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- [ ] 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
- ☐ EDUCACIÓN, FORMACIÓN Y DESAROLLO DEL INDIVIDUO
- ☐ ASUNTOS DE LA MUJER
- ☐ INFRASTRUCTURA, DESAROLLO URBANO Y TRANSPORTACIÓN
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- ☐ CORPORACIONES PÚBLICAS Y ALIANZAS PÚBLICO-PRIVADAS
- ☐ REGLAS, CALENDARIO Y ASUNTOS INTERNOS

centro de bellas artes
luis.a ferré
Estado Libre Asociado de Puerto Rico

26 de noviembre de 2013

Hon. Eduardo Bhatia Gautier
Presidente del Senado
Estado Libre Asociado de Puerto Rico
Capitolio
San Juan, Puerto Rico

Ricardo Cobián Figeroux

Dr. Ricardo Cobián Figeroux
Gerente General
Centro de Bellas Artes Luis A. Ferré

INFORME ANUAL 2012 – 2013

Someto ante Usted el informe anual de la Corporación del Centro de Bellas Artes Luis A. Ferré según dispone la Ley Núm. 43 del 12 de mayo de 1980. En el mismo se presenta el resultado de la gestión administrativa durante el año fiscal 2012-2013.

Durante este año fiscal se implantó nuevamente la Ley 70 de Retiro Incentivado. La misma representó una reducción en personal de 7 empleados adicionales a los retirados durante el año 2011 – 2012 y 4 por retiro regular. A pesar de la reducción en personal se han tomado las medidas necesarias para continuar con los servicios de excelencia de CBA. Hemos contratado personal de servicios con fondos provenientes de la Ley 52. Continuamos promoviendo los espectáculos del Centro de Bellas Artes representando esto un aumento en funciones de 2.5%. Espero que el mismo sea de su satisfacción.

Gracias por su atención y siempre a sus órdenes.

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Corporación del Centro de Bellas Artes - Luis A. Ferré

Informe Anual

Año Fiscal 2012 - 2013

Presentado al Presidente del Senado
Honorable Eduardo Bhatia Gautier

Ricardo Cobián Figeroux, Ph.D.
Gerente General
noviembre, 2013

TABLA DE CONTENIDO

I.	Introducción	1
II.	Perfil Institucional	
	A. Base Legal	1
	B. Misión	1
	C. Junta de Directores	2
	D. Instalaciones y Servicios	2
	E. Estructura Administrativa	3
III.	Situación Presupuestaria: Cierre del Año Fiscal 2012-2013	4
IV.	Presupuesto Año Fiscal 2013-2014	7
V.	Ventas, Programación y Mercadeo	8
VI.	Compra de Equipo y Mejoras a la Infraestructura	12
VII.	Servicios Técnicos	12
VIII.	Normativa Institucional y Desarrollo de Recursos Humanos	14
IX.	Logros Obtenidos	18

I. INTRODUCCIÓN

En cumplimiento con la Ley Núm. 43 del 12 de mayo de 1980, según enmendada, la Corporación del Centro de Bellas Artes - Luis A. Ferré, que en lo sucesivo se conocerá por el "CBA", tramita su Informe Anual al Gobernador de Puerto Rico y a la Asamblea Legislativa.

El informe incluye el resultado de la gestión administrativa durante el año fiscal 2012-2013. Se incluye el estado financiero auditado por auditores externos, las transacciones realizadas por la corporación durante el año fiscal y las actividades celebradas y logros obtenidos desde la última fecha que fue tramitado el informe anual anterior.

II. PERFIL INSTITUCIONAL

A. Base Legal

La Corporación del Centro de Bellas Artes de Puerto Rico fue creada en virtud de la Ley Núm. 43 del 12 de mayo de 1980 y enmendada por la Ley Núm.1 del 31 de julio de 1985, la cual está adscrita al Instituto de Cultura Puertorriqueña. Luego en virtud de la Ley 117 del 9 de diciembre de 1993 se designa como "Centro de Bellas Artes Luis A. Ferré Aguayo".

B. Misión

La Corporación del Centro de Bellas Artes Luis A. Ferré (CBA) ofrece al pueblo de Puerto Rico y a nuestros visitantes la oportunidad de conocer y apreciar las distintas expresiones de las artes de la representación, tanto nacionales como internacionales, a fin de contribuir a enriquecer nuestra vida cultural. El Centro de Bellas Artes proveerá los mejores escenarios, servicios y oportunidades de trabajo a la clase artística y a los productores.

C. Junta de Directores

La Junta de Directores del Instituto de Cultura Puertorriqueña también rige la administración de la Corporación del Centro de Bellas Artes y está compuesta de la siguiente manera:

Prof. Ángel Darío Carrero	Presidente
Prof. Consuelo Gotay	Vice-Presidenta
Prof. Eduardo Lalo	Secretario
Dra. Mareia Quintero Rivera	
Prof. José Luis Ramos Escobar	
Dr. Lucas Mattei Rodríguez	Sub-Secretario

D. Instalaciones y Servicios

El Centro de Bellas Artes consiste de las siguientes cinco salas:

Salas	Capacidad de espectadores
Sala de Festivales Antonio Paoli	1,875
Sala de Teatro René Marqués	748
Sala de Teatro Carlos Marichal	210
Café Teatro Sylvia Rexach	200
Pabellón de las Artes	120

Además administra la Sala Sinfónica Pablo Casals, con acomodo para 1,300 espectadores. La Plazoleta Juan Morel Campos es otra de nuestras instalaciones utilizada para actividades al aire libre.

El CBA cuenta con siete salas de ensayo, 26 camerinos, taller de utilería, taller de vestuario y costura, salón de maquillaje, sala de enfermería y área de lactancia. También cuenta con su propia boletería que brinda servicio continúo al público y a los productores. Hay disponible cuatro pianos "Concert Grand" de nueve pies marca Steinway para las producciones que se llevan a cabo en nuestras salas, un nuevo equipo de sonido, sistema de iluminación marca ETC moderno y altamente

cualificado en todas las salas, proyector Pani, piso de baile marca Rosco y equipo de efectos especiales. La Sala de Festivales cuenta con cinco puentes de iluminación y 58 varas de contrapeso. El escenario de la Sala de Drama tiene 40 varas de contrapeso. Ambas salas cuentan con cámara negra y concha acústica. También contamos con un estacionamiento con capacidad para 327 automóviles bajo techo al servicio de los productores, artistas, abonados, empleados, funcionarios y al público en general.

E. Estructura Administrativa

La estructura organizacional responde a la naturaleza de esta institución y está orientada al servicio. La misma se desglosa como sigue:

- Oficina del (la) Gerente General,
- Recursos Humanos,
- Finanzas y Presupuesto,
- Ventas, Mercadeo y Programación, (incluye Servicios Técnicos y Boletería)
- Servicios Generales (Planta Física, Mantenimiento y Estacionamiento),
- Alimentos y Bebidas,
- Sistemas de Información y
- La Oficina de Auditoría Interna, que responde a la Junta de Directores.

Al 30 de junio de 2013 contábamos con 72 empleados de los cuales ocho son de confianza y 41 empleados regulares, veintidós irregulares y un transitorio. Durante este año fiscal tuvimos una reducción de 11 empleados regulares: cinco por ley 70, dos de confianza, 2 irregulares, uno transitorio y uno por retiro regular. Con el fin de continuar brindando un servicio de excelencia a los productores, los artistas y al público en general, el CBA solicitó fondos al Departamento del Trabajo, a través de la Ley 52, para contratar personal de apoyo específicamente para cumplir con las funciones que brindan un servicio directo a productores y al público en general.

III. SITUACIÓN PRESUPUESTARIA: AÑO FISCAL 2012- 2013

El presupuesto asignado para el año fiscal 2012 - 2013 fue de **$5,920,000**. El mismo provino de tres fuentes: (1) La Resolución Conjunta del Presupuesto General del ELA; (2) Asignación Especial y (3) los Ingresos o Fondos Propios estimados por concepto de operaciones. Al presupuesto se le añade **$168,000** provenientes de la Ley 52 y **$61,626** de la Ley 70 alcanzando un presupuesto ajustado de **$6,149,626**, el cual se desglosa como sigue:

Resolución Conjunta	**$2,146,000**
Ingresos Propios Estimados	**$2,074,000**
Ley 52	**$168,000**[1]
Asignación Especial	**$1,700,000**
Ley 70	**$ 61,626**
Total	**$6,149,626**

Distribución del Presupuesto Año Fiscal (2012 – 2013) por Partida

	Fondo General			Otros Fondos		Presupuesto 2012-2013	Gastos 30/06/2013	Balance Operacional
PRESUPUESTO	Resolución Conjunta	Ingresos Propios	Asignación Especial	Fondo Ley 70	Fondo Ley 52	Ajustado	Gastos Operacionales	30/06/2013
Nómina y costos relacionados	$1,124,000	$862,000	$845,000	$61,626	$68,000	$2,960,626	$3,254,525	($293,899)
Facilidades y pagos servicios público	$812,000	$90,000	$230,000			$1,132,000,	$1,454,445	($322,445)
Servicios comprados	$203,000	$723,000	550,000			$1,476,000	$1,162,254	($313,746)
Donativos, subsidios, distribuciones	$ 0	$5,000				$5,000	$2,500	$2,500
Transportación	$3,000	$10,000				$13,000	$7,034	$5,966
Servicios profesionales y consultoría	$0	$109,000			100,000	$209,000	$179,436	$29,564
Otros gastos operacionales	$0	$30,000				$30,000	$0	$30,000
Compra de equipo	$0	$75,000				$75,000	$11,063	$63,937
Materiales y suministros	$4,000	$170,000	$75,000			$249,000	$277,464	($28,464)
TOTAL DE GASTOS	**$2,146,000**	**$2,074,000**	**$1,700,000**	**$61,626**	**$168,000**	**$6,149,626**	**$6,348,721**	**($199,095)**

[1] Esta es la asignación aprobada, pero al día de hoy sólo hemos recibido $126,000 de reembolso.

De acuerdo al presupuesto aprobado para el AF 2012–2013, los ingresos propios tuvieron una proyección de $2,070,000. Al cierre del año fiscal, los ingresos propios totalizaron **$1,977,456**; esto es **$92,544 (4.5%)** menos de lo presupuestado. La siguiente tabla presenta los Ingresos Propios para el AF 2012 – 2013.

