



Secretaría

LCDA. TANIA BARBAROSSA ORTIZ

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

Tania

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

Tania

INICIALES

REFERIDO A:

COMISIONES PERMANENTES

- HACIENDA Y FINANZAS PÚBLICAS
- GOBIERNO, EFICIENCIA GUBERNAMENTAL
E INNOVACIÓN ECONÓMICA
- JURÍDICA, SEGURIDAD Y VETERANOS
- SALUD Y NUTRICIÓN
- EDUCACIÓN, FORMACIÓN Y DESARROLLO DEL INDIVIDUO
- ASUNTOS DE LA MUJER
- INFRAESTRUCTURA, DESARROLLO URBANO
Y TRANSPORTACIÓN
- AGRICULTURA, SEGURIDAD ALIMENTARIA
Y SUSTENTABILIDAD DE LA MONTAÑA
- RECURSOS NATURALES, AMBIENTALES
Y ASUNTOS ENERGÉTICOS
- COOPERATIVISMO, PEQUEÑAS Y MEDIANAS EMPRESAS
Y MICRO-EMPRESAS
- TURISMO, CULTURA, RECREACIÓN Y DEPORTES
Y GLOBALIZACIÓN
- RELACIONES LABORALES, ASUNTOS DEL CONSUMIDOR
Y CREACIÓN DE EMPLEOS
- DERECHOS CIVILES, PARTICIPACIÓN CIUDADANA
Y ECONOMÍA SOCIAL
- AUTONOMÍA MUNICIPAL, DESCENTRALIZACIÓN
Y REGIONALIZACIÓN
- BANCA, SEGUROS Y TELECOMUNICACIONES
- VIVIENDA Y COMUNIDADES SOSTENIBLES
- ÉTICA E INTEGRIDAD LEGISLATIVA
- CORPORACIONES PÚBLICAS
Y ALIANZAS PÚBLICO-PRIVADAS
- REGLAS, CALENDARIO Y ASUNTOS INTERNOS

#4/61

RECIBIDO
OFIC. PRESIDEN. SENADO PR
EDUARDO A. BHATIA
7100 M
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info@flmm.org

8 de diciembre de 2014

Hon. Eduardo Bhatia Gautier
Presidente
Senado de Puerto Rico
Apartado Postal 9023431
San Juan de Puerto Rico 00902-3431

Apreciado señor Presidente:

En cumplimiento de la sección 4 de la Ley #68 del 3 de julio de 1986 (3 L.P.R.A Sección 22 nota), me complace adjuntarle copia de los estados financieros de la Fundación Luis Muñoz Marín para el año fiscal 2013-2014 auditados por la firma RSM ROC & Company.

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

Muy cordialmente,

Linda Hernández Rosado
Directora Ejecutiva
Fundación Luis Muñoz Marín

Anejo

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Archivo Histórico
Centro de Visitantes
Parque Doña Inés
Casa Museo

- JUNTA DE DIRECTORES
- MARISARA PONT MARCHESI
Presidenta
- EMILIO E. PIÑERO FERRER
Vicepresidenta
- KAROLEE GARCÍA FIGUEROA
Tesorera
- JAVIER L. BONNÍN OROZCO
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- VICTORIA COUGHLIN MARÍN
- DIEGO R. FIGUEROA RODRÍGUEZ
- ANTONIO GARCÍA PADILLA
- VÍCTOR L. MENA RIVERA
- EDUARDO NEGRÓN MÉNDEZ
- CARLOS OLIVENCIA GAYÁ
- MANUEL PAPADAKIS MUÑOZ
- FERNANDO PICÓ, S.J.
- ISABEL PICÓ VIDAL
- EUGENIO TORRES OYOLA
- LINDA HERNÁNDEZ ROSADO
Directora Ejecutiva



RSM ROC & Company

Certified Public Accountants & Consultants

Fundación Luis Muñoz Marín, Inc.

Financial Statements
June 30, 2014 and 2013



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2014 DEC 12 AM 11:56



RSM ROC & Company
Certified Public Accountants & Consultants

RSM ROC & Company
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San Juan, PR 00922-0528
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www.rocpr.net

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Fundación Luis Muñoz Marín, Inc. (a non-for-profit Puerto Rico Corporation) (the Foundation), which comprise the balance sheets as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fundación Luis Muñoz Marín, Inc. as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

San Juan, Puerto Rico
October 30, 2014.



