Secretaría

MANUEL A. TORRES NIEVES
SECRETARIO DEL SENADO

- ☐ Ver al dorso
- ☐ Para su información
- ☐ Notas
- ☐ Para mantenerle al día
- ☑ Expediente
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Senado
DE PUERTO RICO

EL CAPITOLIO
PO Box 9023431
San Juan, Puerto Rico
00902-3431

T: 787.722.3460
787.722.4012
F: 787.723.5413
E: mantorres@senadopr.us
W: www.senadopr.us

REFERIDO A:

COMISIONES PERMANENTES

- ☐ Hacienda
- ☐ Gobierno
- ☐ Seguridad Pública y Judicatura
- ☐ Salud
- ☐ Educación y Asuntos de la Familia
- ☐ Desarrollo Eonómico y Planificación
- ☐ Urbanismo e Infraestructura
- ☐ Jurídico Penal
- ☐ Jurídico Civil
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- ☐ Banca, Asuntos del Consumidor y Corporaciones Públicas
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- ☐ Asuntos de la Mujer
- ☐ Asuntos Internos
- ☐ Reglas y Calendario
- ☐ Asuntos Federales
- ☐ De la Montaña
- ☐ Ética

COMISIONES ESPECIALES

- ☐ Puerto de las Américas
- ☐ Derecho de Autodeterminación del Pueblo de Puerto Rico
- ☐ Sobre Reforma Gubernamental

COMISIONES CONJUNTAS

- ☐ Informes Especiales del Contralor
- ☐ Donativos Legislativos de Puerto Rico
- ☐ Internado Córdova-Fernós
- ☐ Internado Pilar Barbosa
- ☐ Internado Ramos Comas
- ☐ Código Penal
- ☐ Revisión y Reforma del Código Civil
- ☐ Alianzas Público Privadas
- ☐ Auditoría Fiscal y Manejo Fondos Públicos
- ☐ Revisión Continua Código Penal y Reforma de las Leyes

Iniciales

SENADO
GOBIERNO DE PUERTO RICO

Oficina del Presidente

Katherine Erazo
Chief of Staff

Fecha 10 de octubre · 2011

Referido a Manuel Torres

- [ ] Para su información
- [ ] Evaluar y recomendar
- [ ] Para trabajar y contestar directamente
- [x] Dar cuenta al cuerpo
- [ ] Para otorgar contrato
- [ ] Para nombramiento
- [ ] Autorizado

14841

ESTADO LIBRE ASOCIADO DE PUERTO RICO
Fideicomiso Institucional de la Guardia Nacional de Puerto Rico
Apartado 9023786 San Juan PR 00902-3786

30 de septiembre de 2011

Hon. Tomás Rivera Schatz
Presidente
Senado de Puerto Rico
P O Box 9022228
San Juan, PR 00902-2228

Estimado señor Rivera Schatz:

Adjunto los Estados Financieros para el año fiscal 2011 del Fideicomiso Institucional de la Guardia Nacional de Puerto Rico (FIGNA), para que conste en sus expedientes.

Para cualquier información adicional, favor comunicarse con la aquí suscribiente.

Atentamente,

Edith M. Pérez Estrella
Directora Ejecutiva

RECIBIDO SECRETARIA
SENADO DE P.R.
2011 OCT 13 PM 2:34

#PO 15819

Financial Statements

PUERTO RICO NATIONAL GUARD INSTITUTIONAL TRUST FUND
(FIGNA)

BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

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Aquino, De Córdova, Alfaro & Co., LLP
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS
Richard N. Alfaro, CPA (1951-1998)

Jorge Aquino Barreto, CPA, CVA
Jerry De Córdova, CPA, JD
Miguel Angel Ortiz, CPA
Eduardo González Green, CPA, CFE

INDEPENDENT AUDITORS' REPORT

Board of Directors
Puerto Rico National Guard
Institutional Trust Fund (FIGNA)
San Juan, Puerto Rico

We have audited the accompanying basic financial statements of each major fund and the aggregate remaining fund information of the Puerto Rico National Guard Institutional Trust Fund (a Component unit of the Commonwealth of Puerto Rico, hereinafter FIGNA) as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of FIGNA's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FIGNA as of June 30, 2011, 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.

Accounting principles generally accepted in the United States of America require that the management discussion and analysis on pages 3 through 7 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 financial statements in an appropriate operational, economic or historical context. This supplementary information is the responsibility of FIGNA's management. We have applied certain limited procedures in accordance with generally accepted auditing standards, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 of the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Isla Verde, P.R. 00979 • Phone (787) 253-9595 • Fax (787) 253-9511

CORRESPONDENT of Praxity
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Management has omitted budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise FIGNA's financial statements as a whole. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements. These sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance of them.

September 30, 2011 Aquino, De Córdova, Alfaro & Co. LLP

Stamp number 2621780
has been affixed to
the original report.

Aquino, De Córdova, Alfaro & Co., LLP
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

MANAGEMENT'S DISCUSSION AND ANALYSIS

PUERTO RICO NATIONAL GUARD INSTITUTIONAL TRUST FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2011

As representing FIGNA, we offer to the readers of the basic financial statements this summary and analysis of financial activities for the fiscal years ended June 30, 2011 and 2010. We recommend to the readers of our financial statements to consider the information and analysis that is presented below to facilitate the understanding of the financial statements.

Financial data highlights

1. FIGNA's assets exceed their liabilities by $86.6 million and $88.3 million for the fiscal years 2010-2011 and 2009-2010, respectively. From this amount, $57.7 million and $59.4 million remained unrestricted, for the years 2010-2011 and 2009-2010, respectively. These assets can be used to meet various commitments and future obligations arising from the programs to provide services to members of Puerto Rico National Guard and to meet other creditor obligations.