Tabla comparativa de Ingresos Propios de julio hasta junio
AF 2011 -2012 vs AF 2012 -2013

	AF 2011 - 2012	AF 2012 -2013	Diferencia	Porciento
Rentas de las Instalaciones	$842,625	$829,635	($12,990)	-1.5%
Sevicios a Productores	$74,751	$75,051	300	0.4%
Boletería	$461,887	$463,806	1,919	0.4%
Estacionamiento	$367,100	$406,672	$39,572	11%
Alimentos y Bebidas	$204,416	$175,528	$(28,888)	-14%
Otros	$27,363	$26,764	($599)	-2%
Total	**$1,978,142**	**$1,977,456**	**$686**	**-0.03%**

De la tabla de Ingresos Propios, se desprende que el renglón de rentas de salas tuvo una reducción de ingresos de ($12,990) equivalente a un -1.5%. Esta disminución es mínima afectando únicamente el renglón de alimentos y bebidas que depende de la asistencia de público a las funciones.

Debemos destacar que los ingresos por concepto de estacionamiento aumentaron en un 11%, debido a la instalación del nuevo sistema electrónico. Anticipamos que para este AF 2013 – 2014 los ingresos de estacionamiento deben aumentar aún más.

La siguiente tabla presenta una síntesis de los estados financieros para el año fiscal 2012-2013. De la misma se observa que los ingresos para el AF 2012-2013, en el renglón de aportaciones legislativas y en los intereses bancarios, fueron significativamente menores al del AF 2011-2012. En el renglón de ingresos propios para este año fiscal, el CBA tuvo un ingreso de $1,977,456, mientras que en el año 2011-2012 el ingreso fue de $1,978,142, esto representó una diferencia negativa de $(686) equivalente a un 0.03% de disminución.

Estado Financiero comparado
2011– 2012 y 2012 - 2013

Estado Financiero	2011 - 2012	2012 -2013	Cambio	%
Ingresos				
Aportación legislativa	$3,427,029	$2,515,642	$(911,387)	-27%
Intereses	$89,584	30,075	$(59,509)	-66%
Asignación Especial	$1,700,000	$1,700,000	0	0
Ingresos propios	$1,978,142	$1,977,456	$(686)	-0.03%
Total Ingresos	**$7,194,755**	**$6,223,173**	**$(971,582)**	**-14%**
Gastos				
Costo de ventas	$67,545	61,268	$(6,277)	-9%
Gastos operacionales	$7,291,622	6,248,325	$(1,043,297)	-14%
Depreciación	$841,782	951,008	109,226	13%
Impacto Ley 70	$474,077	$1,579,869	$1,105,792	233%
Total Gastos	**$8,675,026**	**8,840,470**	**$165,444**	**2%**
INGRESO NETO	**$(1,480,271)**	**$(2,617,297)**	**$(1,137,026)**	**77%**

Con relación a los gastos, podemos resaltar que para el AF 2012-2013 tuvimos una reducción significativa en los gastos operacionales de $1,043,297 equivalente a un 14%. Sin embargo, esto no fue suficiente para compensar la reducción de $911,387 en la aportación legislativa y el gasto de $1,579,869 a consecuencia de la Ley de Retiro Incentivado (Ley 70).

En resumen, de acuerdo al estado financiero los ingresos de CBA para el AF 2012-2013 ascendieron a $6,223,173 y un total de gastos de $8,840470, para una pérdida neta en libros de $2,617,297. El **Anejo 1** contiene copia del estado financiero auditado.

Es importante mencionar que la Ley de Retiro Incentivado (Ley 70) provocó que a pesar de la asignación especial de fondos por Ley 70, tuvimos que desembolsar fondos adicionales para cubrir parte de los beneficios marginales de los empleados

retirados. Además, hubo un aumento en el personal que se retiró por retiro regular (a pesar de no cumplir con la edad), antes de que entrara en vigor la nueva Ley de Retiro. Esto nos obliga a cumplir con las liquidaciones de vacaciones y enfermedad a que tenían derecho estos empleados.

IV. PRESUPUESTO AÑO FISCAL 2013 - 2014

El presupuesto aprobado para el Año Fiscal 2013-2014 es de **$6,285,000**, los cuales provienen de tres fuentes: (1) la Resolución Conjunta,(2) los Ingresos Propios por concepto de operaciones y (3)Asignación Especial. Este se desglosa como sigue: $2,565,000 de la Resolución Conjunta, $2,020,000 de Ingresos Propios estimados y de una asignación especial de $1,700,000.

Presupuesto AF 2013 -2014

Presupuesto 2013-2014	R.C.#66	Asignación Especial	Ingresos Propios	Total
Nómina y Costos	1,065,000		862,000	1,927,000
Pagos por servicios públicos	814,000		90,000	904,000
Servicios Comprados	299,000		723,000	1,022,000
Donativos, distribuciones			5,000	5,000
Gastos de transportación	3,000		10,000	13,000
Servicios profesionales			100,000	100,000
Otros gastos operacional	380,000		30,000	410,000
Compra de equipo			30,000	30,000
Materiales y suministros	4,000		170,000	174,000
Asignaciones Englobadas		1,700,000		1,700,000
Total de gastos	**2,565,000**	**1,700,000**	**2,020,000**	**6,285,000**

[1]Este presupuesto no incluye otros fondos que pueden ser asignados posteriormente

El presupuesto aprobado para el AF 2013-2014 muestra un aumento de $365,000 equivalente a un 6% comparado con el presupuesto del AF2012 – 2013 ($5,920,000), siendo la partida de otros gastos operacionales la mas impactada.

V. VENTAS, PROGRAMACIÓN Y MERCADEO

En el área de Ventas y Mercadeo, que incluye Programación y Boletería, el CBA tuvo un buen año. A pesar de que hubo una disminución en asistencia tuvimos un aumento en funciones. En el año fiscal 2011-2012, el Centro de Bellas Artes tuvo 396 funciones con una asistencia de 254,370 personas. En el siguiente año fiscal 2012-2013, el CBA tuvo 406 funciones con una asistencia de 251,171 personas. Esto refleja un aumento de 7 funciones equivalentes a 2.5% de aumento y en asistencia una leve disminución de 3,199 equivalente a un -1.2%.

Tabla comparativa de Funciones y Asistencia para los Años Fiscales
(2011 -2012 y 2012 – 2013)

	Año Fiscal		Porciento
	2011 - 2012	2012 - 2013	
Total de Funciones	396	406	2.5%
Total Asistencia	254,370	251,171	-1.2%

Aunque tuvimos una disminución en la asistencia hubo un aumento en funciones cumpliendo con nuestra meta más importante que es mantener al Centro de Bellas Artes como la alternativa principal para producir y presenciar espectáculos culturales y de entretenimiento en Puerto Rico.

La siguiente tabla muestra el total de funciones estudiantiles ofrecidas durante este Año Fiscal 2011 -2012 en comparación con el Año Fiscal 2012 -2013. En la misma presentamos la representación porcentual de funciones estudiantiles con relación al total de funciones.

Funciones estudiantiles Año Fiscal 2011 -2012

Año Fiscal	Total de Funciones	Funciones de Estudiantes	Porciento de Funciones Estudiantiles
2011 - 2012	396	74	19%
2012 - 2013	406	80	20%

Para el año 2011 – 2012 tuvimos 74 funciones estudiantiles mientras que este año 2012-2013 tuvimos 80, lo que representa un aumento de 6 funciones estudiantiles equivalente a un 8.1% de aumento. Por otro lado para el año 2011 -2012 el porciento de funciones estudiantiles en comparación con el total de funciones fue de un 19%, mientras que para el año 2012-2013 fue de 20%, representando esto un aumento de 1%.

El CBA ha presentado una programación variada en género, tanto musical como teatral. De esta forma se cumple con la meta de mantener al Centro de Bellas artes como una de las Salas principales en Puerto Rico para producir y presentar espectáculos.

La siguiente tabla presenta una comparación por géneros entre el Año Fiscal 2011 – 2012 con el 2012 -2013.

Informe Comparativo de Funciones por Géneros

Género	Funciones (2011 -2012)	Funciones (2012 -2013)
Teatro	145	121
Música Clásica	53	69
Ballets	25	23
Música Popular	29	24
Musicales	48	72
Teatro Infantil	9	14
Baile	27	24
Operas	0	4
Zarzuelas	2	2
Música Sacra	5	1
Sátira Política	4	1
Premiaciones	1	1
Graduaciones	8	16
Juramentaciones	0	0
Certámenes	1	1
Stand up Comedy	12	10
Adiestramientos	0	0
Conferencias	4	3
Conferencias de Prensa	4	2
Tertulias	0	0
Otros	19	18
Total	**396**	**406**

La siguiente tabla presenta las funciones con fines de lucro y sin fines de lucro en la Sala Antonio Paoli que es la Sala que genera más ingresos. En el año 2011 -2012 tuvimos un total de 116 funciones, mientras que para este año fiscal 2012 - 2013 tuvimos 165 funciones. Esto representa un aumento de 49 funciones equivalente a un 42% de aumento. Con relación a las funciones con fines de lucro para el AF 2011 – 2012 tuvimos 38 funciones con fines de lucro lo cual representó un 33%. Para el AF 2012 – 2013 tuvimos 35 funciones con fines de lucro equivalente a un 21%.

Informe Comparativo de Funciones Con Fines de Lucro y Sin Fines de Lucro
Sala Antonio Paoli Año Fiscal 2011-2012 - 2012-2013

Año Fiscal	Total de Funciones en la Sala Antonio Paoli	Con Fines de Lucro	Porciento con Fines de Lucro	Sin Fines de Lucro	Porciento sin Fines de Lucro
2011-2012	116	38	33%	78	67%
2012-2013	165	35	21%	130	79%

Durante el año fiscal 2012-2013 y en cumplimiento con nuestra función social de brindar al público espectáculos que aporten al quehacer cultural, tuvimos una cartelera variada en colaboración con universidades, compañías de teatro, escuelas y otras organizaciones públicas y privadas que nos permitieron ofrecerle al público espectáculos culturales para su deleite. Algunas de estas se detallan a continuación:

- *Annie El Musical*, Parroquia Santa Bernardita
- *¡Facundo Vive!*, Albert Morales Telef
- *Gilberto Santa Rosa Ella(s)*, José Dueño Entertainment
- *Nimsy López "A propósito"*, Oscar Medina Productions
- *Alicia en el País de las Maravillas*, Prod. Aquino, Inc.
- *David Bisbal Acústico*, TM Entertainment
- *El niño que enloqueció de amor*, Teatro Aragua, Inc
- *"The Giver"*, Corp. Teatro Latino

