



*Secretaría*

**MIGUEL A. TORRES NIEVES**

*Miguel A. Torres Nieves*  
D. SENADO

- Ver al dorso
- Para su información
- Notas
- Para mantenerle al día
- Expediente
- Dar Cuenta
- Registrar y Procesar

*Senado*  
DE PUERTO RICO

EL CAPITOLIO  
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## REFERIDO A:

### COMISIONES PERMANENTES

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- Hacienda
- Gobierno
- Seguridad Pública y Judicatura
- Salud
- Educación y Asuntos de la Familia
- Desarrollo Económico y Planificación
- Urbanismo e Infraestructura
- Jurídico Penal
- Jurídico Civil
- Agricultura
- Recursos Naturales y Ambientales
- Comercio y Cooperativismo
- Turismo y Cultura
- Trabajo, Asuntos del Veterano y Recursos Humanos
- Bienestar Social
- Asuntos Municipales
- Recreación y Deportes
- Banca, Asuntos del Consumidor y Corporaciones Públicas
- Desarrollo de la Región del Oeste de la Montaña
- Asuntos de la Mujer
- Asuntos Internos
- Reglas y Calendario
- Asuntos Federales
- Ética

### COMISIONES ESPECIALES

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

### COMISIONES CONJUNTAS

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- 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



FUNDACIÓN  
LUIS MUÑOZ MARÍN

RECIBIDO SECRETARIA  
SENADO DE P.R.

2010 JAN 11 AM 11:18

Junta de Directores

Emilio E. Piñero Ferrer  
Presidente

Héctor Jiménez Juarbe  
Vicepresidente

Eduardo J. Negrón Méndez  
Tesorero

Víctor L. Mena Rivera  
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Javier L. Bonnín Orozco  
Salvador Casellas Toro  
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Isabel Picó Vidal  
Marisara Pont Marchese  
Pedro Ray  
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Ingrid Vila Biaggi

Antonio Sosa Pascual  
Vicepresidente Ejecutivo

José Roberto Martínez Ramírez  
Director Académico

15 de diciembre de 2009

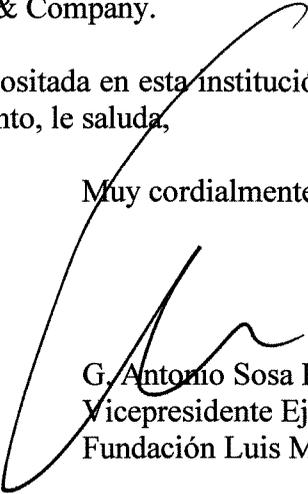
Sr. Manuel Torres Nieves  
Secretario  
Senado de Puerto Rico  
Apartado Postal 9023431  
San Juan de Puerto Rico 00902-3431

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 2008-2009 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, 2009 and 2008



# RSM ROC & Company

Certified Public Accountants & Consultants

RSM ROC & Company  
PO Box 10528  
San Juan, PR 00922-0528  
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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, 2009 and 2008, 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, 2009 and 2008, 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  
October 23, 2009.



Stamp No. 2450514 was affixed to  
the original of this report.

# FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

## BALANCE SHEETS June 30, 2009 and 2008

	2009	2008
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 2,272,796	\$ 1,061,370
Certificates of deposit	2,100,000	3,550,000
Accounts Receivable- Interest	62,125	28,975
Other	-	13,995
Prepaid expenses	6,636	6,888
	<u>4,441,557</u>	<u>4,661,228</u>
<b>PROPERTY AND EQUIPMENT, net</b>	<b>2,142,666</b>	<b>2,117,936</b>
<b>OTHER ASSETS</b>	<u>16,162</u>	<u>14,287</u>
	<u>\$ 6,600,385</u>	<u>\$ 6,793,451</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 23,381	\$ 40,962
Accrued expenses	157,012	152,354
	<u>180,393</u>	<u>193,316</u>
<b>NET ASSETS:</b>		
Unrestricted	2,306,329	2,392,776
Temporarily restricted	4,113,663	4,207,359
	<u>6,419,992</u>	<u>6,600,135</u>
	<u>\$ 6,600,385</u>	<u>\$ 6,793,451</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, 2009 and 2008