2. FIGNA has invested $23.9 million in capital assets for fiscal years ended 2011 and 2010, net of accumulated depreciation and amortization of $5.8 million and $5.3 million for fiscal years 2010-2011 and 2009-2010 respectively. These investments include land, buildings and improvement to property, equipment, vehicles, military antiques, computers and related software.

3. Total amount of net assets decreased during the fiscal year ended June 30, 2010-2011 by $2.6 million and increased by $.5 million for fiscal year 2009-2010.

Summary of financial statements

This section of the Management's Discussion and Analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements consist of:

a) Combined Statement of Net Assets – Enterprise Funds,
b) Combined Statement of Revenues, Expenditures and Changes in Net Assets of Fund-Enterprise Funds,
c) Combined Statement of Cash Flows,
d) Notes to Combined Financial Statements.

Funds financial statements

A fund is considered a separate accounting entity of related accounts used to maintain control over resources that have been segregated for specific activities. FIGNA uses fund accounting to ensure and demonstrate compliance with financial and related legal requirements. The funds are classified as Proprietary Funds (Enterprise Funds).

Given the nature of operations, governmental funds are not applicable to FIGNA.

Proprietary Funds are used to present the same functions as presented under the entity or business activities. Enterprise funds are proprietary funds that present separate information for each individual fund that FIGNA holds.

Under GASB No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, FIGNA funds are:

1. Capital Improvement Fund, Operation, Maintenance and Other General Purpose Fund (Operational).
2. Annuity Fund, Life and Funeral Insurance.
3. Educational Fund.
4. Library-Museum Fund of Puerto Rican Militia and National Guard.

Notes to combined financial statements

The notes to the combined financial statements provide information presented in the combined fund financial statements.

FINANCIAL ANALYSIS

STATEMENT OF NET ASSETS

Below is a comparative summary of net assets for fiscal years ended June 30, 2011 and 2010:

	2011	Change	Net Assets %	2010	Net Assets %
Assets					
Current assets	$ 18,370,114	$ (6,236,485)	19%	$ 24,606,599	25%
Non-current assets	78,571,185	3,666,802	81%	74,904,383	75%
Total assets	96,941,299	$ (2,569,683)	100%	99,510,982	100%
Liabilities					
Current liabilities	$ 10,292,991	$ (907,638)	100%	$ 11,200,629	100%
Net assets					
Invested in capital assets	23,908,204	33,733	28%	23,874,471	27%
Restricted	5,061,641	39,689	6%	5,021,952	6%
Unrestricted	57,678,463	(1,735,467)	67%	59,413,930	67%
Total net assets	86,648,308	(1,662,045)	100%	88,310,353	100%
Total liabilities and net assets	$ 96,941,299	$ (2,569,683)		$ 99,510,982	

PUERTO RICO NATIONAL GUARD INSTITUTIONAL TRUST FUND
MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED
AS OF JUNE 30, 2011

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS OF FUNDS

Below is a comparative summary of revenues, expenditures and changes in net assets for fiscal years ended June 30, 2011 and 2010:

OPERATING INCOME

	2011	%	2010	%
Concessionaire Royalties	$ 3,493,984	76%	$ 3,935,249	76%
Rent of Land and Buildings	434,290	8%	430,693	8%
Other	305,061	16%	844,255	16%
Total Operating Income	$ 4,233,335	100%	$ 5,210,197	100%

OPERATING EXPENSES

	2011	%	2010	%
Administration	$ 2,658,260	40%	$ 2,944,088	21%
Distributed benefits	4,006,494	60%	4,929,235	79%
Total Operating expenses	$ 6,664,754	100%	$ 7,873,323	100%

NON OPERATING INCOME AND CHANGE IN NET ASSETS

Non Operating Income	$ 1,807,616	$ 741,982
Change in Net Assets	$ (623,803)	$ 530,790

CHANGES IN FIXED ASSETS FUND CAPITAL IMPROVEMENTS, OPERATING AND MAINTENANCE:

At December 12, 2009 the Puerto Rico National Guard Institutional Trust Fund received contributions from the Puerto Rico National Guard. These contributions were capitalized in the operational fund:

- National Guard Property Located in State Road 592, Km 0.4 Int., Amuelas Ward, Juana Diaz, Puerto Rico. The property is improved with one armory building on a lot of 5.0 "cuerdas" or 19,651.9828 square meters with a cost of $1,518,000.
- Property known as Emma's Beauty Academy located off State Road 592, Km 0.4 in the Amuelas Ward of the Municipality of Juana Díaz, Puerto Rico. The property is improved with a two-story building on a lot of 5.0 "cuerdas" or 19,652 square meters with a cost of $684,000.
- Parcel located at State Road 592 the Amuelas Ward, Juana Díaz, lot of 1.8120 "cuerdas" or 7,121.8388 square meters with a cost of $249,264.

This lot of land was sold in July 15, 2011.

INFORMATION REQUEST

This section of the Management's Discussion and Analysis is designed for anyone interested in obtaining an overview of the finances of FIGNA. Questions regarding information in this section should be addressed to Puerto Rico National Guard Institutional Trust, Office of the Executive Director, PO Box 9023786, San Juan Puerto Rico, 00902-3786.