- *¡Don Goyito! Un nuevo musical,* Tablado Puertorriqueño
- *Ballet Concierto de Puerto Rico en "Sueño de una noche de verano"*, Corporación de laOrquesta Sinfónica
- "*Forever King of Pop*", Mellado Productions, Corp.
- *El Concertone*, Culturarte de Puerto Rico
- *La viuda alegre*, Teatro de la ópera
- *Atención Atención y la máquina de jugar "La gira"*, ACISUM Group, Inc.
- *Concierto Misión Orquestral Echar Pa'lante*, Conservatorio de Música
- *Puerto Rico mágico y sus valores*, Teatro Aragua, Inc.
- *Disney: Concierto mágico*, Fundación Arturo Somohano
- *Turandot en concierto*, Ópera de Puerto Rico
- *Música de Películas a beneficio de Girls Scout de Puerto Rico*, Corp. Orquesta Sinfónica de PR
- *Prince Royce*, LVR Events, LLC
- *Michael Camilo y Danny Rivera en "Recuerdos"*, Prod. Tropical, Inc.
- *"Bullying"... El musical*, En Cartelera, Inc.
- *Fantasía Boricua*, Teatro Caribeño, Inc.
- *Jóvenes. Com- La fuga*, Alsonsina, Inc.
- *Raymond Arrieta "El tapa boca"*, Rafael Muñiz
- *Rachel Barton Pine*, Pro Arte Musical
- *Los vigilantes de los valores del planeta*, Corp. Teatro Caribeño, Inc.
- *Los Gavilanes*, Fundación Puertorriqueña de Zarzuela y Opereta
- *Peter Pan*, Compañía Danza Siglo XXI
- *Victoria Sanabria Trayectoria*, Poché Productions
- *Luis Raúl "A cuero pelao"*, CEG Events, Corp.
- *El Cascanueces*, Ballet Concierto de Puerto Rico

- *Tonny Bennett*, José Dueño Entertainment
- *Opereta Cofresí*, Universidad Interamericana de Puerto Rico
- *El Gran Combo*, LVR Events, Inc.
- *Réquiem de Verdi, Festival Casals*, Corp. de las Artes Musicales
- *Tito Nieves "Mi vida musical"*, Producciones Tropical, Inc.
- *El Lago de los Cisnes*, Ballet Concierto de PR

VI. COMPRA DE EQUIPO Y MEJORAS A LA INFRAESTRUCTURA

A pesar de las limitaciones económicas, el CBA identificó fondos para algunos arreglos de infraestructura. A continuación el detalle de los mismos:

Planta Física	Costo
Mejoras al Pabellón de las Artes	43,600
Pintura para el exterior del edificio (incluye mano de obra y pintura)	137,093
Sistema de acceso al estacionamiento con Sistema Operativo nuevo	$78,475
Reparación total de los pisos del taller y la zona de carga	$80,000
Costo de estudio de suelo para reparar el tramo de la entrada norte de CBA	$14,000
Se resanó el techo del estacionamiento	$8,000
Reparación de los salones de ensayos, los camerinos y las salas (no tuvo costos)	0
Remodelación de las Oficina de Estacionamiento y la Oficina de Servicios Técnicos	$4,300
Reparación y remodelación de Oficina de Servicios Técnicos	$5,155
Adquisición de 2 vehículos oficiales a través de un trámite interagencial con el Departamento	$5,000
Reparaciones al estacionamiento en el drenaje y techo	$14,700
Subtotal	**$390,323**

VII. SERVICIOS TÉCNICOS

Durante el AF2012 – 2013 en el área de Servicios Técnicos se realizaron varios trabajos de sonido, iluminación y tramoyas que detallo a continuación.

SONIDO

1. Mantenimiento e inspección anual del nuevo sistema de sonido digital para las Salas por "Specialized Audiovisual" (SAVI) para la Sala de

Festivales Antonio Paoli, la Sala de Teatro René Marqués y la Sala Experimental Carlos Marichal.

2. Reparación de terminales y conectores NL4F en la Sala Carlos Marichal.
3. Instalación de Panel de 4 conectores XLR para el Sistema de Audio Monitores (In Ear).
4. Limpieza y conexión de los filtros/humidificadores en las cabinas de luces y sonido de las tres Salas.
5. Se realizó el inventario detallado y actualizado de equipos.

ILUMINACIÓN

1. Reparación de control de consola de iluminación "ION" de la Sala de Teatro René Marqués.
2. Instalación de un nuevo monitor de plasma en la Sala de Festivales Antonio Paoli.
3. Reparación y mantenimiento de la consola de luces de la Sala Carlos Marichal.
4. Reparación del Banco de "Dimmers" de la Sala de Teatro René Marqués.
5. Cambio de "Power Cubes - Dimmers" de la Sala de Festivales Antonio Paoli y de la Sala de Teatro René Marqués. El chequeo general, mantenimiento y limpieza de los dimmers, se realizó en las tres Salas.
6. Instalación de Grapas en Cables de puentes de iluminación.
7. Cambio de Bombillas en Concha Acústica en la Sala de Festivales Antonio Paoli y en la Sala de Teatro René Marqués.
8. Limpieza del sistema y equipo de iluminación, cambio de líneas y circuitos en la Sala de Festivales Antonio Paoli.
9. Reparación de líneas, focos con el material existente.
10. Inventarios del Equipo detallado en los diferentes almacenes del Departamento de Servicios Técnicos.
11. Reparación de 2 elevadores personales – Genie Awp 36 S eléctricas y de batería, se cambió la batería: (1) una "Genie awp 36 S" (de batería) para la Sala René Marqués.

TRAMOYA

1. Mantenimiento para los fosos de la Sala de Teatro René Marques y la Sala de Festivales Antonio Paoli.
2. Inventarios del Equipo detallado en los diferentes almacenes del Departamento de Servicios Técnicos.
3. Construcción de nuevas piezas para el armado de las sobre tarimas.
4. Instalación de nuevas Cortinas Negras en la Sala Experimental Carlos Marichal. (en los dos niveles)
5. Limpieza y Pintura (Cambio de color a "Negro") en paredes, pisos y "catwalk" de la Sala Experimental Carlos Marichal.
6. Instalación de cerraduras y candados a nichos.
7. Limpieza y retoque de pintura de la Concha Acústica de la Sala de Teatro René Marqués
8. Pintura de Piso de la Sala de Festivales Antonio Paoli y la Sala de Teatro René Marqués.

VIII. NORMATIVA INSTITUCIONAL Y DESARROLLO DE RECURSOS HUMANOS

La Oficina de Recursos Humanos (ORH) continua activa en la reorganización de las oficinas respondiendo a la reducción de empleados regulares por la implantación de la Ley 70 y el retiro de cuatro empleados por retiro regular. Además, la Oficina de Recursos Humanos, ha fomentado la capacitación de nuestros empleados y ha cumplido con los beneficios marginales.

El año fiscal 2012-2013 es el año de mayor capacitación en mucho tiempo, con 42 actividades diferentes de capacitación. El 100% de los empleados asistieron al menos a dos adiestramientos diferentes con un mínimo de cinco horas contacto. Estos empleados tuvieron un total de 397.5 horas contactos, 108 más que el año

anterior para un 30.3% de aumento. A continuación presento las actividades de desarrollo profesional a las que asistieron los empleados para su desarrollo profesional y para fortalecer las destrezas en el servicio.

Desarrollo Profesional de Empleados (2012 – 2013)

- "Hostigamiento Sexual en el lugar del trabajo"
- "Como Desarrollar un Programa de Seguridad y Salud Ocupacional, y la Participación Efectiva de los Empleados"
- "Segundo Foro Laboral"
- "Reevaluando la Ética del Servicio en la Gestión Pública"
- "Violencia en el Lugar del Trabajo"
- "El Impacto de Autoestima en la Ética y el Ambiente"
- "Ley de Normas Razonables de Trabajo y Ley Ada y los Acomodos Razonables"
- "Conozca los beneficios del Programa SINOT"
- "Tercera Cumbre Inter-Agencial Anticorrupción"
- "Mediación Gerencial: Lo que un Gerente debe Conocer para Manejar los Conflictos Organizacionales"
- "Ética en la Mediación en el Ambiente Laboral"
- "Administración Pública en la Era Digital"
- "Ética ¿Responsabilidad de Quién?"
- "Ética y Tecnología"
- "El Manejo de Situaciones de Violencia Domestica en el Lugar del Trabajo"
- "Diversidad en el Ambiente Laboral"
- "La Importancia y el Alcance de los Valores en la Gestión Profesional"
- "Manejo Emocional para Mejor Convivencia Ética"
- "Rediseñemos Nuestro Éxito"

- "Violencia en el Lugar del Trabajo"
- "La Importancia del Alcance de los Valores en la Gestión Profesional"
- "Programa Integral en Administración de Recursos Humanos para las Agencias".
- "Aspectos Relevantes para la Capacitación Integral del Personal Secretarial y Administrativo"
- "Generación Transformación con la Práctica de Valores"
- "Evidencia en Auditoria – Audit Evidence"
- "El Desarrollo Organizacional a través del Recurso Humano"
- "La Renovación del Ser Humano"
- "Radicación de Informes Financieros"
- "Estándares de Auditoria Gubernamental (Yellow Book)"
- "La Importancia y el Alcance de los Valores en la Gestión Profesional"
- "Establecimiento del Programa de Control Interno y de Prevención"
- "Fraude, Robo de Identidad y Skimming"
- "La Comunicación Efectiva"
- "Digital Signage"
- "Uso de la Propiedad y Fondo Públicos y la Ética Gubernamental (Ley 190)"

En cuanto a reglamentación, la Oficina de Recursos Humanos desarrolló, sometió e implantó los siguientes documentos reglamentarios:

1. El Informe de Puestos Ocupados sometido a la Oficina de Gerencia y Presupuesto a marzo de 2013.

2. El Informe al Departamento del Trabajo de Estados Unidos del Negociado de Estadísticas "Encuesta Sobre Lesiones y Enfermedades Ocupacionales, 2012", (OSHA's) sometido en enero de 2013.

3. El Informe de Puestos Ocupados sometido a la Oficina de Capacitación y Asesoramiento en Asuntos Laborales y de Administración de Recursos Humanos (OCALARH), según el Memorando Especial Núm. 5-2012 del 27 de marzo de 2012, a Marzo de 2013.

4. El Informe Mensual a la Oficina del Contralor, según la Ley 103 del 2006, se somete Plantilla de Nomina y Plantilla de Puestos.

5. Se eligió el Comité de Ética se según lo establece la nueva Ley de Ética Gubernamental, Ley Núm. 1 del 3 de enero de 2012, el 30 de abril de 2013.

Concesión de beneficios marginales:

1. Se otorgó el bono de navidad correspondiente por ley.

2. Se renovó el Plan Médico Triple S efectivo el 1ro de julio de 2013 para todos los empleados(as) de carrera y confianza.

3. Se pagó el exceso de licencia de enfermedad según corresponde por Ley 184.

Otras reglamentaciones, enmiendas e informes presentados a la Junta de Directores y/o a otras oficinas de gobierno fueron:

1. En abril de 2013 se aprobó el Reglamento para la Administración del Estacionamiento del Centro de Bellas Artes Luis A. Ferré.

