 34,900
Incubators Support	-	361,756	-	-	361,756
Centenary Fund Grants	5,118,000	-	-	-	5,118,000
R&D Projects Grants	494,311	913,640	-	-	1,407,951
Matching Grants	-	400,000	-	-	400,000
In Kind Services	-	11,003	-	-	11,003
Total Program Support Expenses	<u>5,647,211</u>	<u>1,686,399</u>	<u>-</u>	<u>-</u>	<u>7,333,610</u>
Personnel Costs					
Salaries and Wages	26,674	5,073	64,244	104,969	200,960
Benefits and Payroll Taxes	2,897	591	22,394	32,443	58,325
Total Personnel Costs	<u>29,571</u>	<u>5,664</u>	<u>86,638</u>	<u>137,412</u>	<u>259,285</u>
Professional Services	<u>132,326</u>	<u>356,280</u>	<u>136,201</u>	<u>658,768</u>	<u>1,283,575</u>
Occupancy Expenses					
Amortization Expense	-	-	-	16,028	16,028
Depreciation and					
Amortization expenses	-	-	-	97,065	97,065
Rent	-	-	-	35,151	35,151
Repairs and Maintenance	-	-	194,600	30,428	225,028
Security	-	-	92,608	112,996	205,604
Other Operating Expenses	-	-	31,273	91,854	123,127
Total Occupancy Expenses	<u>-</u>	<u>-</u>	<u>318,481</u>	<u>383,522</u>	<u>702,003</u>
Travel	<u>-</u>	<u>5,414</u>	<u>-</u>	<u>-</u>	<u>5,414</u>
Other Operating Expenses	<u>633</u>	<u>2,678</u>	<u>-</u>	<u>236,567</u>	<u>239,878</u>
Total expenses from operations	<u>\$ 5,809,741</u>	<u>\$ 2,056,435</u>	<u>\$ 541,320</u>	<u>\$ 1,416,269</u>	<u>\$ 9,823,765</u>

See accompanying notes to financial statements.



Aquino, De Córdova, Alfaro & Co., LLP

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

PUERTO RICO SCIENCE, TECHNOLOGY AND RESEARCH TRUST
(a non-for-profit organization)
STATEMENT OF CASH FLOWS
YEAR ENDED OF JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 5,867,593
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation and amortization	97,065
Loss on asset disposition	33,991
Use of temporarily restricted for the Centenary Fund	4,400,000
Conversion of grant to convertible note receivable	(889,695)
Changes in assets and liabilities:	
Decrease in:	
Accrued interest receivable	792
Other assets	15,478
Increase (decrease) in:	
Program service payable	1,689,474
Accounts payable	(136,278)
Other liabilities	1,200
	<u>5,212,027</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	11,079,620

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(5,796)
Building construction	(2,503,471)
Addition to land development cost	<u>(4,221,084)</u>
NET CASH USED IN INVESTING ACTIVITIES	(6,730,351)

CASH FLOWS FROM FINANCING ACTIVITIES

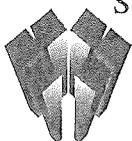
Due from government entity	(9,738,958)
Principal payments of obligation under capital lease	<u>(4,818)</u>
NET CASH USED IN FINANCING ACTIVITIES	(9,743,776)

NET DECREASE IN CASH (5,394,507)

CASH AT BEGINNING OF YEAR 73,974,361

CASH AT END OF YEAR \$ 68,579,854

See accompanying notes to financial statements.



Aquino, De Córdova, Alfaro & Co., LLP

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Puerto Rico Science, Technology and Research Trust (hereinafter referred to as “the Trust”) is a non-for-profit organization, created by Act No.214 of the Legislature of the Commonwealth of Puerto Rico on August 18, 2004 (Act No. 214). The purpose of this Trust is to foster and fund research, development and infrastructure projects related to science and technology that will promote the economic, social or educational development of the Commonwealth and to operate exclusively for charitable, educational and scientific purposes. During October 20, 2011, Act No. 208 was enacted to amend Act No. 214. These projects are to be financed as follows: (i) the greater of \$5,000,000 or 25% percent and \$5,630,000 or 28% percent for FY2011-12 and FY2012-13, respectively, out of the monies deposited in the Special Fund for Economic Development managed by the Puerto Rico Industrial Development Company (PRIDCO), (ii) the monies of Scientific Investigation Fund for the Centenary of the University of Puerto Rico (Centenary Fund), (iii) a special appropriation of five million dollars from the Improvements Fund, (iv) a five million dollars from the balance of collections of federal excise taxes in accordance with Section 7652(a)(3) of the United States Internal Revenue Code 91986, as amended, (v) and private donations, other government funds, and legislative appropriations.