PUERTO RICO NATIONAL GUARD INSTITUTIONAL TRUST FUND
(A component unit of the Commonwealth of Puerto Rico)
Combined Statement of Net Assets –Enterprise Funds
June 30, 2011

	Capital Improvements, Operating and Maintenance Fund	Annuities, Life Insurance, and Funeral Insurance Fund	Eduational Fund	Armory Library of the National Guard of Puerto Rico Museum Fund	Total Enterprise Funds
Assets					
Current assets:					
Cash and cash equivalents	$ 1,002,647	$ 3,748,103	$ 916,559	$ -	$ 5,667,309
Accounts receivable	705,695	180,085	22,544	-	908,324
Due from other funds	2,189,129	5,803,736	1,296,605	44,258	9,333,728
Prepaid insurrance	-	8,820	-	-	8,820
Land held for sale	2,451,933	-	-	-	2,451,933
Total current assets	6,349,404	9,740,744	2,235,708	44,258	18,370,114
Noncurrent assets					
Investments	8,746,077	38,264,087	7,652,817	-	54,662,981
Capital assets not being depreciated:					
Land	-	17,868,067	-	-	17,868,067
Military Antiques	-	-	-	389,786	389,786
Total	-	17,868,067	-	389,786	18,257,853
Capital assets being depreciated:					
Building and building improvements	783,656	6,982,922	-	35,042	7,801,620
Intangible assets	2,293,165	-	-	-	2,293,165
Machinery and equipment, and furniture and fixtures	689,841	53,249	-	240,717	983,807
Vehicles	19,822	-	-	-	19,822
Computer and software	339,164	-	-	-	339,164
	4,125,648	7,036,171	-	275,759	11,437,578
Less: accumulated depreciation and amortization	(2,117,796)	(3,393,672)	-	(275,759)	(5,787,227)
Total capital assets being depreciated, net	2,007,852	3,642,499	-	-	5,650,351
Total noncurrent assets	10,753,929	59,774,653	7,652,817	389,786	78,571,185
Total assets	$ 17,103,333	$ 69,515,397	$ 9,888,525	$ 434,044	$ 96,941,299

See notes to financial statements.

PUERTO RICO NATIONAL GUARD INSTITUTIONAL TRUST FUND
(A component unit of the Commonwealth of Puerto Rico)
Combined Statement of Net Assets –Enterprise funds (continued)
June 30, 2011

	Capital Improvements, Operating and Maintenance Fund	Annuities, Life Insurance and Funeral Insurance Fund	Educational Fund	Armory Library of the National Guard of Puerto Rico Museum Fund	Total Enterprise Funds
Liabilities					
Current liabilities					
Due to other funds	$ 5,305,416	$ 3,408,772	$ 619,363	$ -	$ 9,333,551
Accounts payable and accrued liabilities	735,615	7,827	203,536	12,462	959,440
Total liabilities	6,041,031	3,416,599	822,899	12,462	10,292,991
Net Assets					
Invested in capital assets	2,007,852	21,510,566	-	389,786	23,908,204
Restricted	1,362,641	3,199,000	500,000	-	5,061,641
Unrestricted	7,691,809	41,389,232	8,565,626	31,796	57,678,463
Total net assets	11,062,302	66,098,798	9,065,626	421,582	86,648,308
Total liabilities and net assets	$ 17,103,333	$ 69,515,397	$ 9,888,525	$ 434,044	$ 96,941,299

See notes to financial statements.

PUERTO RICO NATIONAL GUARD INSTITUTIONAL TRUST FUND
(A component unit of the Commonwealth of Puerto Rico)
Combined Statement of Revenues, Expenditures and Changes in Net Assets-Enterprise Activities
For the year ended June 30, 2011

	Capital Improvements, Operating and Maintenance Fund	Annuities, Life Insurance and Funeral Insurance Fund	Eduational Fund	Armory Library of the National Guard of Puerto Rico Museum Fund	Total Enterprise Funds
Operating Income					
Concessionaire royalties	$ 1,421,688	$ 1,738,055	$ 334,241	$ -	$ 3,493,984
Land and building rent	170,290	264,000	-	-	434,290
Military contributions	-	302,224	-	-	302,224
Miscellaneous	2,837	-	-	-	2,837
Total operating income	1,594,815	2,304,279	334,241	-	4,233,335
Operating expenses					
Administrative expenses					
Payroll and related expenses	236,115	-	-	-	236,115
Depreciation	245,321	199,333	-	-	444,654
Professional services and consulting	498,638	-	-	-	498,638
Utilities	841,697	107,675	-	-	949,372
Repairs and maintenance - building	207,647	23,990	-	-	231,637
Other administrative expenses	37,319	44,230	125,086	-	206,635
Security	-	91,209	-	-	91,209
Total administrative expenses	2,066,737	466,437	125,086	-	2,658,260
Distributed Benefits					
Building improvements to the National Guard	82,238	-	-	-	82,238
Educational expenses	-	-	616,334	-	616,334
Life Insurance	6,200	-	-	-	6,200
General benefits to the National Guard and Members	1,229,738	2,071,984	-	-	3,301,722
Total distributed benefits	1,318,176	2,071,984	616,334	-	4,006,494
Total operating expenses	3,384,913	2,538,421	741,420	-	6,664,754
Operating loss	(1,790,098)	(234,142)	(407,179)	-	(2,431,419)

Continued

See notes to financial statements.

PUERTO RICO NATIONAL GUARD INSTITUTIONAL TRUST FUND
(A component unit of the Commonwealth of Puerto Rico)
Combined Statement of Revenues, Expenditures and Changes in Net Assets-Enterprise Funds (continued)
For the year ended June 30, 2011

	Capital Improvements, Operating and Maintenance Fund	Annuities, Life Insurance and Funeral Insurance Fund	Eduational Fund	Armory Library of the National Guard of Puerto Rico Museum Fund	Total
Operating loss	(1,790,098)	(234,142)	(407,179)	-	(2,431,419)
Non-operating income (expenses)					
Unrealized Loss on Investments	(150,905)	(660,208)	(132,042)	-	(943,155)
Bank and investment interest	482,889	1,897,739	370,143	-	2,750,771
Total non-operating income	331,984	1,237,531	238,101	-	1,807,616
Change in net assets	(1,458,114)	1,003,389	(169,078)	-	(623,803)
Total other financing uses	(339,242)	(699,000)	-	-	(1,038,242)
Net assets at the beginning of the year	12,859,658	65,794,409	9,234,704	421,582	88,310,353
Net assets at the end of the year	$ 11,062,302	$ 66,098,798	$ 9,065,626	$ 421,582	$ 86,648,308

See notes to financial statements.