2. En febrero de 2013 se aprobó el Manual de Procedimientos del Uso y Control de las Cajas Menudas y las Cajas de Cambio

3. El Informe Anual del Año Fiscal 2011-2012 en cumplimiento con la Ley 43 del 12 de mayo de 1980 de la Corporación del Centro de Bellas Artes Luis A. Ferré fue sometido al Gobernador, al Presidente del Senado y a la Presidenta de la Cámara de Representantes.

4. En mayo del 2013 se revisó el Memorando: Jornada de Trabajo y Registro de Asistencia Electrónico.
5. El 13 de mayo de 2013 se establecieron las Normas para El Uso de Uniformes para todos los empleados del CBA.

IX. LOGROS OBTENIDOS DURANTE EL AÑO FISCAL 2012-2013

A continuación presento algunos de los logros más sobresalientes durante este año fiscal conforme a nuestro Plan Estratégico.

Para mantener el reconocimiento del Centro de Bellas Artes, como la principal alternativa para producir y presenciar espectáculos culturales y de entretenimiento en Puerto Rico, el CBA desarrolló eventos en alianza con el Instituto de Cultura y con artistas que representan diferentes expresiones artísticas. Un ejemplo de ello fue que en colaboración con el Instituto de Cultura, se ofreció con mucho éxito la obra Mariana o el Alba de René Marqués dentro del Festival de Teatro Puertorriqueño. En adición, en colaboración con la Universidad Interamericana, se ofreció la Opereta Cofresí con una asistencia de 2,428.

El Centro de Bellas Artes ha presentado una programación variada en género, tanto musical como de ballet y teatro. Un ejemplo de esto fue la presentación de El Lago de los Cisnes en la Sala de Festivales Antonio Paoli con una asistencia de 5,066 personas. En teatro, El Lazarillo de Tormes con una asistencia de 1,705 y en programación de niños, Atención, Atención con una asistencia de 6,982 personas.

Hemos mantenido una programación dirigida a niños y jóvenes de escuelas públicas y privadas ofreciendo durante este año fiscal 80 funciones equivalente a un 20 % del total de funciones.

Con el propósito de dar apoyo económico a los productores y a la clase artística, este año se hizo una inversión de **$58,608** para aportaciones culturales. Esto nos

permitió diversificar la clientela tanto entre productores independientes, instituciones con y sin fines de lucro, agencias de gobierno y corporaciones privadas para que respondan a los intereses de los diferentes públicos. De esta aportación, se beneficiaron universidades, agencias de gobierno y diferentes productores.

Se comenzaron hacer coproducciones con organizaciones sin fines de lucro culturales y no culturales como Pijuan y los Baby Boomers pro fondos "Curando el Autismo".

Para fortalecer la situación fiscal del CBA para asegurar un desarrollo sostenido de sus operaciones, se han hecho continuos acercamientos a productores para que presenten sus producciones en Bellas Artes. Al momento, el CBA ha visto los frutos de dichos esfuerzos. La tabla a continuación presenta el total de funciones y la asistencia en los últimos cinco años.

Año Fiscal	# de Funciones	Asistencia
2008 -2009	292	159,391
2009 -2010	419	235,592
2010 -2011	403	250,476
2011 - 2012	396	254,370
2012 - 2013	406	251,171

Como se desprende de la tabla de funciones y asistencia para el Año Fiscal 2012-2013 tuvimos un aumento de 7 funciones en relación al año anterior, aunque tuvimos una leve disminución de asistencia de 3,199 equivalente a -1.2% con relación al año 2011 -2012 pero mayor que todos los años anteriores. Una de las limitaciones que tenemos para que los productores continúen presentando sus espectáculos aquí son los descuentos sin límites a las personas mayores de 60 años. Hemos tratado de que se enmiende la ley para que se limite el número de butacas

por función con derecho a descuento, como en los municipios autónomos pero no hemos tenido éxito. En estos momentos estamos nuevamente trabajando con la legislatura en esa dirección.

Para promover una organización administrativa eficiente y dinámica enfocada en la calidad del servicio a los clientes y usuarios el CBA ha desarrollado e implantado estrategias para minimizar el efecto de los puestos congelados por los empleados acogidos al Programa de Retiro Temprano Incentivado (Ley Núm. 70) y de 4 empleados acogidos al retiro regular implantando las siguientes estrategias:

- Contratación de personal mediante Servicios Prestados según las necesidades en el servicio, desembolsos con fondos de la Ley 52.
- Movimiento de empleados, conforme a las necesidades del servicio.
- Consolidación de funciones de varios empleados.

Durante el AF 2012-2013, se ofrecieron 42 actividades diferentes de capacitación de la cual participaron el total de empleados, para más de un 200% de aumento. Estos empleados tuvieron un total de 397.5 horas contactos 108 más que el año anterior para un 30% de aumento.

Como agente promotor en el desarrollo del corredor cultural urbano de Santurce, se ofrecieron sin costo al público dos actividades en la Plazoleta Juan Morel Campos, una con música de tríos y la Orquesta Casablanca y la otra con Areyto Ballet Folclórico de Puerto Rico y su grupo Mapeyé. También estuvo la Banda de Conciertos de Puerto Rico con el Maestro Cuco Peña y Junnyless y su grupo Camaleón. En estas actividades se les proveyó a los artesanos espacios gratis para presentar y vender sus artesanías. Durante estas actividades se dan concursos de baile, comida típica del país y otras actividades para el disfrute de todos.

Para establecer un sistema de control y monitoria que mida y evalúe el riesgo anual tomando en consideración el entorno de control, evaluación de riesgo, información y comunicación se realizará la auditoria anual por una firma de auditores externos, los resultados serán presentados tan pronto culmine la misma.

En adición, la Oficina de Auditoria Interna evalúa documentos y entrevista aleatoriamente al personal de los diferentes departamentos para hacer las recomendaciones necesarias a la alta Gerencia de las fortalezcas y debilidades identificadas.

Es importante mencionar que durante los últimos cuatro años hemos recibido de la Oficina del Contralor un Certificado de Reconocimiento por cumplir sustancialmente con los criterios establecidos por la Oficina del Contralor sobre medidas para mejorar la Administración Pública y un Programa de Prevención – Anticorrupción.

CORPORACIÓN DEL CENTRO DE BELLAS ARTES - LUIS A. FERRÉ
(A Component Unit of the Commonwealth of Puerto Rico)

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT

YEARS ENDED JUNE 30, 2013 AND 2012

CORPORACIÓN DEL CENTRO DE BELLAS ARTES - LUIS A. FERRÉ
(A Component Unit of the Commonwealth of Puerto Rico)

YEARS ENDED JUNE 30, 2013 AND 2012

CONTENTS

	Page
Independent Auditors' Report	1-2
Required Supplementary Information	
Management's Discussion and Analysis (Unaudited)	3-10
Basic Financial Statements	
Statements of Net Position	11
Statements of Revenues, Expenses, and Changes in Fund Net Position	12
Statements of Cash Flows	13-14
Notes to Financial Statements	15-31

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Corporación del Centro de Bellas Artes-
Luis A. Ferré
San Juan, Puerto Rico

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of **"Corporación del Centro de Bellas Artes - Luis A. Ferré"** (the Corporation) as of June 30, 2013, and the related notes to the financial statements, as listed in the table of contents. The financial statements of the Corporation as of June 30, 2012, were audited by other auditors whose report dated September 11, 2012, expressed an unqualified opinion on those statements and the related notes to the financial statements as listed in the table of contents.

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 error or fraud.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 basis for our audit opinion.

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of **"Corporación del Centro de Bellas Artes - Luis A. Ferré"** as of June 30, 2013, and the changes in financial position, and cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

September 19, 2013

Stamp number E78027 was affixed to the original of this report.

Horwath Vélez & Co. PSC

CORPORACIÓN DEL CENTRO DE BELLAS ARTES - LUIS A. FERRÉ
(A Component unit of the Commonwealth of Puerto Rico)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

The following discussion and analysis presents an overview of the financial activities of "**Corporación del Centro de Bellas Artes - Luis A. Ferré**" (the Corporation) for the years ended June 30, 2013 and 2012. The intent of this discussion and analysis is to look at the Corporation's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the Corporation's financial performance.

FINANCIAL HIGHLIGHTS

Following are some of the highlights from fiscal year 2013:

1) The Corporation's net position decreased by $2,617,297 or 13% and $1,480,271 or 6.76% for the fiscal years 2013 and 2012, respectively.

2) The unrestricted net position decreased by $1,974,883 or 94% and $4,611,014 or 68.78% for fiscal years 2013 and 2012, respectively.

3) Operating revenues in form of charges and services decreased by $686 or 0.03% and $154,766 or 7.26% for the fiscal years 2013 and 2012, respectively.

4) During the year, the Corporation's expenses increased by $165,444 or 2% and decreased by $676,448 or 7.23% for the fiscal years 2013 and 2012, respectively.

5) The operating loss increased by $166,130 or 2% and decreased by $521,660 or 7.23% for the fiscal years 2013 and 2012, respectively.

6) The non-operating revenues decreased by $970,896 or 19% and $46,285 or 1% for the fiscal years 2013 and 2012, respectively.

7) The Corporation's capital assets decreased by $637,414 or 3% and increased by $3,130,743 or 19.85% for the fiscal years 2013 and 2012, respectively.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS:

Management's Discussion and Analysis serves as an introduction to the Corporation's basic financial statements, which include: 1) Statement of net position, 2) Statement of revenues, expenses, and change in fund net position, 3) Statement of cash flows, and 4) Notes to financial statements. This report also contains required supplementary information.

1) **Statement of net position** - This statement presents information of all the Corporation's assets and liabilities, with the differences between the two reported as "net position." Over time, increases or decreases in the Corporation's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (CONTINUED)

2) **Statement of revenues, expenses, and changes in fund net position** - This statement presents information showing how the Corporation's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

3) **Statement of cash flows** - This statement present information related to cash flows of the Corporation by the following categories: operating activities, noncapital financing activities, capital and related financing activities and investing activities. This statement also portrays the health of the Corporation in that current cash flows are sufficient to pay current liabilities.

4) **Notes to financial statements** - The notes to financial statements are an integral part of the basic financial statements and describe the significant accounting policies, related-party transactions, deposits, investments, capital assets, long-term liabilities, defined-benefit pension plans, the commitments and contingencies. The reader is encouraged to review the notes in conjunction with the management discussion and analysis and the financial statements.