Stamp No. E138113 was affixed to
the original of this report.

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

BALANCE SHEETS

June 30, 2014 and 2013

	2014	2013
ASSETS		
CURRENT ASSETS:		
Cash, including cash on hold of \$373,490 in 2014	\$ 1,679,694	\$ 837,987
Contributions receivable	64,394	56,775
Prepaid expenses	24,317	15,183
	<u>1,768,405</u>	<u>909,945</u>
PROPERTY AND EQUIPMENT, net	8,444,397	7,517,095
OTHER ASSETS	14,387	14,387
	<u>\$ 10,227,189</u>	<u>\$ 8,441,427</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Non revolving line of credit	\$ -	\$ 1,031,539
Loan payable	2,000,000	-
Accounts payable and accrued expenses	632,546	604,458
	<u>2,632,546</u>	<u>1,635,997</u>
NET ASSETS:		
Unrestricted-		
Available for operations	6,844,757	6,027,657
Board designated	569,726	409,206
	<u>7,414,483</u>	<u>6,436,863</u>
Temporarily restricted	180,160	368,567
	<u>7,594,643</u>	<u>6,805,430</u>
	<u>\$ 10,227,189</u>	<u>\$ 8,441,427</u>

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

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

STATEMENTS OF ACTIVITIES

For the years ended June 30, 2014 and 2013

	2014		2013			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily	Total
OPERATING SUPPORT AND REVENUES:						
Legislative appropriations	\$ 1,750,000	-	\$ 1,750,000	\$ 1,000,000	-	\$ 1,000,000
Contributions under Act No. 290	413,354	-	413,354	291,262	-	291,262
Contributions from corporations and private institutions, including contributed services	239,132	-	239,132	304,475	-	304,475
Contributions from individuals	86,888	-	86,888	54,742	-	54,742
Interest	3,672	-	3,672	1,303	2,529	3,832
Special projects and other	281,642	-	281,642	315,565	-	315,565
Net assets released from restrictions	188,407	(188,407)	-	528,384	(528,384)	-
	<u>2,963,095</u>	<u>(188,407)</u>	<u>2,774,688</u>	<u>2,495,731</u>	<u>(525,855)</u>	<u>1,969,876</u>
OPERATING EXPENSES:						
Program services:						
Luis Muñoz Marín archives	200,624	-	200,624	152,724	-	152,724
Gardens	99,130	-	99,130	85,204	-	85,204
Museum and exhibitions	369,330	-	369,330	379,557	-	379,557
Educational activities and special projects	180,328	-	180,328	173,580	-	173,580
Arboretum	328,254	-	328,254	251,005	-	251,005
Publications	88,675	-	88,675	93,515	-	93,515
Digitalization	184,706	-	184,706	217,062	-	217,062
	<u>1,451,047</u>	<u>-</u>	<u>1,451,047</u>	<u>1,352,647</u>	<u>-</u>	<u>1,352,647</u>

Continues...

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

STATEMENTS OF ACTIVITIES

For the years ended June 30, 2014 and 2013

	2014		2013		
	Unrestricted	Temporarily Restricted	Total	Temporarily Restricted	Total
Continued...					
Supporting services:					
General and administrative	\$ 380,946	-	\$ 380,946	\$ -	\$ 189,906
Fundraising	153,482	-	153,482	-	158,340
	<u>534,428</u>	<u>-</u>	<u>534,428</u>	<u>-</u>	<u>348,246</u>
	1,985,475	-	1,985,475	-	1,700,893
INCREASE (DECREASE) IN NET ASSETS	977,620	(188,407)	789,213	(525,855)	268,983
NET ASSETS, beginning of year	6,436,863	368,567	6,805,430	894,422	6,536,447
NET ASSETS, end of year	<u>\$ 7,414,483</u>	<u>\$ 180,160</u>	<u>\$ 7,594,643</u>	<u>\$ 368,567</u>	<u>\$ 6,805,430</u>

The accompanying notes are an integral part of these statements.