PUERTO RICO NATIONAL GUARD INSTITUTIONAL TRUST FUND
(A component unit of the Commonwealth of Puerto Rico)
Combined Statement of Cash Flows- Enterprise Funds
For the year ended June 30, 2011

	Capital Improvements, Operating and Maintenance Fund	Annuities, Life Insurance and Funeral Insurance Fund	Educational Fund	Total Enterprise Funds
Cash flows from operating activities				
Cash received from concessionaire	$ 1,590,696	$ 1,615,988	$ 314,451	$ 3,521,135
Cash received from rent of land and buildings	170,350	248,000	-	418,350
Cash received from troops contributions	-	302,224	-	302,224
Other operational receipts	171,844	-	-	171,844
Cash paid in General Benefits to the Puerto Rico National Guard troops and members	(1,191,388)	(2,071,984)	-	(3,263,372)
Cash paid in Annuities, Life Insurance and Education	(6,200)	-	(1,020,728)	(1,026,928)
Cash paid to suppliers for goods and services	(1,007,784)	(266,579)	-	(1,274,363)
Cash paid in payroll and related costs	(1,062,661)	-	-	(1,062,661)
Cash used in operating activities	(1,335,143)	(172,351)	(706,277)	(2,213,771)
Cash flows from non-capital financing activities				
Net increase in amount due to/due from funds	(2,373,491)	1,664,277	709,037	(177)
Transfers between funds	(339,236)	(699,000)	-	(1,038,236)
Cash provided by (used in) financing activities	(2,712,727)	965,277	709,037	(1,038,413)
Cash flows from capital and related financing activities				
Purchase of capital assets	(431,805)	(45,781)	-	(477,586)
Cash flows from investing activities				
Interest from investments and bank accounts	482,889	1,897,739	370,143	2,750,771
Purchase of investments	(732,198)	(3,203,354)	(640,672)	(4,576,224)
Cash used in investing activities	(249,309)	(1,305,615)	(270,529)	(1,825,453)
Decrease in cash and cash equivalents	(4,728,984)	(558,470)	(267,769)	(5,555,223)
Cash and cash equivalents at beginning of year	5,731,631	4,306,573	1,184,328	11,222,532
Cash and cash equivelvalent at year end	$ 1,002,647	$ 3,748,103	$ 916,559	$ 5,667,309

See notes to financial statements.

PUERTO RICO NATIONAL GUARD INSTITUTIONAL TRUST FUND
(A component unit of the Commonwealth of Puerto Rico)
Combined Statement of Cash Flows-Enterprise Funds (continued)
For the Year ended June 30, 2011

	Capital Improvements Operating and Maintenance Fund	Annuities, Life Insurance and Funeral Insurance Fund	Educational Fund	Total Enterprise Funds
Reconciliation of operational loss with net cash used in the operational activities:	$ (1,790,098)	$ (234,142)	$ (407,179)	$ (2,431,419)
Adjustments to reconcile loss from operations to net cash used in operating activities:				
Depreciation	244,519	199,333	-	443,852
Increase (decrease) in accounts receivables	169,008	(138,067)	(19,790)	11,151
Increase (decrease) in prepaid expense	-	-	-	-
Increase (decrease) in accounts payable	41,428	525	(279,308)	(237,355)
Cash used in operating activities	$ (1,335,143)	$ (172,351)	$ (706,277)	$ (2,213,771)

Non cash activities

	Net adjustments between funds	Unrealized Gain on Investments	Total
Operational Fund	$ (1,517,218)	$ 150,905	$ (1,366,313)
Annuities Fund	1,346,514	660,208	2,006,722
Educational Fund	170,704	132,042	302,746
Museum Fund	-	-	-
	$ -	$ 943,155	$ 943,155

See notes to financial statements

PUERTO RICO NATIONAL GUARD INSTITUTIONAL TRUST FUND
(A COMPONENT UNIT OF THE COMMONWEALTH OF PUERTO RICO)
Statement of Fiduciary Net Assets - Agency Fund
June 30, 2011

	Agency Fund
Assets	
Cash	$ 6,888,426
Due to others:	
Due To Operational Fund	13,299
Due to other governments	$ 6,901,725

See notes to financial statements.

Note 1- Summary of Significant Accounting Polices

The Puerto Rico's National Guard Institutional Trust Fund (FIGNA) financial statements have been prepared in accordance with the United States Generally Accepted Accounting Principles applicable to governmental entities. The following summarizes the accounting polices applicable to FIGNA.

Reporting Entity

FIGNA is a "component unit" of the Commonwealth of Puerto Rico. It is a public corporation ascribed to the Puerto Rico National Guard, and created by Law No. 23 of July 23, 1991 (the law) to be the owner and administrator of the real property and other property of the concessionaire who operates the military shops (Duty Free Shops); as well as to provide assistance and benefits to the Puerto Rico National Guard, its members, spouses and descendants, and to administer the annuities, education and repairs funds, and which shall exercise its powers independently.

FIGNA receives royalties from gross sales from the concessionaire that operates the Duty Free Shops located at Fort Allen in Juana Diaz, San Juan, Cayey, Ceiba, Gurabo, Mayaguez, Arecibo, and Vega Baja, Air Base Muñíz in Carolina, and the Antique Base Ramey in Aguadilla, and the Air Force Exchange System, Camp Santiago (AAFES).