FINANCIAL ANALYSIS OF THE CORPORATION'S BUSINESS-TYPE ACTIVITIES

The following table presents a summary of the Corporation's net position at June 30, 2013 and 2012:

CONDENSED STATEMENTS OF NET POSITION

	2013	2012	Change	Total % Change
Assets				
Current assets	$ 3,650,555	$ 4,484,494	$(833,939)	(18.60)%
Capital assets	18,267,206	18,904,620	(637,414)	(3.37)%
Total assets	21,917,761	23,389,114	(1,471,353)	(6.29)%
Liabilities				
Current liabilities	1,248,288	1,061,304	186,984	17.62 %
Non-current liabilities	2,855,301	1,896,341	958,960	50.57 %
Total liabilities	4,103,589	2,957,645	1,145,944	38.75 %
Net position				
Net invested in capital assets	17,695,834	18,338,248	(642,414)	(3.50)%
Unrestricted	118,338	2,093,221	(1,974,883)	(94.35)%
Total net position	$ 17,814,172	$ 20,431,469	$(2,617,297)	(12.81)%

FINANCIAL ANALYSIS OF THE CORPORATION (CONTINUED)

Current assets - the Corporation's current assets decreased from $4,484,494 at June 30, 2012, to $3,650,555 at June 30, 2013. The change in current assets is mainly attributable to operating cash used to finance the acquisition of capital assets during the prior year and paid during the current fiscal year. Also, the Corporation received less governmental grants than in 2012 as a result of an executive order from the central government to finance the Corporation's operations.

Capital assets - the Corporation's current capital assets decreased by $637,414 or 3% from $18,904,620 at June 30, 2012, to $18,267,206 at June 30, 2013. Capital assets are funded with the proceeds from operations and capital grants from the Commonwealth of Puerto Rico. The decrease during the year was mainly due to depreciation and amortization expense of approximately $951,000 less capital expenditures of approximately $307,000 in fiscal year 2013.

Current liabilities - Current liabilities consist primarily of the excess of outstanding checks over bank balance, accounts payable and accrued liabilities. The current liabilities increased by $186,984 or 18% from $1,061,304 at June 30, 2012 to $1,248,288 at June 30, 2013. This increase consists principally of an excess of outstanding checks over bank balance amounting to $177,992 that was reclassified to accounts payable, the increase of unpaid utilities, and the increase in costs in the health and medical benefits to employees.

Non-current liabilities - Non-current liabilities comprise the accrual for compensated absences and termination benefits. The Corporation's non-current liabilities increased by $958,960 or 51% from $1,896,341 at June 30, 2012, to $2,855,301 at June 30, 2013. This increase resulted principally because the Corporation recognized charges of approximately $1,505,000 as a result of Act No. 70 of July 2, 2010 which provides for early retirement to eligible employees. This was partially offset by a decrease in compensated absences by approximately $242,000 during fiscal year 2013. Changes in compensated absences are mainly related to variations on the use of vacations by employees.

Net position - Net position represents the residual interest in the Corporation's assets after liabilities are deducted. The Corporation's net position decreased by $2,617,297 or 13% from $20,431,469 at June 30, 2012, to $17,814,172 at June 30, 2013. The unrestricted net position can be used to finance day to day operations without constraints established by debt covenants, legislation, or other legal requirements. These changes are explained in the section entitled "Statement of Revenues, Expenses, and Changes in Fund Net Position".

FINANCIAL ANALYSIS OF THE CORPORATION (CONTINUED)

CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

	2013	2012	Change	Total % Change
Operating revenues				
Rental of facilities	$ 829,635	$ 842,625	$(12,990)	(1.54)%
Food and beverage	175,528	204,416	(28,888)	(14.13)%
Parking	406,672	367,100	39,572	10.78 %
Box office	463,806	461,887	1,919	0.42 %
Services to producers	75,051	74,751	300	0.40 %
Other	26,764	27,363	(599)	(2.19)%
Total operating revenues	1,977,456	1,978,142	(686)	(0.03)%
Operating expenses				
Salaries, payroll taxes and fringe benefits	3,150,109	3,083,071	67,038	2.17 %
Termination benefits	1,579,869	474,077	1,105,792	233.25 %
Professional and consulting services	651,390	1,410,869	(759,479)	(53.83)%
Free outdoor events	110,540	487,028	(376,488)	(77.30)%
Water, electricity and telephone	1,454,444	1,402,230	52,214	3.72 %
Repairs and maintenance	204,127	182,638	21,489	11.77 %
Food and beverage	61,268	67,545	(6,277)	(9.29)%
Security	163,267	201,033	(37,766)	(18.79)%
Insurance	172,148	105,142	67,006	63.73 %
Depreciation and amortization	951,008	841,782	109,226	12.98 %
Cultural contributions to producers	58,608	81,544	(22,936)	(28.13)%
Litigation loss provision	6,889	25,000	(18,111)	(72.44)%
Other	276,803	313,067	(36,264)	(11.58)%
Total operating expenses	8,840,470	8,675,026	165,444	1.91 %
Operating loss	(6,863,014)	(6,696,884)	(166,130)	2.48 %
Other non-operating revenues				
Interest income	30,075	89,584	(59,509)	(66.43)%
Governmental grants	2,515,642	3,427,029	(911,387)	(26.59)%
Special assignment	1,700,000	1,700,000	-	- %
Total non-operating revenues	4,245,717	5,216,613	(970,896)	(18.61)%
Changes in net position	(2,617,297)	(1,480,271)	(1,137,026)	76.81 %
Total net position, beginning of year	20,431,469	21,911,740	(1,480,271)	(6.76)%
Total net position, end of year	$ 17,814,172	$ 20,431,469	$(2,617,297)	(12.81)%

FINANCIAL ANALYSIS OF THE CORPORATION (CONTINUED)

Operating Revenues - The Corporation's operating revenues (excluding non-operating items) decreased by $686 or 0.03%, remained constant in comparison with the prior fiscal year. The operating revenues amounted to $1,977,456 and $1,978,142 for the years ended June 30, 2013 and 2012, respectively.

Operating expenses - The total expenses increased by $165,444 or 2% during the present year in comparison with the prior year. The most significant variances are explained as follows:

1. Salaries, payroll taxes and fringe benefits - The salary and related expenses increased by $67,038 during the fiscal year 2013 in comparison with the prior year. During the fiscal year 2013, the Corporation reclassified to irregular employees approximately 25 employees contracted as professional services during the fiscal year 2012, as a result of the matter discussed in item 3, below. The increase was partially offset by the effect of the retirement of five high salary employees voluntarily retired under Act No. 70 of July 2, 2010.

2. Termination benefits - The termination benefits increased by $1,105,792 during the present fiscal year in comparison with the prior fiscal year. The increase is mainly due to that approximately 13 employees selected to participate in the early retirement program established by Act No. 70 of July 2, 2010. This law provides for the early retirement as an economic incentive for voluntary employment termination.

3. Professional and consulting services - The professional and consulting services decreased by $759,479 or 54% during the present fiscal year in comparison with the prior fiscal year. During the current fiscal year the Corporation did not receive the funds granted by the "Administración del Derecho al Trabajo" (ADT). These funds were used to pay part of the professional services engaged by the Corporation during the prior year. As a result of the matter described above the Corporation had the need to cancel several professional service contracts and reclassified several employees contracted for professional services to irregular employees.

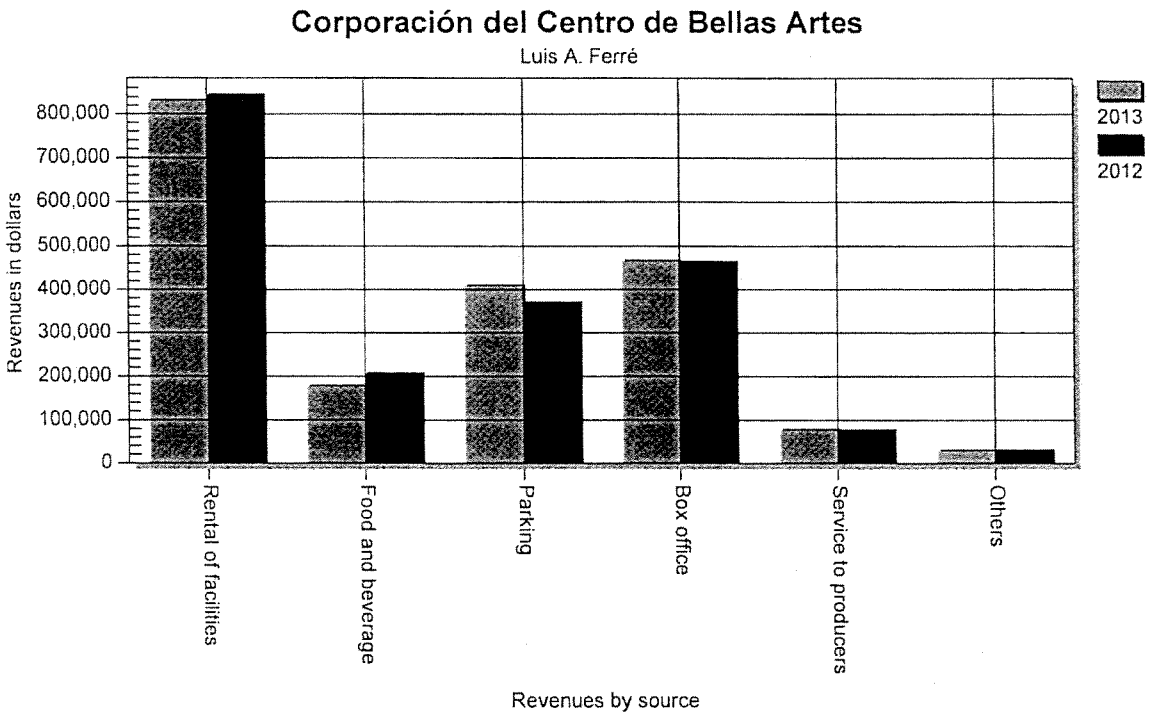
4. Security - The security expense decreased by $37,766 in comparison with the prior year because the Corporation changed the company that offered security services and the reduction of security services contracted as a result of the reduction of activities performed for the community.

5. Free outdoor events - As part of the Corporation's commitment for the development of the arts, the Corporation provides free outdoor events at the "Plazoleta" to promote the arts and have a program for the promotion of local television talent. During the current fiscal year, the Corporation spent $110,540 in this project, which represents a decrease of $376,488 or 77% compared to the prior fiscal year. The decrease is attributable that the Corporation did not receive the funds requested to finance this activities and the cancellation of several scheduled events during this fiscal year.