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 789,213	\$ 268,983
Adjustments to reconcile increase in net assets to net cash provided by operating activities-		
Depreciation expense	96,301	100,750
Changes in assets and liabilities-		
(Increase) decrease in assets:		
Contributions receivable	(7,619)	(40,563)
Prepayments	(9,134)	(3,826)
Other assets	-	(100)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	28,088	514,648
Net cash provided by operating activities	<u>896,849</u>	<u>839,892</u>
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to property and equipment	<u>(1,023,603)</u>	<u>(2,710,992)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Payments) advances from line of credit	(1,031,539)	1,031,539
Proceeds from loan payable	<u>2,000,000</u>	<u>-</u>
	<u>968,461</u>	<u>1,031,539</u>
NET INCOME INCREASE (DECREASE) IN CASH	841,707	(839,561)
CASH, beginning of year	837,987	1,677,548
CASH, end of year	\$ <u>1,679,694</u>	\$ <u>837,987</u>

The accompanying notes are an integral part of these statements.

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

1) Organization and summary of significant accounting policies:

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

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

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

Gardens – In accordance with Luis Muñoz Marín's last will, the Fundación maintains in its original state the property of approximately four "acres" where his family resided since 1946 and where the Fundación's facilities are located. This property serves as the site for varieties of over thirty (30) different trees, and a diversity of collections of plants and flowers, which serve as an urban forest for the enjoyment of the general public, and to enhance the environment in the metropolitan area.

Museums and Exhibitions – Various edifications within the Fundación premises have been converted into museums and exhibition area. Museum facilities include the Muñoz-Mendoza residence since 1946, the Luis Muñoz Marín office and library, as well as the "bohío" or meeting place. Exhibition rooms include the Luis Muñoz Marín and Inés María Mendoza halls and carriage-house. These facilities are open to the general public.

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

Educational Activities and Special Projects – The Fundación commemorates annually the birthdays of Luis Muñoz Marín, Luis Muñoz Rivera, and since 1991, Inés María Mendoza de Muñoz Marín. In addition to the cultural activities derived from these annual commemorations, the Fundación is also involved in other educational and cultural initiatives.

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

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

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

NOTES TO FINANCIAL STATEMENTS June 30, 2014 and 2013

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

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

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

As of June 30, 2014 and 2013, the Fundación's net assets are classified as unrestricted and temporarily restricted.

Accounting estimates – The preparation of 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 disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

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

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

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

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

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

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

Long-lived assets – Management reviews the carrying value of long-lived assets in circumstances that indicated that the carrying value of such assets may not be recoverable. Measurement of the impairment loss is based on the fair value of the asset. Generally, fair value will be determined using the present value of expected future cash flows. No impairment loss was recognized during the years ended June 30, 2014 and 2013.

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

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

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

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

Advertising costs and public relations – The Fundación follows the policy of charging advertising and public relations costs to operations as incurred. During the years ended June 30, 2014 and 2013, advertising and public relations costs amounted to approximately \$177,000 and \$215,000, respectively.

Conditional promises to give – As of June 30, 2014 and 2013, the Fundación had received conditional promises to give from the Government Development Bank for Puerto Rico, aggregating approximately \$413,000 and \$291,000, respectively, which is contingent upon the Fundación's raising matching private contribution funds. The conditional promise to give is subject to the amount collected by the Commonwealth of Puerto Rico related to the excise taxes on tobacco sales and the number of institutions that qualify to receive the funds.

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

Accounting principles generally accepted in the United States of America require Fundación's management to evaluate tax positions taken and recognize a tax liability or asset if the Fundación has taken an uncertain position that more likely than not would not be sustained upon examination of taxing authorities. Management evaluated the tax position taken by the Fundación and concluded that the Fundación as of June 30, 2014 had maintained its tax exempt status and had taken no uncertain tax positions that would require adjustment or disclosures to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

All tax returns through fiscal year June 30, 2013 have been appropriately filed by the Fundación. The Fundación's open audit periods are fiscal years ended June 30, 2009 to June 30, 2012.

2) Concentration risks:

Financial instruments, which potentially subject the Fundación to concentrations of credit risk, consist principally of cash deposits. Cash is maintained in four (4) financial institutions. As of June 30, 2014 and 2013, the Fundación had approximately \$1,648,000 and \$782,000, respectively, in those banking institutions of which approximately \$1,399,000 and \$443,000 exceeded the limits of \$250,000 insured by the Federal Deposit Insurance Corporation (FDIC).