FIGNA has the power to issue bonds, from time to time, for any principal amount that the Board of Directors considers necessary. It can also create the necessary reserves to guarantee the payments of such bonds and for the payment of other expenses that FIGNA considers necessary.

Established as a public corporation, FIGNA is exempt from the payment of income tax, property tax and municipal taxes.

Measurement focus, basis of accounting and financial statement presentation

The accompanying basic financial statements of FIGNA are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

FIGNA distinguishes operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses are those transactions that result from providing services that correspond to the principal ongoing operations. Operating revenues are mostly generated from rents and royalties charged to the commissionaires. Revenues and expenses not meeting this criterion are reported as non-operating.

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from estimated amounts.

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting for Proprietary Fund and other Governmental Entities that use Proprietary Fund Accounting," FIGNA has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that are not in conflict with GASB pronouncements.

Fund Financial Statements

The accounts of FIGNA are organized and operated on the fund basis of accounting. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, net assets/fund balance, revenues, and expenditures or expenses, as applicable. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. FIGNA maintains four enterprise funds which are proprietary fund types. FIGNA has elected to report all funds as major funds. The following is a description of the nature and purpose of each fund:

Capital Improvements, Operating and Maintenance Fund - The Operational Fund is the main operating fund of FIGNA. It is used to account for all financial resources except those required to be accounted for in all funds. The primary source of revenue recorded in this fund is comprised of royalties on gross sales from the duty free shops operated by concessionaries and reimbursements from the United States Property and Fiscal Office. 38% of total concessionaire royalties are recorded in this fund.

Annuities, Life and Funeral Insurance Fund - The Annuities, Life and Funeral Insurance Fund accounts for three benefits programs to the active and retired members of the Puerto Rico National Guard. The Annuities Program provides temporarily assistance to retired members of the Puerto Rico National Guard who are at least 55 years old with 20 years of honorable service in the armed services, and at least 16 years of service the National Guard. Qualified retired members receive a monthly annuity of $175 for a period up to five years, or 60 years age, when they become legible to receive benefits from the Federal Government.

The Life and Funeral Insurance Programs are available to active members of the Puerto Rico National Guard and retired members that qualify for the Annuities Program. The Life Insurance Program provides a fixed benefit of $5,000 paid to the beneficiaries properly designated by the insured. The Funeral Insurance Program provides a benefit of up to $3,000 for un-reimbursed funeral expenses. The beneficiary of the insured must provide evidence to support the amount requested.

The primary source of revenues recorded in this fund is comprised of concessionaire royalties. The 52% of total concessionaire royalties are recorded in this fund. Also, active members must pay a monthly premium of $5.00 to be entitled to the benefits under these programs. The benefits of the program can be adjusted at the discretion of the Board of Directors to account for inflation and cost living increases.

The Fund must maintain a minimum reserve of $100,000 in an interest bearing account with the Puerto Rico Government Development Bank.

The administrator of these programs cannot commit funds in excess of projected revenues in order to maintain actuarial based reserves factoring in an inflation of 3%.

Educational Fund - The Educational Fund was created to provide financial resources to help cover educational expenses incurred by the active members of The Puerto Rico National Guard and their family members. The primary source of revenue recorded in this fund is comprised of 10% of the revenues received from the concessionaires, revenues from FIGNA's investments assigned to the Educational Fund, and any other donation granted to the mentioned fund. The educational expenses, as defined in the economic assistance program, are composed of enrollments at university levels and post-secondary level. The amounts to be reimbursed are determined by the Board of Directors.

Armory Library of the National Guard of Puerto Rico Museum Fund - This accounts for the maintenance of military antiques on display at the National Guard of Puerto Rico Museum. Transfers are made from time to time from the Operational Fund as determined by management and approved by the Board of Directors. The antiques on display consist of a variety of historical armaments, ammunitions, uniforms and other military equipment used in past wars and military conflicts. Most of the antiques were donated and recorded at their estimated fair value. The military antiques recorded in this fund are classified as capital assets but are not depreciated because the economic or potential service benefit is so slowly consumed that the estimated useful life is considered indefinite.

Fiduciary Fund (Agency Fund) - this fund is used to account for cash held by FIGNA as a custodian for the Puerto Rico National Guard. The cash held in the Army Banking Investment Trust Fund account and originated from sales at the AFEES concessionaire at Camp Santiago in Salinas. The disbursements of funds are authorized by the Puerto Rico National Guard.

The agency fund is used to account for assets held in the fund under a fiduciary relationship on behalf of another entity. The agency fund consists of resources retained by the governmental unit as an agent for another governmental unit.

Investments

Investments are carried at fair value. Fair value is determined based on quoted market prices.

Defined-Benefit Pension Plan

The Employee's Retirement System of the Commonwealth of Puerto Rico and its Instrumentalities (also known as The Retirement System), was created pursuant to Act. No. 447 of May 15, 1951, as amended, and is a cost-sharing, multiple-employer, defined benefit pension plan sponsored by and reported as a component unit of the Commonwealth. All regular employees of FIGNA hired before January 1, 2000 and less than 55 years of age at the date of employment became members of the Retirement System as a condition of their employment. No benefits are payable if the participant receives a refund of his/her accumulated contributions.

The Retirement System provides retirement, death and disability benefits pursuant to legislation enacted by the Legislature of the Commonwealth. Retirement benefits depend upon age at retirement and the number of years of creditable service. Benefits vest after ten years of plan participation. Disability benefits are available to members for occupational and non-occupational disability.