FINANCIAL ANALYSIS OF THE CORPORATION (CONTINUED)

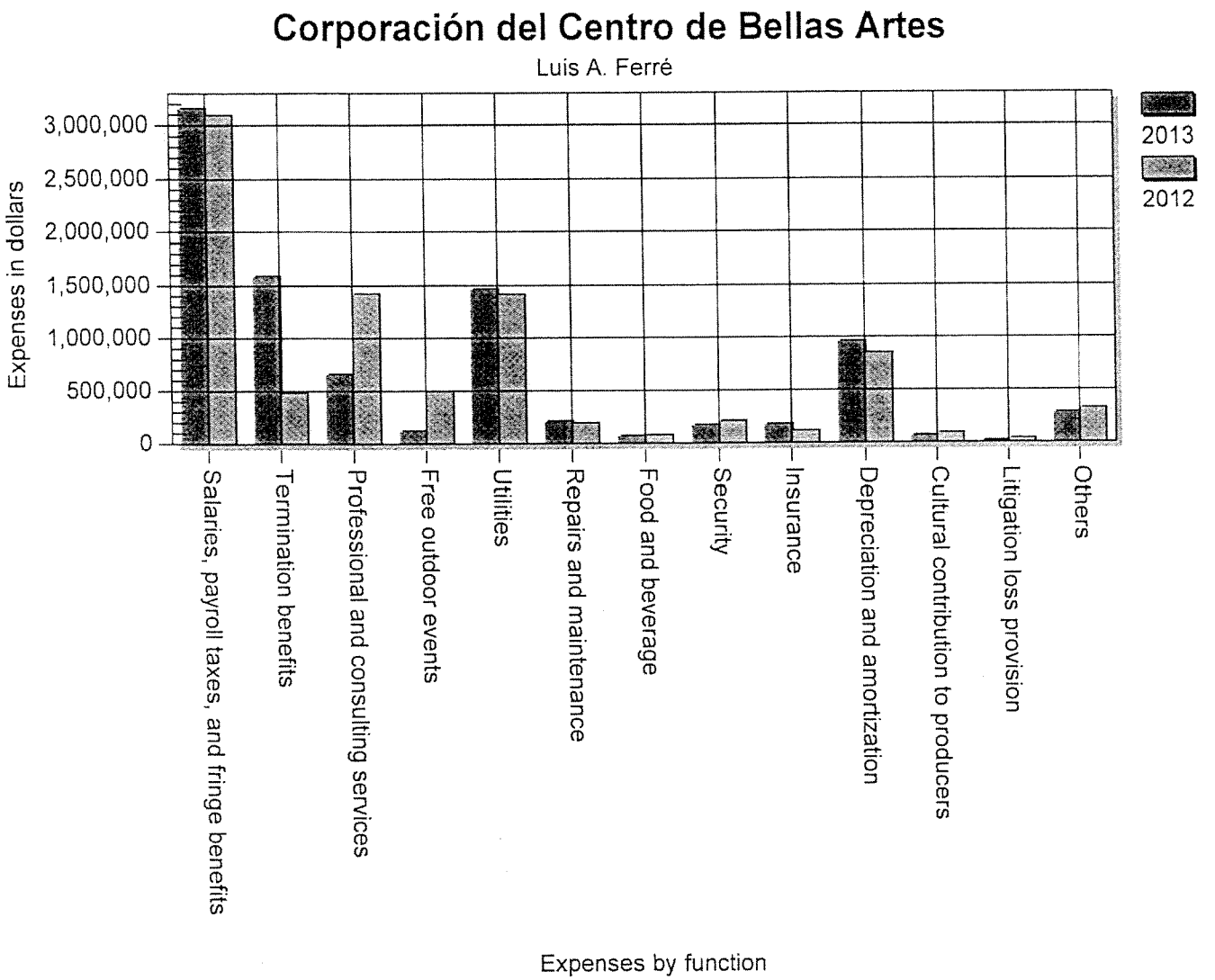
Non-operating revenues- The non-operating revenues decreased by $970,896 or 18.61%, in comparison with the prior fiscal year. The decrease is attributable mainly to the reduction of interest income and governmental grants by $59,509 and $911,387, respectively. The Corporation received less governmental grants in 2013 as a result of an executive order from the central government. In addition, during 2012 the Corporation received a grant of $546,229 for capital improvements, which was included in governmental grants. Most of the Corporation's revenues during 2013 are from non-operating revenues, which represent 68% of the total revenues.

The following chart presents revenues comparison by sources of the Corporation for the years ended June 30, 2013 and 2012:



FINANCIAL ANALYSIS OF THE CORPORATION (CONTINUED)

The following chart presents operating expenses by function incurred by the Corporation during the fiscal years ended June 30, 2013 and 2012:



BUDGETARY HIGHLIGHTS

The consolidated budget for the fiscal year 2013-2012 was $5,920,000. The resources include: $2,146,000 from the Joint Resolution - General Fund; $1,700,000 from Special Appropriations - General Funds; and $2,074,000 from Revenues from Internal Sources

The following table summarizes the budget for the fiscal years ended June 30, 2013 and 2012:

BUDGET COMPARISON

Revenues	2013	2012	Change
Joint resolution	$ 2,146,000	$ 2,581,000	$(435,000)
Special appropriations	1,700,000	1,700,000	-
Internal sources	2,074,000	2,074,000	-
Total revenues	$ 5,920,000	$ 6,355,000	$(435,000)

Operational costs reflect a decrease of $435,000, in comparison with the resources assigned for the fiscal year 2011-2012 due to the joint resolution.

The Corporation consolidated budget for the fiscal year 2013-2014 amounted to $6,285,000. The resources include: $2,411,000 from the Joint Resolution of the General Fund; $1,700,000 from Special Appropriations of the General Funds; and $2,174,000 from Revenues from Internal Sources.

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Corporation's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, "Corporación Centro de Bellas Artes - Luis A. Ferré", PO Box 41287 Minillas Station, San Juan, Puerto Rico 00940-1287.

CORPORACIÓN DEL CENTRO DE BELLAS ARTES - LUIS A. FERRÉ
(A Component Unit of the Commonwealth of Puerto Rico)

STATEMENTS OF NET POSITION - JUNE 30, 2013 AND 2012

ASSETS

	2013	2012
Current assets		
Cash and cash equivalents	$ 3,251,942	$ 4,013,327
Accounts receivable, net	299,992	350,128
Other assets, principally prepaid insurance	98,621	121,039
Total current assets	3,650,555	4,484,494
Non-current assets		
Capital assets, net of accumulated depreciation	17,695,834	18,338,248
Artwork	571,372	566,372
Total non-current assets	18,267,206	18,904,620
	21,917,761	23,389,114

LIABILITIES

Current liabilities		
Accounts payable	393,022	305,618
Accrued expenses	84,375	90,307
Deposits from clients	155,818	177,174
Collections on behalf of producers	96,285	141,413
Compensated absences, current portion	268,500	206,000
Termination benefits payable, current portion	250,288	140,792
Total current liabilities	1,248,288	1,061,304
Non-current liabilities		
Compensated absences	266,095	507,973
Termination benefits payable	2,589,206	1,388,368
Total non-current liabilities	2,855,301	1,896,341
Total liabilities	4,103,589	2,957,645

NET POSITION

Investment in capital assets, net of related debt	17,695,834	18,338,248
Unrestricted	118,338	2,093,221
Total net position	$ 17,814,172	$ 20,431,469

See notes to financial statements.

CORPORACIÓN DEL CENTRO DE BELLAS ARTES - LUIS A. FERRÉ
(A Component Unit of the Commonwealth of Puerto Rico)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
Operating revenues		
Rental of facilities	$ 829,635	$ 842,625
Food and beverage	175,528	204,416
Parking	406,672	367,100
Box office	463,806	461,887
Services to producers	75,051	74,751
Other	26,764	27,363
Total operating revenues	1,977,456	1,978,142
Operating expenses		
Salaries, payroll taxes and fringe benefits	3,150,109	3,083,071
Termination benefits	1,579,869	474,077
Professional and consulting services	651,390	1,410,869
Free outdoor events	110,540	487,028
Utilities	1,454,444	1,402,230
Repairs and maintenance	204,127	182,638
Food and beverage	61,268	67,545
Security	163,267	201,033
Insurance	172,148	105,142
Depreciation and amortization	951,008	841,782
Cultural contributions to producers	58,608	81,544
Litigation loss provision	6,889	25,000
Other	276,803	313,067
Total operating expenses	8,840,470	8,675,026
Operating loss	(6,863,014)	(6,696,884)
Non-operating revenues		
Interest income	30,075	89,584
Contributions from the Commonwealth of Puerto Rico	4,215,642	5,127,029
Total non-operating revenues	4,245,717	5,216,613
Change in net position	(2,617,297)	(1,480,271)
Total net position, beginning of year	20,431,469	21,911,740
Total net position, end of year	$ 17,814,172	$ 20,431,469

See notes to financial statements.

CORPORACIÓN DEL CENTRO DE BELLAS ARTES - LUIS A. FERRÉ
(A Component Unit of the Commonwealth of Puerto Rico)

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
Cash flows from operating activities:		
Receipts from customers	$ 2,000,828	$ 1,916,721
Payments to suppliers	(3,138,564)	(4,454,745)
Payments to employees	(3,335,419)	(2,972,346)
Termination benefits payments	(269,535)	(91,984)
Other receipts	49,182	27,363
Net cash used in operating activities	(4,693,508)	(5,574,991)
Cash flows from non-capital financing activities:		
Governmental grants	2,515,642	3,427,029
Special assignment	1,700,000	1,700,000
Net cash provided by non-capital financing activities	4,215,642	5,127,029
Cash flows used in capital and related financing activities; capital expenditures	(313,594)	(3,972,525)
Cash flows provided by investing activities; interest received	30,075	89,584
Net decrease in cash and cash equivalents	(761,385)	(4,330,903)
Cash and cash equivalents, at beginning of year	4,013,327	8,344,230
Cash and cash equivalents, at end of year	$ 3,251,942	$ 4,013,327

Continued.

CORPORACIÓN DEL CENTRO DE BELLAS ARTES - LUIS A. FERRÉ
(A Component Unit of the Commonwealth of Puerto Rico)

STATEMENTS OF CASH FLOWS (CONTINUED)

YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$(6,863,014)	$(6,696,884)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	951,008	841,782
Change in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	50,137	(34,058)
Other assets	22,417	(38,419)
Increase (decrease) in:		
Accounts payable	87,404	(122,171)
Accrued expenses	(5,931)	(45,097)
Deposits from clients	(21,357)	9,646
Collections on behalf of producers	(45,128)	(27,705)
Compensated absences	(179,378)	52,813
Termination benefits payable	1,310,334	485,102
Total adjustments	2,169,506	1,121,893
Net cash used in operating activities	$(4,693,508)	$(5,574,991)

See notes to financial statements.

1. ORGANIZATION

The "Corporación del Centro de Bellas Artes - Luis A. Ferré" (the Corporation) was created by Law No. 43 of May 12, 1980 of the Commonwealth of Puerto Rico to manage the "Centro de Bellas Artes". The Corporation is a public corporation and an instrumentality of the Commonwealth of Puerto Rico. The Corporation commenced operations in April 1981, as part of the Arts and Cultural Development Administration. On July 1, 1985, the Corporation was transferred to the "Instituto de Cultura Puertorriqueña" under Law No. 1 of July 31, 1985, which amended Law No. 43 of May 12, 1980.

