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Sr. Manuel A. Torres Nieves
Secretario
Senado de Puerto Rico



El Capitolio
P.O. Box 9023431
San Juan, Puerto Rico 00902-3431

REFERIDO A:

____ Comisión de Hacienda

____ Comisión de Gobierno y
Asuntos Laborales

____ Comisión de Asuntos Federales
y del Consumidor

____ Comisión de Reglas y Calendarios

____ Comisión de Asuntos Municipales
y Financieros

____ Comisión de Salud y Asuntos
de la Mujer

____ Comisión de Educación, Juventud,
Cultura y Deportes

____ Comisión de Comercio, Turismo,
Urbanismo e Infraestructura

____ Comisión de Agricultura, Recursos
Naturales y Asuntos Ambientales

____ Comisión de lo Jurídico y
Seguridad Pública



FUNDACIÓN
LUIS MUÑOZ MARÍN

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2007 FEB -2 PM 2:03

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Antonio Sosa Pascual
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23 de enero de 2009

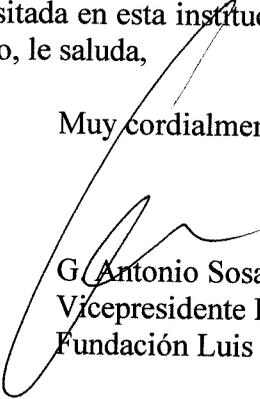
Señor
Don Manuel Torres Nieves
Secretario
Senado de Puerto Rico
Apartado Postal 9023431
San Juan de Puerto Rico 00902-3431

Apreciado señor Secretario:

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 2007-2008 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,


G. Antonio Sosa Pascual
Vicepresidente Ejecutivo
Fundación Luis Muñoz Marín

Anejo





RSM! ROC & Company

Certified Public Accountants & Consultants

Fundación Luis Muñoz Marín, Inc.

Financial Statements
June 30, 2008 and 2007



RSM ROC & Company

Certified Public Accountants & Consultants

RSM ROC & Company
PO Box 10528
San Juan, PR 00922-0528
787.751.6164 F 787.759.7479
www.rocpr.net

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying balance sheets of Fundación Luis Muñoz Marín, Inc., (the Foundation) (a Puerto Rico not-for-profit corporation) as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Fundación's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Fundación's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Fundación Luis Muñoz Marín, Inc. as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

San Juan, Puerto Rico
November 12, 2008.

RSM ROC & Company

Stamp No. 2363242 was affixed to
the original of this report.



FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

BALANCE SHEETS June 30, 2008 and 2007

	2008	2007
ASSETS		
CURRENT ASSETS:		
Cash	\$ 1,061,370	\$ 946,493
Certificates of deposit	3,550,000	3,399,622
Accounts Receivable- Interest	28,975	-
Other	13,995	-
Contributions receivable, net of allowance for doubtful accounts of \$66,667 in 2007	-	250,000
Prepaid expenses	6,888	10,720
	<u>4,661,228</u>	<u>4,606,835</u>
PROPERTY AND EQUIPMENT, net	2,117,936	2,221,135
OTHER ASSETS	<u>14,287</u>	<u>14,287</u>
	<u>\$ 6,793,451</u>	<u>\$ 6,842,257</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 40,962	\$ 3,892
Accrued expenses	152,354	151,523
	<u>193,316</u>	<u>155,415</u>
NET ASSETS:		
Unrestricted	2,392,776	2,587,727
Temporarily restricted	4,207,359	4,099,115
	<u>6,600,135</u>	<u>6,686,842</u>
	<u>\$ 6,793,451</u>	<u>\$ 6,842,257</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, 2008 and 2007