Members who have attained 55 years of age and have completed at least 25 years of creditable service, or members who have attained 58 years of age and have completed 10 years of creditable service, are entitled to an annual benefit, payable monthly for life.

Defined-Benefit Pension Plan (continued)

The amount of the annuity shall be 1.5% of the average compensation, as defined, multiplied by the numbers of years of creditable service up to 20 years, plus 2% of the average compensation, as defined, multiplied by the number of years of creditable service in excess of 20 years. In no case will the annuity be less than $200 per month.

Participants who have completed 30 years of creditable service are entitled to receive the annuity. Participants who have not attained 55 years of age will receive 65% of the average compensation, as defined; otherwise, they will receive 75% of the average compensation, as defined.

Commonwealth legislation requires employees to contribute 5.775% of the first $550 of their monthly gross salary and 8.275% of the excess over $550 of the monthly gross salary. The Administration is required by the same legislation to contribute 9.275% of each participant's gross salary.

For the year ended June 30, 2011 and 2010, FIGNA contributed $20,635 and $18,169. Salaries for the year ended June 30, 2011 and 2010 amounted to $125,498 and $167,379 respectively.

Additional information on the Retirement System is provided in its financial statements for the year ended June 30, 2011, a copy of which can be obtained from the Employees' Retirement System of the Commonwealth of Puerto Rico and its Instrumentalities, PO Box 42003, San Juan, PR 00940-2003.

Cash and Cash Equivalents

For financial statements purposes, FIGNA considers all highly liquid instruments purchased with a maturity of 90 days or less to be cash equivalents. Cash equivalents as of June 30, 2011 consist of funds invested in money market accounts and savings accounts.

Accounts receivable

As of June 30, 2011, all the accounts receivable presented in the financial statements are considered entirely collectable, for such consideration, no reserve for uncollectible accounts or its related expense are presented in FIGNA's basic financial statements.

Capital Assets

Capital assets are defined by FIGNA as assets with an initial, individual cost of more than $500 and an estimated useful life of more than one year. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. Maintenance and repairs that do not extend the life of the asset are charged to expense. Leasehold improvements are amortized over the terms of the respective leases or the estimated useful life of the improvements. Intangible assets are amortized over their estimated useful lives except for intangible assets with an indefinite useful life wish are not amortized.

One of FIGNA's objectives is to build, and renovate facilities of the Puerto Rico National Guard. These activities and their related expenses are recorded as an operational expense in the Statement of Revenues, Expenses and Changes in Net Assets although FIGNA does not possess deeds of those capital assets.

Description:	Years
Buildings	20-40 years
Intangible assets	40 years
Leasehold Improvements	5-40 years
Equipment	5 years
Vehicles	5 years
Computer and Computer Programs	5 years

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from estimated amounts.

Net Assets Classification (continued)

FIGNA's net assets are presented in three components:

1. Invested in capital assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation. At June 30, 2011, FIGNA did not maintain any unpaid balances and/or any related debt on those capital assets.

Net Assets Classification (continued)

2. Invested in capital assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation. At June 30, 2011, FIGNA did not maintain any unpaid balances and/or any related debt on those capital assets.

3. Restricted - this category is designed to reflect net assets whose use is solely to specific purposes. FIGNA maintains the following restricted funds as required by the Law 23 of July 1991, Article 9:

a) The educational fund includes $500,000 restricted to education payment to active members of the Puerto Rico National Guard.
b) The Annuities, Life and Funeral Insurance Fund includes $2,500,000 restricted for payment of benefits to active members of the Puerto Rico National Guard and their families in (i) death of any of the active members of the National Guard during battle or (ii) retirement of military services after certain years of active service.

4. Unrestricted (Deficit) - Composed of other net assets that the definition of invested in capital assets, and restricted does not apply.

Note 2- Accounts Receivable

At June 30, 2011 FIGNA's accounts receivable are composed of:

	Operational Fund	Annuities Fund	Educational Fund	Total
Concessionaries	$ 488,541	$ 55,346	$ 4,494	$ 548,381
Rent	9,940	38,595	-	48,535
Federal Grants	79,528	-	-	79,528
Interest	3,118	86,144	18,050	107,312
Others	124,569	-	-	124,569
	$ 705,696	$ 180,085	$ 22,544	$ 908,325

Note 3 – Related Party Transactions

FIGNA receives monthly contributions of $5.00 from each active member of the Puerto Rico National Guard. The contributions, in most of the cases, are received as an automatic deduction of the member's payroll. In such cases, the United States Property and Fiscal Office (USPFO) remits the payroll deduction amounts corresponding to the troops' contributions, less a service fee.

Note 4 – Capital Assets

The capital assets activity for year ended June 30, 2011 is summarized as follows:

	Balances June 30 2010	Additions	Retirements	Balances June 30 2011
Non Depreciable Assets				
Land	$ 17,868,067	-	-	$ 17,868,067
Buildings	389,786	-	-	389,786
Total	18,257,853	-	-	18,257,853
Depreciable Assets				
Buildings	6,410,166	-	-	6,410,166
Intangible assets	2,293,165	-	-	2,293,165
Lesehold Improvements	1,138,363	253,091	-	1,391,454
Equipment	761,111	222,696	-	983,807
Vehicles	19,822	-	-	19,822
Computers and Programs	337,365	1,799	-	339,164
Total	10,959,992	477,586	-	11,437,578
Less: Accumulated Depreciation	5,343,374	443,853	-	5,787,227
Total	5,616,618	(33,733)	-	5,650,351
Total capital assets	$ 23,874,471	$ (33,733)	$ -	$ 23,908,204

Intangible Assets consist of rights to use certain facilities owned by the Puerto Rico National Guard. The following is a summary of these rights:

Right of Use	Balance
Officers Club at Camp Santiago, Salinas	$ 214,765
Muñiz Base building	2,078,400
Total intangible assets	$ 2,293,165

Note 5 – Commitments and Contingencies

Contingencies

FIGNA is a defendant in various legal proceedings. Management, based on the opinions of its legal counsel, is of the opinion that the ultimate liability, if any, resulting from these pending proceedings and legal actions in the aggregate will not have a material effect on FIGNA financial statements.