Current vulnerability due to certain concentrations with a particular grantor consists of a legislative appropriation and the contributions received under Act No. 290 (refer to note 8). During the years ended June 30, 2014 and 2013, the Legislative appropriation amounted to \$1,750,000 and \$1,000,000 for year 2014 and 2013, which represents approximately 63% and 51% of Fundación's contributions combined revenues, respectively. In addition, for the years ended June 30, 2014 and 2013, the Fundación received approximately \$413,000 and \$291,000 under Act No. 290, respectively, which represents 15% of Fundación's contributions, combined revenues for years 2014 and 2013.

The Fundación maintains in their cash balance an amount of \$373,490 as of June 30, 2014, that is held for specific purpose.

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

NOTES TO FINANCIAL STATEMENTS June 30, 2014 and 2013

3) Property and equipment:

As of June 30, 2014 and 2013, property and equipment consist of the following:

Description	2014	2013
Building	\$ 1,644,934	\$ 1,644,384
Building improvements	6,480	6,480
Furniture and fixtures	408,928	391,749
Machinery and equipment	363,852	343,369
Vehicle	35,045	33,645
	<u>2,459,239</u>	<u>2,419,627</u>
Less: Accumulated depreciation	<u>(1,826,522)</u>	<u>(1,730,223)</u>
	632,717	689,404
Plus:		
Land	906,609	906,609
Construction in progress	<u>6,905,071</u>	<u>5,921,082</u>
	<u>\$ 8,444,397</u>	<u>\$ 7,517,095</u>

4) Other assets:

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

5) Line of credit:

On May 9, 2013, the Fundación entered into a revolving line of credit facility with a financial institution in the amount of \$500,000. Amounts due under the line of credit bear interest at 2.0% over prime interest rate (3.25% as of June 30, 2014 and 2013). The line is intended to meet short-term financing needs of the Fundación. There was no amount outstanding as of June 30, 2014 and 2013.

On March 15, 2012, the Fundación had entered into a non-revolving credit facility in the amount of \$2,000,000. Those funds were used to partially finance costs related to the development and construction of the Fundación's visitors and education center. On November 24, 2013, the Fundación refinanced the outstanding balance on this facility into a term loan, as described in Note 6.

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

NOTES TO FINANCIAL STATEMENTS June 30, 2014 and 2013

6) Loan payable:

Loan payable represents a \$2,000,000, payable in fifteen (15) quarterly installments of \$133,333 plus accrued interest at 6.5%, commencing on January 5, 2015. The loan is collateralized with a pledge of the proceeds of funds granted under Act. No. 290, as described in Note 8. As described in Note 5, the proceeds of this loan were used to refinance the amounts due under a line of credit that was used as interim construction financing for the development and construction of the Fundación's visitors and educational center.

Maturities of principal under this loan are as follows:

<u>Year ending</u>	<u>Amount</u>
June 30, 2015	\$ 266,666
June 30, 2016	533,332
June 30, 2017	533,332
June 30, 2018	533,332
June 30, 2019	133,338
	<u>\$ 2,000,000</u>

Accrued interest as of June 30, 2014, aggregates \$77,639.

7) Temporarily restricted net assets:

As of June 30, 2014 and 2013, temporarily restricted net assets by purpose are as follows:

<u>Description</u>	<u>2014</u>	<u>2013</u>
Luis Muñoz Marín Historical Archive	\$ -	\$ 188,403
Operations	137,766	137,770
Greenhouse	42,394	42,394
	<u>\$ 180,160</u>	<u>\$ 368,567</u>

8) Contributions under Act No. 290:

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

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

As of June 30, 2014, the Fundación has complied with the condition of submitting the matching of funds documentation to GDB covering the fiscal years 2001-2007 and 2011-2013. As of June 30, 2014 and 2013, corresponding amounts of these fiscal years are pending to be collected.

For the years ended June 30, 2014 and 2013, amounts collected under the provisions of this Act were approximately \$314,000 and \$291,000, covering fiscal year 2012-2013 and 2011-2012, respectively. Those funds have been pledged as collateral under a loan payable as described in Note 6, and as such have been designated by the Board of Directors to be used for this purpose and for other development and construction cost of the Fundación's visitors and educational center.

Contributions are recorded as they are received since the collectability depends on the funds available in the special fund administered by GDB. The remaining balances of these special funds as of June 30, 2014 and 2013, which have not been reflected in the accompanying financial statements, aggregate approximately \$2,641,000 and \$2,202,000, respectively.