	2009		2008			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>OPERATING SUPPORT AND REVENUES:</b>						
Legislative appropriations	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -	\$ 1,000,000
Contributions from corporations and private institutions, including contributed services	170,538	-	170,538	174,577	-	174,577
Contributions from individuals	143,522	-	143,522	148,885	-	148,885
Interest	2,825	130,635	133,460	5,682	160,994	166,676
Special projects and other	346,485	-	346,485	225,348	-	225,348
Net assets released from restrictions	224,331	(224,331)	-	52,750	(52,750)	-
	<u>1,887,701</u>	<u>(93,696)</u>	<u>1,794,005</u>	<u>1,607,242</u>	<u>108,244</u>	<u>1,715,486</u>
<b>OPERATING EXPENSES:</b>						
Program services:						
Luis Muñoz Marín archives	545,213	-	545,213	438,126	-	438,126
Gardens	129,469	-	129,469	120,392	-	120,392
Museum and exhibitions	215,306	-	215,306	196,804	-	196,804
Educational activities and special projects	315,209	-	315,209	261,486	-	261,486
Arboretum	414,909	-	414,909	460,499	-	460,499
Publications	116,858	-	116,858	91,621	-	91,621
	<u>1,736,964</u>	<u>-</u>	<u>1,736,964</u>	<u>1,568,928</u>	<u>-</u>	<u>1,568,928</u>

Continues...

# FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

## STATEMENTS OF ACTIVITIES

For the years ended June 30, 2009 and 2008

...Continued

	2009		2008	
	Unrestricted	Temporarily Restricted	Total	Temporarily Restricted
Supporting services:				
General and administrative	172,877	-	172,877	187,426
Fund raising	64,307	-	64,307	45,839
	<u>237,184</u>	<u>-</u>	<u>237,184</u>	<u>233,265</u>
	<u>1,974,148</u>	<u>-</u>	<u>1,974,148</u>	<u>1,802,193</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(86,447)</b>	<b>(93,696)</b>	<b>(180,143)</b>	<b>108,244</b>
<b>NET ASSETS, beginning of year</b>	<u>2,392,776</u>	<u>4,207,359</u>	<u>6,600,135</u>	<u>4,099,115</u>
<b>NET ASSETS, end of year</b>	<u>\$ 2,306,329</u>	<u>\$ 4,113,663</u>	<u>\$ 6,419,992</u>	<u>\$ 4,207,359</u>
				<u>\$ 6,600,135</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, 2009 and 2008

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Decrease in net assets	\$ (180,143)	\$ (86,707)
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities-		
Depreciation	80,285	111,023
Changes in assets and liabilities-		
(Increase) decrease in assets:		
Interest receivable	(33,150)	(28,975)
Other receivable	13,995	(13,995)
Contributions receivable	-	250,000
Prepayments	252	3,832
Increase (decrease) in liabilities:		
Accounts payable	(17,581)	37,070
Accrued expenses	4,658	831
Net cash (used in) provided by operating activities	<u>(131,684)</u>	<u>273,079</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Redemption of certificates of deposit	1,450,000	149,622
Investment in certificates of deposit	-	(300,000)
Additions to property and equipment	(105,015)	(7,824)
Additions to other assets	<u>(1,875)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>1,343,110</u>	<u>(158,202)</u>
<b>NET INCREASE IN CASH</b>	<b>1,211,426</b>	<b>114,877</b>
<b>CASH, beginning of year</b>	<u>1,061,370</u>	<u>946,493</u>
<b>CASH, end of year</b>	<u><u>\$ 2,272,796</u></u>	<u><u>\$ 1,061,370</u></u>

The accompanying notes are an integral part of these statements.

# FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

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### 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, 2009 and 2008

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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, 2009 and 2008, 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, 2009 and 2008

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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.

Long-lived assets – The Fundación follows the provisions of Statement of Financial Accounting Standards (SFAS) No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. Accordingly, 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, 2009 and 2008.