The Act provides that the Board of Trustees, composed of 11 trustees, four of whom shall be members *ex officio* representing the government agencies: the Secretary of the Economic Development and Commerce Department, the President of the Government Development Bank, the Executive Director of the Puerto Rico Industrial Development Company and the Director of the Office of Management and Budget, four member *ex officio* from the academy industry, including, the President of the University of Puerto Rico, and three particular citizens who six Trustees Individuals appointed by the Board of Trustees as required by the Act, will act as the Trustees of the Trust.

Summary of significant accounting policies:

Basis of accounting

The Trust prepares its financial statements in accordance with generally accepted accounting principles (GAAP) promulgated in the United States of America for non-for-profit organizations.



NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 - are resources available to support operations. These resources are unrestricted as to their use and expendable at the discretion of the Board of Trustees.
- 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 - are resources whose use is limited by donor-imposed restrictions that neither expires by being used in accordance with a donor's restriction nor by the passage of time.

The following is a description of the temporarily restricted and permanently restricted net assets as of June 30, 2013:

- Temporarily restricted net assets consist of monies for the Scientific Investigation Fund for The Centenary of the University of Puerto Rico. This fund was created to improve the infrastructure, activities and environment of investigative activities of the University of Puerto Rico and to facilitate the commercialization of the innovations that are developed there. Among the activities to be supported are the recruitment and retention of researchers and the promotion of technology transfer.
- Permanently restricted net assets consist of a land, described on Note E, which was contributed with the restriction of using it according to the purpose of Act No. 214 through the implementation of a Master Plan.

Accounts receivable, convertible promissory note receivable

The Trust provides an allowance for doubtful accounts equal to the amount of estimated uncollectible amounts. The estimate is based on the review of the current status of donor pledges, contributions and grants. It is reasonably possible that the estimate of the required allowance for doubtful accounts will change. As of June 30, 2013, no account has been determined by the Trust as uncollectible.



NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions and support revenue

The Trust derives its revenues from contributions received from the government, corporations, and individuals. 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 Trust reports the support as unrestricted.

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. During the year ended June 30, 2013, the Trust did not receive contributed services.

Property and equipment

Property and equipment are stated at cost. Equipment under capital lease is stated at the net present value of the minimum lease payments at the inception of the lease. Expenditures for major additions and improvements are capitalized, while minor replacements, maintenance, and repairs are charged to expense as incurred.

Depreciation is provided over the estimated useful lives of the assets involved using the straight-line method. Leasehold improvements are amortized over the estimated useful life of the asset or the respective lease term used in determining lease classification, whichever is shorter.



NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Building, property and equipment

The range of estimated useful lives is as follows:

- Leasehold improvements - 5 years
- Furniture, fixtures, and equipment - 5 years
- Computer equipment - 3 years
- Equipment under capital lease - lease term
- Building – 20 to 45 years

The Company continually evaluates property and equipment, including leasehold improvements, to determine whether events or changes in circumstances have occurred that may warrant revision of the estimated useful life.

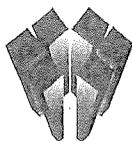
Land development costs

Represent costs for a land site consultation approval, certification of environmental compliance, architectural design, and other costs incurred in connection with land received by the Trust for the construction of its facilities.

Income taxes

The Trust is exempt from Puerto Rico income taxes under the provisions of Act No. 214. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Financial Accounting Standards Board issued a new guidance on accounting for uncertainty in income taxes. The Trust adopted this guidance for the year ended June 30, 2012. Management evaluated the Trust's tax positions and concluded that the Trust had taken no uncertain tax positions that require adjustments to the balance sheet.



NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Functional allocation of expenses and operational expenditures

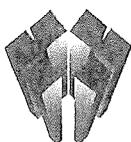
The costs of providing the Trust's programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Effective for the year ended as of June 30, 2013, certain costs have been allocated among the following programs and support activities:

Research and Data: includes expenses aimed to improve, analyze and/or strengthen the local research and development (R&D) infrastructure and the breadth of science and technology activity in Puerto Rico. These expenses, however, do not have a direct effect upon technology commercialization efforts. Examples of expenses within this function include: grants to support laboratory infrastructure; grants to attract/retain distinguished researchers; studies to determine R&D/Innovation/Knowledge Economy activity in the Island; and, salaries and/or professional services to support this area.