Commitments

As of June 30, 2011 FIGNA has various commitments which are determined by FIGNA's management. These commitments are composed of various projects of capital improvements to the Puerto Rico National Guard facilities:

Development Site	Amount
Rehabilitation and Expansion of Ponce Readiness Center	$ 1,625
Cleaning if EOC JFHQ's San Juan	8,035
Rehabilitation of National Guard Cayey	4,821
Cleaning indoor fire range Cayey and Arecibo	7,609
Rehabilitation and Expansion of the Arroyo Readiness Center	567
Construction of Building #586 and 587 at Camp Santigo, Salinas	70
Installation of Air Conditioning Units	12,500
Rehabilitation of Readiness Center, Vega Baja	259,151
Total	$ 294,378

Note 6 – Concentrations of Credit Risk in deposits and investments

The laws of the Commonwealth of Puerto Rico authorize governmental entities to deposit public funds in direct or indirect obligations guaranteed by the Federal Government of the United States of America or by the Commonwealth of Puerto Rico. FIGNA is authorized to deposit public funds in savings accounts, certificates of deposits and other obligations in authorized financial institutions under the Federal and Commonwealth of Puerto Rico applicable laws.

In March of 2003 the Governmental Accounting Standard Board (GASB) addressed that the deposit and investments of state and local governments are exposed to risks that have the potential to result in losses. GASB Statement No. 40, Deposit and Investment Risk Disclosures, addresses common deposit and investment risks related to credit risk, interest credit risk, and foreign currency risk. As an element of interest risk, this Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. Deposit and investment polices related to the risks identified in this Statement also should be disclosed.

At June 30, 2011, FIGNA maintains deposit and investment accounts and was exposed to the following credit risk:

Custodial Credit

Custodial Risk is the risk by that, in the event of failure of the counterparty, FIGNA will not be able to recover the value of the deposits that are in possession of an outside party.

The laws of the Commonwealth of Puerto Rico require that public funds deposited in commercial banks are fully collateralized by the amount deposited in excess of the $250,000 insured by the Federal Deposit Insurance Corporation (FDIC). All instruments segregated as collateral by commercial banks are on behalf of the Puerto Rico Department of Treasury.

In addition, at June 30, 2011, FIGNA has uninsured deposits in governmental banks amounting to $1.6 million; which represent the bank balance deposited in the Governmental Development Bank. Nevertheless, the governmental banks, at state and federal level, are exempt of collateralizing the deposits of public funds, as opposed to the requirements of commercial banks.

Custodial Credit (continued)

The deposit accounts are presented at cost plus the accumulated interest. It is FIGNA policy that all procedures for appraisal, maintenance and close of the accounts should be approved by the Board of Directors.

Note 7- Investments

In accordance with FIGNA's investment policy allow management to purchase or enter into the following investment instruments:

- United States government and agencies obligations

  The securities of any one company or government agency, other than securities of the US Federal Government/agencies of PR Government / agencies, should not exceed 10% of the total Trust funds as defined by the underlying benchmark.

  The position in a single stock will not exceed 10%-15% of the market value of the total Trust funds.

  No more than 10%-15% of the market value of the total Trust funds should be invested in any one industry or sector, as defined by the underlying benchmark.

The investment guidelines also establish limitations and other guidelines.

During fiscal year ended June 30, 2011, FIGNA maintained investments of $55,606,136 in bonds of the Commonwealth of Puerto Rico with Santander Securities. These investments reflect a market value of $54,662,982.

The following is a summary of investments in debt securities, which are classified as held-to-maturity, as of June 30, 2011:

Obligations of the Commonwealth of Puerto Rico

	2011
Cost	$ 55,606,136
Market value	$ 54,662,981
Gross unrealized holding gain	$ -
Gross unrealized holding loss	$ (943,155)

Note 7- Investments – Continued

The cost and market value of debt securities at June 30, 2011 by contractual maturity are shown below. Expected maturities may differ from contractual maturities because the issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Cost	Market Value
Due before five years	$ 11,100,000	$ 11,073,597
Due after five years through ten years	-	-
Due after ten years	44,506,136	43,589,384
Total	$ 55,606,136	$ 54,662,981

FIGNA's investment in marketable equity securities consists primarily on investments in mutual funds of the Commonwealth of Puerto Rico. At June 30, 2011, $5,799,900 and $48,863,081 were invested in bonds classified as AAA and BBB, respectively.

Note 8 – Subsequent events and Management's review

At July 15, 2011, the entity sold three lots of land and other property located in Juana Diaz by $3,250,000.