Fair value measurements – In September 2006, the Financial Accounting Standard Board issued Statement No. 157, *Fair Value Measurements* (SFAS 157). This statement establishes a framework for measuring fair value under accounting principles generally accepted in the United States of America (US GAAP), and expands the definition about fair value and how it is measured. The provisions of SFAS 157 require accounting pronouncements to use the valuation techniques promulgated under the new standard. Accordingly, SFAS 157 does not require any new fair value measurement. SFAS 157 was effective for financial statements issued for fiscal years beginning after November 15, 2007. However, in February 2008, the FASB issued FASB Staff Position No. 157-2, *Effective Date of FASB Statement No. 157, "Fair Value Measurement"*, which delayed the effective date of SFAS 157 until fiscal years beginning after November 15, 2008, for all fair value measurements of all nonfinancial assets and nonfinancial liabilities except for items that are recognized or disclosed at fair value on the financial statements on a recurring basis.

The Fundación's management is currently evaluating the impact, if any, that this new pronouncement will have in the Fundación's financial statements

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.

# FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

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, 2009 and 2008, advertising and public relations costs amounted to approximately \$135,000 and \$76,000, respectively.

Conditional promises to give – As of June 30, 2009, the Fundación had received conditional promises to give from the Government Development Bank for Puerto Rico, aggregating approximately \$362,000 that are 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.

### 2) Concentrations risks:

Financial instruments, which potentially subject the Fundación to concentrations of credit risk, consist principally of cash deposits. As of June 30, 2009 and 2008, the Fundación had its cash deposited in three (3) highly credited financial institutions, exceeding the Federal Deposit Insurance Corporation (FDIC) guaranty of \$250,000 and \$100,000, respectively. The amount, by which cash deposits exceeded the amount insured by the FDIC as of June 30, 2009 and 2008 aggregated approximately \$3,830,000 and \$4,370,000, respectively.

Current vulnerability due to certain concentrations with a particular grantor consists of a legislative appropriation. During the years ended June 30, 2009 and 2008, the Fundación was mainly supported by a legislative appropriation of \$1,000,000 from one grantor, which represented approximately 60% and 75%, respectively, of the Fundación's contributions combined revenues.

### 3) Property and equipment:

As of June 30, 2009 and 2008, property and equipment consist of the following:

Description	2009	2008
Building	\$ 1,615,514	\$ 1,612,090
Building improvements	6,480	6,480
Furniture and fixtures	347,547	292,354
Machinery and equipment	291,699	291,699
Vehicle	26,675	26,675
	<u>2,287,915</u>	<u>2,229,298</u>
Less: Accumulated depreciation	<u>(1,309,856)</u>	<u>(1,229,571)</u>
	978,059	999,727
Plus:		
Land	906,609	906,609
Construction in progress	<u>257,998</u>	<u>211,600</u>
	<u>\$ 2,142,666</u>	<u>\$ 2,117,936</u>

# FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

**4) 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, 2009 and 2008.

**5) Line of credit:**

As of June 30, 2009 and 2008, 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, 2009 and 2008, 3.25% and 5.00%, respectively). No balance was outstanding as of June 30, 2009 and 2008.

**6) Temporarily restricted net assets:**

As of June 30, 2009 and 2008, temporarily restricted net assets by purpose are as follows:

Description	2009	2008
Construction of visitors and educational center	\$ 3,263,689	\$ 3,202,152
Centennial of Inés M. Mendoza's birth	58,380	100,212
Luis Muñoz Marín Historical Archive	653,824	771,161
Operations	137,770	133,834
	<u>\$ 4,113,663</u>	<u>\$ 4,207,359</u>

**7) Contributed services:**

Contributed services for the years ended June 30, 2009 and 2008, consist of the following:

Description	2009	2008
Public relations and advertising	\$ 98,038	\$ 95,590
Legal and accounting services	12,500	8,987
	<u>\$ 110,538</u>	<u>\$ 104,577</u>

**8) Other operating support and revenues:**

Other operating support and revenues for the years ended June 30, 2009 and 2008, consist of the following:

Description	2009	2008
Bookstore and souvenir shop net sales	\$ 28,450	\$ 35,112
Rent of facilities	6,050	3,223
	<u>\$ 34,500</u>	<u>\$ 38,335</u>

# FUNDACIÓN LUIS MUÑOZ MARÍN, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

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**9) Supplemental information to the statements of cash flows:**

During the years ended June 30, 2009 and 2008, there were no interest payments.

**10) Subsequent events:**

No events or transactions have occurred subsequent to the balance sheet through October 23, 2009, that would require recognition or disclosure in the financial statements.