Technology Transfer and Commercialization: includes expenses incurred in initiatives to support technology transfer and commercialization and direct investments in technology development projects which have a clear commercialization aim. Examples of expenses within this function include: intellectual property assistance, grants to further the development of technologies with a clear commercialization aim and plan; investment in technology commercialization accelerators and startup incubators, salaries and/or professional services to support this area.

Science City Development: includes non-capitalizable expenditures necessary for the ongoing development and construction of sites at the Science City. These expenditures include salary and/or professional services to support this area; planning and assessment projects; security services to enable construction work, etc.

Operational Expenditures: includes all administrative expenses incurred to support all functional areas as described above which are not directly allocable to any of these. Example of these expenses include: administrative staff salaries, accounting fees, depreciation, utilities, etc.



NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Functional allocation of expenses and operational expenditures - continued

Fundraising: includes expenses incurred in soliciting contributions, gifts, grants, etc. Example of these expenses, include: publicizing and conducting fundraising campaigns, soliciting grants from foundations and government agencies, costs of participating in federated fundraising campaigns, preparing and distributing fundraising manuals, instructions and other materials. The Trust did not, however, engaged in any significant fundraising activity during the years ended as of June 30, 2013.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising and promotion

The Trust charges to operations advertising and promotion costs as they are incurred. The Trust did not incur in any significant advertising and promotion activity during the year ended as of June 30, 2013.

NOTE B - DUE FROM GOVERNMENT ENTITY

Due from government entity consists of the following:

As established in Act No. 232, the Trust is entitled to receive \$40,000,000 in connection with certain stipulated initiatives related to science and technology development and infrastructure projects for the Scientific Investigation Fund for the Centenary of the University of Puerto Rico. \$ 4,000,000

As established by Act No. 208, which amended Act No. 214, the Trust is to receive the greater of \$5,000,000 or 25% percent for FY2011-12 out of the monies deposited in the Special Fund for Economic Development managed by the Puerto Rico Industrial Development Company. 9,738,958

\$13,738,958



NOTE C - CONVERTIBLE PROMISSORY NOTE RECEIVABLE

The Trust holds a convertible promissory note payable with the CDI Laboratories, Inc., for the amount of \$889,695. This promissory note entailed an agreed upon conversion of prior support in the form of grants provided to the Company into this debt financing instrument.

This note is to finance Phase II of the Generation and Commercialization of Monoclonal Antibodies against the Human Proteome, taking place during 2010, 2011 and 2012. The note shall accrue interest on the unpaid principal balance at a rate of three percent (3%) per annum, computed on the basis of actual date elapsed in a year from the date of the note to the repayment date. The principal amount of the note, plus any unpaid accrued interest, shall be payable upon demand at any time after the maturity date of January 31, 2017. No payments shall be due for the first three (3) years and thereafter all payments shall be amortized on a monthly basis for the remaining two (2) years until the maturity date.

The entire principal balance and accrued interest on this note may be converted into a secure loan, convertible promissory note, convertible note purchase agreement, equity agreement, reimbursement agreement or similar arrangement. The conversion into common shares of the Company is to be calculated by dividing the entire outstanding balance by the fair market value of the common stock as of the maturity date.

NOTE D - BUILDING

As of December 2012, the Trust concluded the rehabilitation and construction work related to the Innovation Center Building, the first real estate development located at the Science District. The Trust capitalized as Building a total of \$2.6 million related to rehabilitation and inspection costs incurred during June through December 2012.

The Innovation Center Building is a three-story building which houses the Trust headquarters and provides space for both, the incubation of local hi-tech startups and strategic service providers, creating a synergistic effect to accelerate the commercialization of technologies.



NOTE E - LAND AND PROPERTY FOR RESEARCH, DEVELOPMENT AND INFRASTRUCTURE PROJECT RELATED TO SCIENCE AND TECHNOLOGY - RESTRICTED

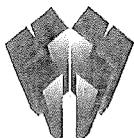
On October 22, 2007, the Trust received 67.88 acres of prime real estate in the metropolitan area of San Juan, which includes the former Río Piedras Correctional Facilities (Oso Blanco State Penitentiary).

The Trust valued the land and property at \$18,000,000 based on a preliminary market value opinion report, dated October 20, 2008, subject to certain extraordinary assumptions, which if not true, could affect the reported condition and value opinion. The main extraordinary assumptions are summarized as follows:

1. The land and property must be developed in accordance with the master plan.
2. There is no contamination in the property and no contaminants have emanated from the property to near bayed properties or bodies of water. The demolition and infrastructure development costs are no other than the ones already considered.
3. The southeast wing of the historic prison building cannot be demolished as proposed in the master plan.

Based on the magnitude of these extraordinary assumptions, management has considered that any variance could affect the preliminary fair market value of the land and property as stated in the financial statements and the results of the operations.