9) Contributed services:

Contributed services for the years ended June 30, 2014 and 2013 consist of the following:

Description	2014	2013
Public relations and advertising	\$ 118,498	\$ 225,116
Legal and accounting services	28,624	23,859
Individual contributors	55,308	39,182
Construction drawings	31,531	-
	<u>\$ 233,961</u>	<u>\$ 288,157</u>

10) Other operating support and revenues:

Other operating support and revenues for the years ended June 30, 2014 and 2013 consist of the following:

Description	2014	2013
Bookstore and souvenir shop net sales	\$ 36,588	\$ 38,014
Rent of facilities	19,975	14,825
	<u>\$ 56,563</u>	<u>\$ 52,839</u>

11) Supplemental information to the statements of cash flows:

During the years ended June 30, 2014 and 2013, interest payments amounted to approximately \$35,500 and \$26,400.

12) Subsequent events:

Management has evaluated subsequent events through October 30, 2014, the date the financial statements were available to be issued.

4161.



8 de diciembre de 2014

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Lcda. Tania Barbarossa
Secretaria
Senado de Puerto Rico
Apartado Postal 9023431
San Juan de Puerto Rico 00902-3431

Apreciada señora Presidenta:

En cumplimiento de la sección 4 de la Ley #68 del 3 de julio de 1986 (3 L.P.R.A Sección 22 nota), me complace adjuntarle copia de los estados financieros de la Fundación Luis Muñoz Marín para el año fiscal 2013-2014 auditados por la firma RSM ROC & Company.

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

Muy cordialmente,

Linda Hernández Rosado
Directora Ejecutiva
Fundación Luis Muñoz Marín

Anejo

Archivo Histórico
Centro de Visitantes
Parque Doña Inés
Casa Museo

JUNTA DE DIRECTORES

MARISARA PONT MARCHESE
Presidenta

EMILIO E. PIÑERO FERRER
Vicepresidente

KAROLEE GARCÍA FIGUEROA
Tesorera

JAVIER L. BONNÍN OROZCO
Secretario

MELBA I. ACOSTA FEBO
FRANK C. ASTOR CASALDUC
SALVADOR CASELLAS TORO
VICTORIA COUGHLIN MARÍN
DIEGO R. FIGUEROA RODRÍGUEZ
ANTONIO GARCÍA PADILLA
VÍCTOR L. MENA RIVERA
EDUARDO NEGRÓN MÉNDEZ
CARLOS OLIVENCIA GAYÁ
MANUEL PAPADAKIS MUÑOZ
FERNANDO PICÓ, S.J.
ISABEL PICÓ VIDAL
EUGENIO TORRES OYOLA
LINDA HERNÁNDEZ ROSADO
Directora Ejecutiva



RSM ROC & Company

Certified Public Accountants & Consultants

Fundación Luis Muñoz Marín, Inc.

Financial Statements
June 30, 2014 and 2013



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RSM ROC & Company
Certified Public Accountants & Consultants

RSM ROC & Company
PO Box 10528
San Juan, PR 00922-0528
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Fundación Luis Muñoz Marín, Inc. (a non-for-profit Puerto Rico Corporation) (the Foundation), which comprise the balance sheets as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fundación Luis Muñoz Marín, Inc. as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

San Juan, Puerto Rico
October 30, 2014.



Stamp No. E138113 was affixed to
the original of this report.

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

BALANCE SHEETS

June 30, 2014 and 2013

	2014	2013
ASSETS		
CURRENT ASSETS:		
Cash, including cash on hold of \$373,490 in 2014	\$ 1,679,694	\$ 837,987
Contributions receivable	64,394	56,775
Prepaid expenses	24,317	15,183
	<u>1,768,405</u>	<u>909,945</u>
PROPERTY AND EQUIPMENT, net	8,444,397	7,517,095
OTHER ASSETS	14,387	14,387
	<u>\$ 10,227,189</u>	<u>\$ 8,441,427</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Non revolving line of credit	\$ -	\$ 1,031,539
Loan payable	2,000,000	-
Accounts payable and accrued expenses	632,546	604,458
	<u>2,632,546</u>	<u>1,635,997</u>
NET ASSETS:		
Unrestricted-		
Available for operations	6,844,757	6,027,657
Board designated	569,726	409,206
	<u>7,414,483</u>	<u>6,436,863</u>
Temporarily restricted	180,160	368,567
	<u>7,594,643</u>	<u>6,805,430</u>
	<u>\$ 10,227,189</u>	<u>\$ 8,441,427</u>