Subsequent events were evaluated by management through September 30, 2011, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

PUERTO RICO NATIONAL GUARD INSTITUTIONAL TRUST FUND
(A COMPONENT UNIT OF THE COMMONWEALTH OF PUERTO RICO)
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011

General Statistical Information

Date of Creation	July 23, 1991 by Law Number 23
Type of Entity	Public Corporation
	Administered by an Executive Director
	Governed by a Board of Directors
	Members of the Board of Directors -7
Number of employees	4
Administered Facilities	General Headquarters PRNG Parada 3-1/2, San Juan ("Shoppete")
	Muniz Air Base, Carolina
	Fort Allen, Juana Diaz
	Base Ramey, Aguadilla
	Cayey
	Ceiba
	Gurabo
	Arecibo
	Mayagüez
	Vega Baja
Clubs	"Open Mess", General Headquarters PRNG, Parada 3-1/2, San Juan
Camp Santiago, Oficcials Clubs	Commisioners
	No Commisioners
Coffee Shops	General Headquarters PRNG Parada 3-1/2, San Juan
Museum	General Headquarters PRNG Parada 3-1/2, San Juan
	Camp Santiago

Total of Beneficiaries of the Educational Fund and their percent of addition or reduction per fiscal period:

Fiscal Period	Total Members of PRNG	%	Total Children	%	Total Spouses	%	Total Beneficiaries	%
97-98	232		790		33		1055	
98-99	257	10.78%	756	-4.30%	37	12.12%	1050	-0.47%
99-00	472	83.66%	664	-12.17%	143	286.49%	1279	21.81%
00-01	478	1.27%	594	-10.54%	115	-19.58%	1187	-7.19%
01-02	360	-24.69%	597	0.51%	142	23.48%	1099	-7.41%
02-03	264	-26.67%	544	-8.88%	153	7.75%	961	-12.56%
03-04	211	-20.08%	518	-4.78%	179	16.99%	908	-5.52%
04-05	1284	508.53%	387	-25.29%	132	-26.26%	1803	98.57%
05-06	1504	17.13%	693	79.07%	280	112.12%	2477	37.38%
06-07	1240	-17.55%	794	14.57%	337	20.36%	2371	-4.28%
07-08	1404	13.23%	833	4.91%	332	-1.48%	2569	8.35%
08-09	1613	14.89%	877	5.28%	251	-24.40%	2741	6.70%
09-10	1545	-4.22%	845	-3.65%	272	8.37%	2662	-2.88%
10-11	1523	-1.42%	827	-2.13%	254	-6.62%	2604	-2.18%

Source: Puerto Rico National Guard Institutional Trust Fund

Total beneficiaries of the Educational Fund distributed by type of academic program are as follow:

Fiscal Year	Total of Beneficiaries	Technical Courses	Percent of total beneficiaries	Associates Degree	Percent of total beneficiaries	Bachelor Degree	Percent of total beneficiaries	Master Degree	Percent of total beneficiaries	Doctorate	Percent of total beneficiaries
97-98	1055	5	0.47%	49	4.64%	772	73.18%	222	21.04%	7	0.66%
98-99	1050	6	0.57%	62	5.90%	718	68.38%	249	23.71%	15	1.43%
99-00	1279	5	0.39%	48	3.75%	776	60.67%	431	33.70%	19	1.49%
00-01	1187	8	0.67%	38	3.20%	714	60.15%	402	33.87%	25	2.11%
01-02	1099	16	1.46%	40	3.64%	695	63.24%	326	29.66%	22	2.00%
02-03	961	32	3.33%	52	5.41%	640	66.60%	209	21.75%	28	2.91%
03-04	908	45	4.96%	42	4.63%	588	64.76%	216	23.79%	17	1.87%
04-05	1803	84	4.66%	47	2.61%	1262	69.99%	398	22.07%	12	0.67%
05-06	2477	85	3.43%	73	2.95%	1795	72.47%	498	20.10%	26	1.05%
06-07	2371	89	3.75%	88	3.71%	1763	74.36%	393	16.58%	38	1.60%
07-08	2569	127	4.94%	81	3.15%	1916	74.58%	429	16.70%	16	0.62%
08-09	2741	129	4.71%	62	2.26%	2125	77.53%	379	13.83%	46	1.67%
09-10	2662	133	5.00%	63	2.37%	2096	78.74%	330	12.40%	40	1.49%
10-11	2606	174	6.68%	57	2.19%	2033	78.01%	318	12.20%	24	0.92%

Source: Puerto Rico National Guard Institutional Trust Fund

Total of National Guards beneficiaries of the Life and Funeral Insurance:

Fiscal Year	Number of Beneficiaries	Active Beneficiaries	%	Inactive or Retired Beneficiaries	Percent
92-93	16	8	50%	8	50%
93-94	15	9	60%	6	40%
94-95	18	10	56%	8	44%
95-96	11	4	36%	7	64%
96-97	17	12	71%	5	29%
97-98	23	14	61%	9	39%
98-99	13	7	54%	6	46%
99-00	28	9	32%	19	68%
00-01	18	6	33%	12	67%
01-02	17	5	29%	12	71%
02-03	12	6	50%	6	50%
03-04	14	7	50%	7	50%
04-05	12	3	25%	9	75%
05-06	16	7	44%	9	56%
06-07	11	3	27%	8	73%
07-08	17	9	53%	8	47%
08-09	10	7	70%	3	30%
09-10	7	4	57%	3	43%
10-11	15	8	53%	7	47%

Source: Puerto Rico National Guard Institutional Trust Fund.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
The Puerto Rico National Guard Institutional Trust Fund

We have audited the financial statements of the enterprise activities of the Puerto Rico National Guard Institutional Trust Fund as of and for the year ended June 30, 2011, which collectively comprise the Puerto Rico National Guard Institutional Trust Fund basic financial statements and have issued our report thereon dated September 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Puerto Rico National Guard Institutional trust Fund internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but no for the purpose of expressing an opinion on the effectiveness of the Puerto Rico National Guard Institutional Trust Fund internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Puerto Rico National Guard Institutional Trust Fund internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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CORRESPONDENT of Praxity
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Puerto Rico National Guard Institutional Trust Fund financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of compliance or other matters that are required to be reported under *Government Auditing Standards*

This report is intended solely for the information and use of FIGNA's management and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

September 30, 2011 Aquino, De Córdova, Alfaro & Co. LLP

Stamp number 2621781
has been affixed to the
original report