Financial Reporting Entity

The Corporation is a component unit of the Commonwealth of Puerto Rico.

Financial Independence

The Corporation is responsible for its debts and has the right to its surplus. No governmental agency receives the benefit nor can impose financial strains on the Corporation.

Board of Directors

The Board of Directors is appointed by the Governor of the Commonwealth of Puerto Rico, with the counsel and approval of the Senate of Puerto Rico. The Board has the power to make decisions and is responsible for them.

Designation of Management

The Board of Directors appoints a General Manager. The General Manager selects the other members of management. The powers and functions of management reside within the legal limits of the Corporation, and they are responsible to the Board of Directors.

Capacity to Manage Operations

The Corporation has the legal capacity to make significant decisions in the management of its operations. This legal capacity includes, but not limited, to the control of the assets, which include facilities and properties, make short-term loans, and contract and develop programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus and Basis of Accounting

The Corporation uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States applicable to proprietary fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Legislative grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been meet. The legislative grants and donations for permanent betterments or for any specific activity not used in the fiscal year are credited to a deferred income account and income when used.

The Corporation distinguishes between operating and non-operating revenues and expenses in the Statements of Revenues, Expenses and Changes in Fund Net Position. Operating revenues result from exchange transactions associated with the Corporation's principal activity. The principal operating revenues of the Corporation are rental of facilities, parking and sales of tickets. Non-exchange revenues include contributions received from the Commonwealth of Puerto Rico for purposes other than capital acquisition, are reported as non-operating revenues. Operating expenses for the Corporation include salaries, utilities, depreciation on capital assets, among others.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosures at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Represent petty cash, checking and savings accounts, and certificates of deposit with original maturities of less than three months.

Custodial Credit Risk

The Corporation is authorized to deposit only in institutions approved by the Department of the Treasury of the Commonwealth of Puerto Rico. Such deposits should be kept in separate accounts in the name of the Corporation. The Commonwealth of Puerto Rico requires that public funds deposited in commercial banks must be collateralized for the amount deposited in excess of the Federal Deposit Insurance Corporation's insurance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Custodial Credit Risk (Continued)

Custodial credit risk is the risk that, in an event of a bank failure, the Corporation's deposits might not be recovered. All securities pledged as collateral are held by the Secretary of the Treasury in the name of the Commonwealth of Puerto Rico.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is an amount that management believes will be adequate to absorb possible losses on existing accounts receivable that may become uncollectible based on evaluations of the collectibility of the receivable and prior credit loss experience. Because of uncertainties inherent in the existing accounts receivable the related allowance may change in the future.

Capital assets

Capital assets, which include land, building, betterments, and equipment donated to the Corporation by agencies of the Commonwealth of Puerto Rico are stated at estimated fair market value at the date those assets were donated; other purchased assets are stated at historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets, renewals, and betterments are capitalized. Depreciation is computed on a straight-line basis over the following estimated useful lives:

Assets	Years
Building and betterments	50
Furniture and equipment	10
Sound system equipment	30
Musical instruments	20
Recording equipment	5
Motor vehicles	5
Computer equipment	5
Telephone equipment	5

Artwork

The Corporation records donated artwork at its fair market value at donation date, or at cost when it is purchased and is a non-depreciable capital asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

The Corporation follows the provision of GASB No. 42, *Accounting and Financial Reporting for Impairments of Capital Assets and For Insurance Recoveries*. This statement establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. This statement also establishes accounting requirements for insurance recoveries. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. During the year ended June 30, 2013, the Company evaluated its capital assets for impairment amount, if any, would not have a material impact in the Corporation's financial statements.

Accounting for Pension Costs

The Corporation accounts for pension costs under the provision of GASB No. 27, *Accounting for Pensions by State and Local Government Employers*, as amended by GASB No. 50, *Pension Disclosures*. These statements establish standards for measurement, recognition, and display of pension expense and related liabilities in financial statements of state and local governmental employers.

Compensated Absences

The employees of the Corporation are granted thirty (30) days of vacation and eighteen (18) days of sick leave annually. Vacation and sick leave may be accumulated in excess of the maximum permitted of sixty (60) and ninety (90) days, respectively. Upon retirement, an employee receives compensation for all accumulated unpaid vacation leave at the current rate regardless of years of service; and for all accumulated unpaid sick leave if the employee has a least 10 years of service with the Corporation. The accumulated vacations and sick leave amounted to $534,595 and $713,973 at June 30, 2013 and 2012, respectively.

Cultural Contributions

As part of the commitment of the Corporation for the development of the arts, the Corporation grants cultural contributions. During the years ended June 30, 2013 and 2012, the Corporation granted to producers contributions in the amount of $58,608 and $81,544, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risks Management

The Corporation is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption, errors and omissions, natural disaster, among other. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial insurance coverage in any of the three preceding years.

Net Position

In financial statements, net position represents the difference between assets and liabilities in the Statement of Net Position. The net position is reported in three categories:

- Invested in Capital Assets, Net of Related Debt — These consist of capital assets, net of accumulated depreciation and amortization and, if applicable, reduced by the outstanding balances of any borrowings that are attributed to the acquisition, construction, or improvement of those assets.

- Restricted Net Position — These result when constraints placed on the net position's use is either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

- Unrestricted Net Position — These consist of net position that do not meet the definition of the two preceding categories. Unrestricted net position often is designated to indicate that management does not consider them to be available for general operations. Unrestricted net position often has constraints on resources that are imposed by management, but can be removed or modified.

  When both restricted and unrestricted resources are available for use, generally, it is the Corporation's policy to use restricted resources first, then the unrestricted resources as they are needed.

Termination Benefits

The Corporation accounts for termination benefits in accordance with GASB Statement No. 47, *Accounting for Termination Benefits.* Pursuant to the provisions of GASB Statement No. 47, in financial statements prepared on the accrual basis of accounting, employers should recognize a liability and expense for voluntary termination benefits (for example, early-retirement incentives) when the offer is accepted and the amount can be estimated. A liability and expense for involuntary termination benefits (for example, severance benefits) should be recognized when a plan of termination has been approved by those with the authority to commit the government to the plan, the plan has been communicated to the employees, and the amount can be estimated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future Adoption of Accounting Pronouncements (Continued)

GASB Statement No. 66, *Technical Corrections 2012*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments. This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, and result in guidance that is consistent with the requirements in Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, respectively. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

GASB Statement No. 67, *Financial Reporting for Pension Plans* — an amendment of GASB Statement No. 25. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, *Pension Disclosures,* as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications have been made to the 2012 financial statements to conform them to the 2013 financial statements presentation.

New Accounting Standards Adopted

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34.* This Statement improves financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments,* were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The most significant effects of the amendments are to: 1) increase the emphasis on financial relationships by raising the bar for inclusion; 2) refocus and clarify the requirements to blend certain component units, and 3) improve the recognition of ownership interests (joint ventures, component units, investments). There was no impact on the Corporation's financial statements as a result of the implementation of this statement.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* This Statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: (i) FASB Statements and Interpretations; (ii) Accounting Principles Board Opinions; and (iii) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting.* Also, and most importantly, this Statement eliminates the former election option provided in paragraph 7 of Statement No. 20 for enterprise funds and business-types activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. In other words, the enterprise funds and business type activities within the Commonwealth's reporting entity can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including Statement No. 62. There was no impact on the Corporation's financial statements as a result of the implementation of this statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards Adopted (Continued)

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* The Statement provides financial reporting guidance for deferred outflows of resources, which is a consumption of net assets by the government that is applicable to a future reporting period and deferred inflows of resources which is an acquisition of net assets by the government that is applicable to a future reporting period. GASB Statement No. 63 also amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments* and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. There was no impact on the Corporation's financial statements as a result of the implementation of this statement.

Future Adoption of Accounting Pronouncements

The GASB has issued the following accounting standards that have effective dates after June 30, 2013:

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities, or vice versa. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future Adoption of Accounting Pronouncements (Continued)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions — an amendment of GASB Statement No. 27.* The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014.

The impact of most of these statements on the Corporation's basic financial statements has not yet been determined.

Subsequent Events

The Corporation evaluates subsequent events through September 19, 2013, the date the financial statements were issued. Refer to Note 12.

3. ACCOUNTS RECEIVABLE

	2013	2012
Trade	$ 177,610	$ 119,974
Governmental entities	235,974	343,746
	413,584	463,720
Less allowance for doubtful accounts	(113,592)	(113,592)
	$ 299,992	$ 350,128

4. CAPITAL ASSETS

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 2,593,000	$ -	$ -	$ 2,593,000
Construction in progress	312,096	-	(312,096)	-
	2,905,096	-	(312,096)	2,593,000
Capital assets, being depreciated:				
Building and betterments	28,133,582	454,590	-	28,588,172
Furniture and equipment	1,387,293	166,100	(33,900)	1,519,493
Musical instruments	327,625	-	-	327,625
Sound system equipment	2,729,951	-	-	2,729,951
Recording equipment	213,621	-	-	213,621
Illumination equipment	566,368	-	-	566,368
Motor vehicles	30,316	-	-	30,316
Total capital assets, being depreciated	33,388,756	620,690	(33,900)	33,975,546
Less accumulated depreciation for:				
Building and betterments	15,909,194	725,805	-	16,634,999
Furniture and equipment	1,059,081	72,231	(33,900)	1,097,412
Musical instruments	285,350	3,291	-	288,641
Sound system equipment	539	91,898	-	92,437
Recording equipment	213,621	-	-	213,621
Illumination equipment	458,649	56,637	-	515,286
Motor vehicles	29,170	1,146	-	30,316
Total accumulated depreciation	17,955,604	951,008	(33,900)	18,872,712
Total capital assets, being depreciated, net	15,433,152	(330,318)	-	15,102,834
Business-type activities capital assets, net	$ 18,338,248	$(330,318)	$(312,096)	$ 17,695,834

5. NON-CURRENT LIABILITIES

Changes in Non-current Liabilities

Non-current liabilities activity for the year ended June 30, 2013 was as follows:

	Beginning balance	Additions	Deductions	Ending balance	Due within one year
Compensated absences	$ 713,973	$ 268,559	$ 447,937	$ 534,595	$ 268,500
Termination benefits	$ 1,529,160	$ 1,579,869	$ 269,535	$ 2,839,494	$ 250,288

6. PENSION PLAN

The Corporation participates in the Employee's Retirement System of the Government of Puerto Rico and its instrumentalities (ERS), a multiple-employer contributory retirement plan, which covers only eligible full-time employees. The system provides retirement, death, and disability benefits and annuities to Commonwealth employees not covered by their own systems.