	2008		2007			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
OPERATING SUPPORT AND REVENUES:						
Legislative appropriations	\$ 1,000,000	-	\$ 1,000,000	\$ 1,000,000	-	\$ 1,000,000
Contributions from corporations and private institutions, including contributed services	174,577	-	174,577	222,848	-	222,848
Contributions from individuals	148,885	-	148,885	9,606	-	9,606
Interest	5,682	160,994	166,676	20,666	187,095	207,761
Special projects and other	225,348	-	225,348	178,065	-	178,065
Net assets released from restrictions	52,750	(52,750)	-	220,261	(220,261)	-
	<u>1,607,242</u>	<u>108,244</u>	<u>1,715,486</u>	<u>1,651,446</u>	<u>(33,166)</u>	<u>1,618,280</u>
OPERATING EXPENSES:						
Program services:						
Luis Muñoz Marín archives	438,126	-	438,126	322,594	-	322,594
Gardens	120,392	-	120,392	105,848	-	105,848
Museum and exhibitions	196,804	-	196,804	188,026	-	188,026
Educational activities and special projects	261,486	-	261,486	145,990	-	145,990
Arboretum	460,499	-	460,499	388,155	-	388,155
Publications	91,621	-	91,621	85,147	-	85,147
	<u>1,568,928</u>	<u>-</u>	<u>1,568,928</u>	<u>1,235,760</u>	<u>-</u>	<u>1,235,760</u>

Continues...

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

STATEMENTS OF ACTIVITIES

For the years ended June 30, 2008 and 2007

...Continued

	2008		2007			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Supporting services:						
General and administrative	187,426	-	187,426	198,344	-	198,344
Fund raising	45,839	-	45,839	41,481	-	41,481
	<u>233,265</u>	<u>-</u>	<u>233,265</u>	<u>239,825</u>	<u>-</u>	<u>239,825</u>
	<u>1,802,193</u>	<u>-</u>	<u>1,802,193</u>	<u>1,475,585</u>	<u>-</u>	<u>1,475,585</u>
INCREASE (DECREASE) IN NET ASSETS	(194,951)	108,244	(86,707)	175,861	(33,166)	142,695
NET ASSETS, beginning of year	2,587,727	4,099,115	6,686,842	2,411,866	4,132,281	6,544,147
NET ASSETS, end of year	\$ 2,392,776	\$ 4,207,359	\$ 6,600,135	\$ 2,587,727	\$ 4,099,115	\$ 6,686,842

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, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (86,707)	\$ 142,695
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities-		
Depreciation	111,023	123,301
Loss on disposal of equipment	-	1,549
Interest accretion in certificates of deposit	-	49,622
Changes in assets and liabilities-		
(Increase) decrease in assets:		
Interest receivable	(28,975)	-
Other receivable	(13,995)	-
Contributions receivable	250,000	250,000
Prepayments	3,832	(3,089)
Increase (decrease) in liabilities:		
Accounts payable	37,070	(9,117)
Accrued expenses	831	38,284
Net cash provided by operating activities	<u>273,079</u>	<u>593,245</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Redemption of certificates of deposit	149,622	-
Investment in certificates of deposit	(300,000)	(435,035)
Additions to property and equipment	<u>(7,824)</u>	<u>(147,585)</u>
Net cash used in investing activities	<u>(158,202)</u>	<u>(582,620)</u>
NET INCREASE IN CASH	114,877	10,625
CASH, beginning of year	<u>946,493</u>	<u>935,868</u>
CASH, end of year	<u>\$ 1,061,370</u>	<u>\$ 946,493</u>

The accompanying notes are an integral part of these statements.

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

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.

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 509 (a)(1), 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.

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

Luis Muñoz Marín 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 Chairman of the Popular Democratic Party from 1938 to 1960, President from 1941 to 1949 and member of the Puerto Rican Senate on five occasions, and 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 and the Fundación's facilities are located. This property serves as the site for varieties of over thirty 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 beginning in 1991, Inés María Mendoza de Muñoz Marín. In addition to the cultural activities derived from these annual commemorations, the Fundación is also involved in various 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.

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

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.