As established by Act No. 208, which amended Act No. 214, the Trust plans to develop the 67.88 acres of Oso Blanco State Penitentiary site into a research park, which combines residential, retail, educational, and civic facilities with laboratory and research and development facilities with the purpose of facilitating the development of infrastructure favorable to the research and development of science and technology. Costs related to the design, development and improvements of the campus are capitalized as incurred.



NOTE F – PROPERTY AND EQUIPMENT, AND EQUIPMENT UNDER CAPITAL LEASES

Property and equipment and equipment under capital leases consists of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Furniture and fixtures	\$ 95,152	\$ 89,646	\$ 5,506
Computer equipment	9,726	9,726	-
Equipment under capital leases	<u>37,068</u>	<u>12,411</u>	<u>24,657</u>
	<u>\$ 141,946</u>	<u>\$ 111,783</u>	<u>\$ 30,163</u>

During the reporting period, the Trust wrote-off a total of \$99,142 related to Leasehold Improvements due to the relocation of its headquarters to the Innovation Center Building on December 2012 (see Note D – Building). The write-off resulted in a loss in asset disposal of \$33,991 between the difference of capitalized Leasehold Improvements and the related accumulated depreciation as December 2012.

Depreciation expense for the years June 30, 2013 totaled \$97,065 and it is allocated to operational expenditures on the accompanying statement of activities.

NOTE G - PROGRAM SERVICE PAYABLE

Program service payable consists of a reimbursement payable to Puerto Rico Industrial Development Company (PRIDCO) for the funding of the Bioprocess Development Training and Complex Corporation, on behalf of the Trust. Those disbursements will be made from the monies of the Centenary Fund. The remaining Program Service Payable balance of \$500,000 for this concept was recorded against due from government as of June 30, 2013.

Program service payable also includes accrued obligations related to program support grants awarded during the period through both, Unrestricted and Restricted funds. The balance of Program Service Payable regarding program support grants as of June 30, 2013, is as follows:

Program Support Grants Payable - Unrestricted Funds	\$ 971,474
Program Support Grants Payable - Restricted Funds	<u>718,000</u>
	<u>\$ 1,689,474</u>



NOTE H - OBLIGATIONS UNDER CAPITAL LEASE

The Trust leases certain assets under capital lease agreements expiring at various dates, the latest of which expires in 2018.

Future minimum lease payments for years ending subsequent to June 30, 2013, are as follows:

<u>Year ending</u> <u>June 30,</u>	<u>Amount</u>
2014	\$ 8,497
2015	6,600
2016	6,600
2017	6,600
2018	<u>3,300</u>
Minimum lease payments	31,597
Less amount representing interest	<u>6,315</u>
Present value of minimum lease payments	<u>\$ 25,282</u>

NOTE I - SUPPLEMENTAL INFORMATION OF NON-CASH INVESTING AND FINANCING ACTIVITIES

Program service payable recorded against due from government entity	<u>\$ 500,000</u>
Addition to land development cost through accounts payable	<u>\$ 304,763</u>
Reclassification of land development cost to building	<u>\$ 135,478</u>
Acquisition of equipment through obligations under capital leases	<u>\$ 25,282</u>
Retirement of leasehold improvement	
Cost	<u>\$ 99,142</u>
Accumulated amortization	<u>\$ 65,151</u>
Book value	<u>\$ 33,991</u>



NOTE J - COMMITMENT

On June 2012, the Trust entered into a construction agreement for the demolition of Las Malvinas building and other structures located on the Trust premises. Total contract amounted to \$3,779,159. At June 30, 2013, total balance certified by contractors amounted to \$3,516,081.

NOTE K - CONCENTRATION OF CREDIT RISK

As of June 30, 2013, all of the Trust's bank balance, aggregating approximately \$75,500,000, was exposed to custodial credit risk since such deposits, all of which are maintained at the Government Development Bank for Puerto Rico, are uninsured and uncollateralized.

NOTE L - CONTINGENCY

The Trust is a defendant in various lawsuits filed by former executive director for alleged violation of his rights to free speech, unjustified termination of his employment and defamatory and libelous against his person. Outside counsel for the Trust has advised that at this stage in the proceedings they cannot offer an opinion as to the probable outcome. Accordingly, no provision for any liability that may result, if any, has been made in the financial statements.

NOTE M - SUBSEQUENT EVENTS

The Trust has evaluated subsequent events through September 25, 2013, the same date the financial statements were available to be issued.

On September 13, 2013, the Trust collected \$13,738,958 of the balance due from government entity.