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

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

STATEMENTS OF ACTIVITIES

For the years ended June 30, 2014 and 2013

	2014		2013		Total	Temporarily Restricted	Unrestricted	Temporarily	Total
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily					
OPERATING SUPPORT AND REVENUES:									
Legislative appropriations	\$ 1,750,000	-	\$ 1,750,000	\$ -	\$ 1,750,000	-	\$ -	\$ 1,000,000	\$ 1,000,000
Contributions under Act No. 290	413,354	-	413,354	-	413,354	-	-	291,262	291,262
Contributions from corporations and private institutions, including contributed services	239,132	-	239,132	-	239,132	-	-	304,475	304,475
Contributions from individuals	86,888	-	86,888	-	86,888	-	-	54,742	54,742
Interest	3,672	-	3,672	-	3,672	-	2,529	3,832	3,832
Special projects and other	281,642	-	281,642	-	281,642	-	-	315,565	315,565
Net assets released from restrictions	188,407	(188,407)	-	(188,407)	-	(188,407)	(528,384)	-	-
	<u>2,963,095</u>	<u>(188,407)</u>	<u>2,774,688</u>	<u>(188,407)</u>	<u>2,774,688</u>	<u>(188,407)</u>	<u>(525,855)</u>	<u>2,495,731</u>	<u>1,969,876</u>
OPERATING EXPENSES:									
Program services:									
Luis Muñoz Marín archives	200,624	-	200,624	-	200,624	-	-	152,724	152,724
Gardens	99,130	-	99,130	-	99,130	-	-	85,204	85,204
Museum and exhibitions	369,330	-	369,330	-	369,330	-	-	379,557	379,557
Educational activities and special projects	180,328	-	180,328	-	180,328	-	-	173,580	173,580
Arboretum	328,254	-	328,254	-	328,254	-	-	251,005	251,005
Publications	88,675	-	88,675	-	88,675	-	-	93,515	93,515
Digitalization	184,706	-	184,706	-	184,706	-	-	217,062	217,062
	<u>1,451,047</u>	<u>-</u>	<u>1,451,047</u>	<u>-</u>	<u>1,451,047</u>	<u>-</u>	<u>-</u>	<u>1,352,647</u>	<u>1,352,647</u>

Continues...

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

STATEMENTS OF ACTIVITIES

For the years ended June 30, 2014 and 2013

	2014		2013		
	Unrestricted	Temporarily Restricted	Total	Temporarily Restricted	Total
Continued...					
Supporting services:					
General and administrative	\$ 380,946	-	\$ 380,946	\$ -	\$ 189,906
Fundraising	153,482	-	153,482	-	158,340
	534,428	-	534,428	-	348,246
	1,985,475	-	1,985,475	-	1,700,893
INCREASE (DECREASE) IN NET ASSETS	977,620	(188,407)	789,213	(525,855)	268,983
NET ASSETS, beginning of year	6,436,863	368,567	6,805,430	894,422	6,536,447
NET ASSETS, end of year	\$ 7,414,483	\$ 180,160	\$ 7,594,643	\$ 368,567	\$ 6,805,430

The accompanying notes are an integral part of these statements.

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 789,213	\$ 268,983
Adjustments to reconcile increase in net assets to net cash provided by operating activities-		
Depreciation expense	96,301	100,750
Changes in assets and liabilities-		
(Increase) decrease in assets:		
Contributions receivable	(7,619)	(40,563)
Prepayments	(9,134)	(3,826)
Other assets	-	(100)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	28,088	514,648
Net cash provided by operating activities	<u>896,849</u>	<u>839,892</u>
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to property and equipment	<u>(1,023,603)</u>	<u>(2,710,992)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Payments) advances from line of credit	(1,031,539)	1,031,539
Proceeds from loan payable	2,000,000	-
	<u>968,461</u>	<u>1,031,539</u>
NET INCOME INCREASE (DECREASE) IN CASH	841,707	(839,561)
CASH, beginning of year	837,987	1,677,548
CASH, end of year	\$ <u>1,679,694</u>	\$ <u>837,987</u>

The accompanying notes are an integral part of these statements.