- B) Summary of significant accounting policies – The accounting policies used by the Fundación conform to predominant industry practices and follow accounting principles generally accepted in the United States of America. The following summarizes the most significant accounting policies:

Basis of presentation – The accompanying financial statements have been prepared in accordance with the provisions of Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations", which requires that all not-for-profit organizations present a balance sheet, a statement of activities, and a statement of cash flows. The statement also requires that the classification of the net assets be reported in one of the three categories as follows: unrestricted, temporarily restricted and permanently restricted net assets. As of June 30, 2008 and 2007, 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.

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

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

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

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.

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 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.

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.

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, 2008 and 2007, advertising and public relations costs amounted to approximately \$76,000 and \$60,000, respectively.

2) Concentrations risks:

Financial instruments, which potentially subject the Fundación to concentrations of credit risk, consist principally of cash deposits. As of June 30, 2008 and 2007, the Fundación had its cash deposited in three (3) highly credited financial institutions, exceeding the Federal Deposit Insurance Corporation (FDIC) guaranty of \$100,000. The amount, by which cash deposits exceeded the amount insured by the FDIC as of June 30, 2008 and 2007 aggregated approximately \$4,370,000 and \$4,087,000, respectively.

Current vulnerability due to certain concentrations with a particular grantor consists of a legislative appropriation. During the years ended June 30, 2008 and 2007, the Fundación was mainly supported by a legislative appropriation of \$1,000,000 from one grantor, which represented approximately 75% and 80%, respectively, of the Fundación's contributions combined revenues.

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

3) Contributions receivable:

As of June 30, 2008, the Fundación did not recognize any contributions receivable. As of June 30, 2007, the Fundación recognized as contributions receivable various unconditional promises to give from government entities and private corporations of \$250,000.

Description	2008	2007
Less than one year	\$ -	\$ 250,000

4) Property and equipment:

As of June 30, 2008 and 2007, property and equipment consist of the following:

Description	2008	2007
Building	\$ 1,612,090	\$ 1,612,090
Building improvements	6,480	6,480
Furniture and fixtures	292,354	285,598
Machinery and equipment	291,699	290,631
Vehicle	26,675	26,675
	<u>2,229,298</u>	<u>2,221,474</u>
Less: Accumulated depreciation	<u>(1,229,571)</u>	<u>(1,118,548)</u>
	999,727	1,102,926
Plus:		
Land	906,609	906,609
Construction in progress	211,600	211,600
	<u>\$ 2,117,936</u>	<u>\$ 2,221,135</u>

5) Other assets:

The Fundación's collections consists 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. There were no purchases or sales of collections items during the years ended June 30, 2008 and 2007.

FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

NOTES TO FINANCIAL STATEMENTS June 30, 2008 and 2007

6) Line of credit:

As of June 30, 2008 and 2007, the Fundación has an available line of credit amounting to \$100,000, bearing interest at 1.0% over prime interest rate (as of June 30, 2008 and 2007, 5.00% and 8.25%, respectively). No balance was outstanding as of June 30, 2008 and 2007.

7) Temporarily restricted net assets:

As of June 30, 2008 and 2007, temporarily restricted net assets by purpose are as follows:

Description	2008	2007
Construction of visitors and educational center	\$ 3,202,152	\$ 3,076,348
Centennial of Inés M. Mendoza's birth	100,211	100,000
Luis Muñoz Marín Historical Archive	771,161	788,933
Operations	133,834	133,834
	<u>\$ 4,207,359</u>	<u>\$ 4,099,115</u>

8) Contributed services:

Contributed services for the years ended June 30, 2008 and 2007, consist of the following:

Description	2008	2007
Public relations and advertising	\$ 95,590	\$ 73,688
Legal and accounting services	8,987	29,100
	<u>\$ 104,577</u>	<u>\$ 102,788</u>

9) Other operating support and revenues:

Other operating support and revenues for the years ended June 30, 2008 and 2007, consist of the following:

Description	2008	2007
Bookstore and souvenir shop net sales	\$ 35,112	\$ 33,300
Rent of facilities	3,223	3,912
	<u>\$ 38,335</u>	<u>\$ 37,212</u>

10) Supplemental information to the statements of cash flows:

During the years ended June 30, 2008 and 2007, there were no interest payments.