Commonwealth legislation requires employees to contribute 5.775% for the first $550 of their monthly gross salary and 8.275% for the excess over $550 of monthly gross salary. The Corporation is required by the same statute to contribute 10.275% of the participants' gross salary.

Effective, July 1, 2011, the Commonwealth of Puerto Rico implemented the increases in the Retirement System that the President of the Retirement System Commission, Mr. Miguel Romero, approved for all governmental employees. These increases consist of the following:

- An increase in the employer contribution from 9.275% to 10.275%, effective in July 1, 2011.
- An increase in the annual employer contribution of 1% of the regular retribution received by the participants, beginning in July 1, 2012 and ending in June 30, 2016, and an annual increase of the employer contribution of 1.25% of the regular retribution received by the participant beginning on July 1, 2016 and ending on June 30, 2021.

6. PENSION PLAN (CONTINUED)

On September 24, 1999, an amendment to Act No. 447 of May 15, 1991, which created the Retirement System, was enacted with the purpose of establishing a new pension program (System 2000). Employees participating in the current system as of December 31, 1999, may elect to stay in the defined benefit plan or transfer to the new program. Persons joining on or after January 1, 2000 will only be allowed to become members of the System 2000.

System 2000 reduces the retirement age from 65 to 60 for those employees who joined the current plan on or after April 1, 1990. System 2000 is a hybrid defined contribution plan, also known as a cash balance plan. Under this new plan, there is a pool of pension assets, which is invested by the System together with those of the current defined benefit plan. The Commonwealth of Puerto Rico will not guarantee benefits at retirement age. The annuity is based on a formula which assumes that each year the employee's contribution (with a minimum of 8.275% of the employees' salary up to a maximum of 10%) will be invested in an account which either; (1) earn a fixed rate based on the two year Constant Maturity Treasury Note or, (2) earn a rate equal to 75% of the return of the System investment portfolio (net of management fees), or (3) earn a combination of both alternatives. Participants receive periodic account statements similar to those of defined contribution plans showing their accrued balances. Disability pensions are not granted under System 2000. The employer's contribution (10.275% of the employee's salary) is used to fund the current plan.

The payroll covered by the System amounted to $1,678,482, and $1,801,762, for the years ended June 30, 2013, and 2012, respectively. Covered payroll refers to all compensation paid by the Corporation to employees covered by the ERS on which contributions to the pension are based.

The amount of the annuity shall be one and one-half percent (1.50%) of the average compensation multiplied by the number of years of creditable service up to twenty years, plus two percent (2.00%) of the average compensation multiplied by the number of years of creditable service in excess of twenty years. For those employees covered after March 31, 1990, the annuity shall be equal to one and one-half (1.50%) percent of the average compensation multiplied by the number of years of creditable service, in no case the annuity shall be less than $2,400.

6. PENSION PLAN (CONTINUED)

The amount of the total pension benefits obligation is based on a standardized measurement established by general accepted accounting principles that, with some exceptions, must be used by a public employee retirement system. The standardized measurement is the actuarial present value of credited projected benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effects of projected salary increases. The significant actuarial assumptions used to determine the standardized measure of the pension benefits obligation are summarized below:

• Actuarial valuation date	June 30, 2012
• Interest rate	6.00% a year
• Salary increases	3.0% a year
• Pre-retirement Mortality	RP-200 employee mortality projected on generational bases using Scale AA.
• Post-retirement	Gender specific mortality based on a study of plan's experience.
• Post-retirement disability mortality	UP-1994 mortality table rates with adjustments.
• Termination	2% to 10%, increasing with age after 57.
• Commencement of benefits for terminated vested members	Current terminated members with a vested benefit are assumed to retire at fifty-eight for Act No. 447 and sixty-five for Act No. 1.
• Disability	Rates are based on the six-month elimination period rates in the 1987 Commissioners Group Disability Table, with certain adjustments. However, once a member is eligible for the 75% of the highest salary maximum benefit, rates of disability cease to apply.
• Retirement age	Graded scale of retirement ages commensurate with anticipated experience.

6. PENSION PLAN (CONTINUED)

- Proportion of Participants with Spouses — 70% of participants assumed to be married, with wives assumed to be four years younger than husbands.
- Number of Employees Electing Higher Contributions — 15% of retiring employees assumed to pay retroactive contributions at retirement.

The required and realized contribution by the employees and the employer for the years ended June 30, is as follows:

	2013	2012
Required and realized contribution by the employees	$ 161,603	$ 174,517
% that represents the total of payroll covered	9.63 %	9.69 %
Required and realized contribution by the employer	$ 198,670	$ 185,131
% that represents the total of payroll covered	11.83 %	10.30 %

The financial statements and required supplementary information for the pension plan are available at the administration office of the Employees' Retirement System of the Government of Puerto Rico, P.O. Box 42003 Minillas Station, San Juan, Puerto Rico 00940.

7. CONTRIBUTIONS

From time to time, the Corporation receives contributions from the Commonwealth of Puerto Rico. Revenues from contributions (including contributions for capital assets) are recognized when all eligibility requirements, including time requirements are met. During the years ended June 30, 2013 and 2012, the Commonwealth of Puerto Rico contributed $2,515,642 and $3,427,029, respectively, to cover salaries, payroll related expenditures and other operating costs. The Corporation also received from the Commonwealth of Puerto Rico $1,700,000 for both years, 2013 and 2012, in special legislative assignments for the operations of "Sala Sinfónica".

8. "SALA SINFÓNICA"

In March 2004, the Corporation entered into an agreement with "Autoridad para el Financiamiento de la Infraestructura de Puerto Rico" (AFI) for the construction of the "Sala Sinfónica del Centro de Bellas Artes - Luis A. Ferré". Under this agreement, the facilities will be owned by AFI and operated by the Corporation for the benefit of the Symphonic Orchestra. Operations of this facilities began during 2009. During the fiscal period, the Corporation received a legislative assignment of $1,700,000 to subsidize these operations.

9. VOLUNTARY TERMINATION BENEFITS

On July, 2010, the Commonwealth enacted Act No. 70 to establish a program that provides benefits for early retirement or economic incentives for voluntary employment termination to eligible employees, as defined, including employees of the Corporation. Act No. 70 established that early retirement benefits will be provided to eligible employees that have completed between 15 to 29 years of credited service in the Retirement System and will consist of biweekly benefits ranging from 37.5% and 50% of each employee' salary, as defined. In this early retirement benefit program, the Corporation will make the employer contributions to the Retirement System and pay the corresponding pension until the employee complies with the requirements of age and 30 years of credited service in the Retirement System. Economic incentives are available to eligible employees who have less than 15 years of credited service in the Retirement System or who have at least 30 years of credited service in the Retirement System and the age for retirement. The economic incentives will consist of a lump-sum payment ranging from one-month to six-month salary based on employment years. Additionally, eligible employees that have to participate and have less than 15 years of credited service in the Retirement System are eligible to receive health plan coverage for up to 12 months in a health plan selected by the management of the Corporation.

The financial impact resulting for the benefits granted to participants by Act No. 70 in the Corporation's financial statements resulted in a liability of $2,839,494 and $1,529,160 in the Statement of Net Position as of June 30, 2013 and 2012, respectively. In addition, resulted in a charge of $1,579,869 and $474,077 in the Statements of Revenues, Expenses and Changes in Fund Net Position for the years ended June 30, 2013 and 2012, respectively. The charges were recorded net of the annual payments required by Act No. 70 and provided by the Commonwealth of Puerto Rico on behalf of the Corporation.

At June 30, 2013 and 2012, unpaid long-term benefits granted by Act No. 70 were discounted at interest rates than range from 1.57% to 2.83% and 3.17% to 1.57%, respectively.

10. RELATED PARTY TRANSACTIONS

For the purpose of these financial statements all Commonwealth of Puerto Rico's agencies, instrumentalities and public companies are considered related parties of the Corporation. The accounts receivable and payable of the Corporation include at June 30, 2013 the following balances considered related parties:

Balance due from other governmental entities	$235,974
Balance due to other governmental entities	$171,981

11. CONTINGENCIES

The Corporation is currently subject to claims and lawsuits arising in the ordinary course of business. The claims and litigation in which the Corporation is currently involved are not reasonably likely to have a material adverse effect on the Corporation's financial position. However, no assurance can be given as to the ultimate outcome with respect to such claims and litigations.

12. SUBSEQUENT EVENTS

Act. No. 3 of April 4, 2013

On April 4, 2013, the Governor of Puerto Rico signed into law Act No. 3 of 2013, which represents a comprehensive reform of the ERS. Act No. 3 became effective on July 1, 2013 and amends the provisions of the different benefits structures under the ERS, including, but not limited, to the following:

- For active participants of the contributory defined benefit programs under Act No. 447 of 1951 and Act No. 1 of 1990, all retirement benefits accrued through June 30, 2013 will be frozen, and thereafter, all future benefits will accrue under the defined contribution formula used for System 2000 participants, and will be paid at retirement through a lifetime annuity.
- Increases the minimum pension for current retirees from $400 to $500 per month.
- The retirement age for Act No. 447 participants will be gradually increased from age 58 to age 61.
- The retirement age for current System 2000 participants is increased gradually from age 60 to age 65.

12. SUBSEQUENT EVENT (CONTINUED)

Act. No. 3 of April 4, 2013 (Continued)

- Eliminates the "merit annuity" available to participants who joined the ERS prior to April 1, 1990.
- The retirement age for new employees is increased to age 67, except for new state and municipal police officers, firefighters, and custody officers, which will be age 58.
- The employee contribution rate will increase from 8.275% to 10%.
- For System 2000 participants, the retirement benefits will no longer be paid as a lump sum distribution, instead, they will be paid through a lifetime annuity.
- Eliminates or reduces various retirement benefits previously granted by special laws, including Christmas and summer bonuses. The Christmas bonus payable to current retirees is reduced from $600 to $200 and is eliminated for future retirees. The summer bonus will be eliminated.
- Disability benefits will be eliminated and substituted for a mandatory disability insurance policy.
- Survivor benefits will be modified.

In addition, the Commonwealth has proposed incremental annual contributions from the General Fund of $140 million per year, for the next 20 years, to increase the liquidity and solvency of the ERS. An appropriation for such annual contribution has been included in the Commonwealth's proposed budget for the fiscal year 2014.

Based on current census data, expectations of market conditions and other actuarial information provided by consulting actuaries, the changes instituted by Act No. 3, along with the additional annual contributions of $140 million to be received from the Commonwealth during the next 20 years, will be sufficient to cover the System's current and future obligations.

The successful implementation of these measures cannot be assured, as it is dependent upon future events and circumstances whose outcome cannot be anticipated.