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

1) Organization and summary of significant accounting policies:

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

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

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

Gardens – In accordance with Luis Muñoz Marín's last will, the Fundación maintains in its original state the property of approximately four "acres" where his family resided since 1946 and where the Fundación's facilities are located. This property serves as the site for varieties of over thirty (30) different trees, and a diversity of collections of plants and flowers, which serve as an urban forest for the enjoyment of the general public, and to enhance the environment in the metropolitan area.

Museums and Exhibitions – Various edifications within the Fundación premises have been converted into museums and exhibition area. Museum facilities include the Muñoz-Mendoza residence since 1946, the Luis Muñoz Marín office and library, as well as the "bohío" or meeting place. Exhibition rooms include the Luis Muñoz Marín and Inés María Mendoza halls and carriage-house. These facilities are open to the general public.

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

Educational Activities and Special Projects – The Fundación commemorates annually the birthdays of Luis Muñoz Marín, Luis Muñoz Rivera, and since 1991, Inés María Mendoza de Muñoz Marín. In addition to the cultural activities derived from these annual commemorations, the Fundación is also involved in other educational and cultural initiatives.

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

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

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

NOTES TO FINANCIAL STATEMENTS June 30, 2014 and 2013

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

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

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

As of June 30, 2014 and 2013, the Fundación's net assets are classified as unrestricted and temporarily restricted.

Accounting estimates – The preparation of 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 disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

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

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

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

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

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

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

Long-lived assets – Management reviews the carrying value of long-lived assets in circumstances that indicated that the carrying value of such assets may not be recoverable. Measurement of the impairment loss is based on the fair value of the asset. Generally, fair value will be determined using the present value of expected future cash flows. No impairment loss was recognized during the years ended June 30, 2014 and 2013.

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

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

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

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

Advertising costs and public relations – The Fundación follows the policy of charging advertising and public relations costs to operations as incurred. During the years ended June 30, 2014 and 2013, advertising and public relations costs amounted to approximately \$177,000 and \$215,000, respectively.

Conditional promises to give – As of June 30, 2014 and 2013, the Fundación had received conditional promises to give from the Government Development Bank for Puerto Rico, aggregating approximately \$413,000 and \$291,000, respectively, which is contingent upon the Fundación's raising matching private contribution funds. The conditional promise to give is subject to the amount collected by the Commonwealth of Puerto Rico related to the excise taxes on tobacco sales and the number of institutions that qualify to receive the funds.

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

Accounting principles generally accepted in the United States of America require Fundación's management to evaluate tax positions taken and recognize a tax liability or asset if the Fundación has taken an uncertain position that more likely than not would not be sustained upon examination of taxing authorities. Management evaluated the tax position taken by the Fundación and concluded that the Fundación as of June 30, 2014 had maintained its tax exempt status and had taken no uncertain tax positions that would require adjustment or disclosures to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

All tax returns through fiscal year June 30, 2013 have been appropriately filed by the Fundación. The Fundación's open audit periods are fiscal years ended June 30, 2009 to June 30, 2012.

2) Concentration risks:

Financial instruments, which potentially subject the Fundación to concentrations of credit risk, consist principally of cash deposits. Cash is maintained in four (4) financial institutions. As of June 30, 2014 and 2013, the Fundación had approximately \$1,648,000 and \$782,000, respectively, in those banking institutions of which approximately \$1,399,000 and \$443,000 exceeded the limits of \$250,000 insured by the Federal Deposit Insurance Corporation (FDIC).

Current vulnerability due to certain concentrations with a particular grantor consists of a legislative appropriation and the contributions received under Act No. 290 (refer to note 8). During the years ended June 30, 2014 and 2013, the Legislative appropriation amounted to \$1,750,000 and \$1,000,000 for year 2014 and 2013, which represents approximately 63% and 51% of Fundación's contributions combined revenues, respectively. In addition, for the years ended June 30, 2014 and 2013, the Fundación received approximately \$413,000 and \$291,000 under Act No. 290, respectively, which represents 15% of Fundación's contributions, combined revenues for years 2014 and 2013.

The Fundación maintains in their cash balance an amount of \$373,490 as of June 30, 2014, that is held for specific purpose.

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

NOTES TO FINANCIAL STATEMENTS June 30, 2014 and 2013

3) Property and equipment:

As of June 30, 2014 and 2013, property and equipment consist of the following:

Description	2014	2013
Building	\$ 1,644,934	\$ 1,644,384
Building improvements	6,480	6,480
Furniture and fixtures	408,928	391,749
Machinery and equipment	363,852	343,369
Vehicle	35,045	33,645
	<u>2,459,239</u>	<u>2,419,627</u>
Less: Accumulated depreciation	<u>(1,826,522)</u>	<u>(1,730,223)</u>
	632,717	689,404
Plus:		
Land	906,609	906,609
Construction in progress	<u>6,905,071</u>	<u>5,921,082</u>
	<u>\$ 8,444,397</u>	<u>\$ 7,517,095</u>

4) Other assets:

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

5) Line of credit:

On May 9, 2013, the Fundación entered into a revolving line of credit facility with a financial institution in the amount of \$500,000. Amounts due under the line of credit bear interest at 2.0% over prime interest rate (3.25% as of June 30, 2014 and 2013). The line is intended to meet short-term financing needs of the Fundación. There was no amount outstanding as of June 30, 2014 and 2013.

On March 15, 2012, the Fundación had entered into a non-revolving credit facility in the amount of \$2,000,000. Those funds were used to partially finance costs related to the development and construction of the Fundación's visitors and education center. On November 24, 2013, the Fundación refinanced the outstanding balance on this facility into a term loan, as described in Note 6.

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

6) Loan payable:

Loan payable represents a \$2,000,000, payable in fifteen (15) quarterly installments of \$133,333 plus accrued interest at 6.5%, commencing on January 5, 2015. The loan is collateralized with a pledge of the proceeds of funds granted under Act. No. 290, as described in Note 8. As described in Note 5, the proceeds of this loan were used to refinance the amounts due under a line of credit that was used as interim construction financing for the development and construction of the Fundación's visitors and educational center.

Maturities of principal under this loan are as follows:

<u>Year ending</u>	<u>Amount</u>
June 30, 2015	\$ 266,666
June 30, 2016	533,332
June 30, 2017	533,332
June 30, 2018	533,332
June 30, 2019	133,338
	<u>\$ 2,000,000</u>

Accrued interest as of June 30, 2014, aggregates \$77,639.

7) Temporarily restricted net assets:

As of June 30, 2014 and 2013, temporarily restricted net assets by purpose are as follows:

<u>Description</u>	<u>2014</u>	<u>2013</u>
Luis Muñoz Marín Historical Archive	\$ -	\$ 188,403
Operations	137,766	137,770
Greenhouse	42,394	42,394
	<u>\$ 180,160</u>	<u>\$ 368,567</u>

8) Contributions under Act No. 290:

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

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

As of June 30, 2014, the Fundación has complied with the condition of submitting the matching of funds documentation to GDB covering the fiscal years 2001-2007 and 2011-2013. As of June 30, 2014 and 2013, corresponding amounts of these fiscal years are pending to be collected.

For the years ended June 30, 2014 and 2013, amounts collected under the provisions of this Act were approximately \$314,000 and \$291,000, covering fiscal year 2012-2013 and 2011-2012, respectively. Those funds have been pledged as collateral under a loan payable as described in Note 6, and as such have been designated by the Board of Directors to be used for this purpose and for other development and construction cost of the Fundación's visitors and educational center.

Contributions are recorded as they are received since the collectability depends on the funds available in the special fund administered by GDB. The remaining balances of these special funds as of June 30, 2014 and 2013, which have not been reflected in the accompanying financial statements, aggregate approximately \$2,641,000 and \$2,202,000, respectively.

9) Contributed services:

Contributed services for the years ended June 30, 2014 and 2013 consist of the following:

Description	2014	2013
Public relations and advertising	\$ 118,498	\$ 225,116
Legal and accounting services	28,624	23,859
Individual contributors	55,308	39,182
Construction drawings	31,531	-
	<u>\$ 233,961</u>	<u>\$ 288,157</u>

10) Other operating support and revenues:

Other operating support and revenues for the years ended June 30, 2014 and 2013 consist of the following:

Description	2014	2013
Bookstore and souvenir shop net sales	\$ 36,588	\$ 38,014
Rent of facilities	19,975	14,825
	<u>\$ 56,563</u>	<u>\$ 52,839</u>

11) Supplemental information to the statements of cash flows:

During the years ended June 30, 2014 and 2013, interest payments amounted to approximately \$35,500 and \$26,400.

12) Subsequent events:

Management has evaluated subsequent events through October 30, 2014, the date the financial statements were available to be issued.