PUERTO RICO INSTITUTE OF STATISTICS
(A COMPONENT UNIT OF THE COMMONWEALTH OF PUERTO RICO)

BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(WITH THE ADDITIONAL REPORT REQUIRED BY THE ***GOVERNMENT AUDITING STANDARDS*****)**

INSTITUTO DE ESTADÍSTICAS DE PUERTO RICO

TABLE OF CONTENTS

López-Vega, CPA, PSC
Certified Public Accountants / Management Advisors

Member of:
- American Institute of Certified Public Accountants
- Puerto Rico Society of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Puerto Rico Institute of Statistics
(A Component Unit of the Commonwealth
of Puerto Rico)

Report on the Audit of the Basic Financial Statements

Opinion

We have audited the accompanying basic financial statements of the governmental activities, general fund and the special revenue fund of the **Puerto Rico Institute of Statistics (the Institute)**, a component unit of the Commonwealth of Puerto Rico, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the **Institute's** basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred above present fairly, in all material respects, the respective financial position of the governmental activities, general fund and the special revenue fund of the **Institute** as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the **Institute,** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As described in **Notes 1**, effective July 1, 2024 the Institute adopted the provisions of GASB Statement No. 101 *"Compensated Absences"*. Our opinions are not modified with respect to this matter.

Reporting Entity

As discussed in **Note 1**, the financial statements of the **Institute** are intended to present the financial position and the changes in financial position of only that portion that is attributable to the transactions of the **Institute**. Accordingly, they do not purport to, and do not present fairly the financial position of the Commonwealth of Puerto Rico as of June 30, 2025 or the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Calle Paraná #1686, El Cerezal, San Juan, P.R. 00926-3144 – Tel. (787) 777-8044 / Fax (787) 764-9377

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the **Institute's** ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with *Generally Accepted Auditing Standards* and *Government Auditing Standard*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 **Institute's** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the **Institute's** ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Budgetary Comparison Schedule – General Fund on pages **4** through **10** and **39**, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because of the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2026 on our consideration of the **Institute's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the **Institute's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the **Institute's** internal control over financial reporting and compliance.

López-Vega, CPA, PSC

LOPEZ VEGA, CPA, PSC

San Juan, Puerto Rico
May 5, 2026

COLEGIO DE CONTADORES
PÚBLICOS AUTORIZADOS DE PUERTO RICO
CPA
$5.00 SELLO $2.00 ÍNDICE

DPSC59-274
PUERTO RICO INSTITUTE OF STATISTICS

The management of the **Puerto Rico Institute of Statistics (the Institute)** provides this Management Discussion and Analysis ("MD&A) for the readers of the **Institute's** basic financial statements. This MD&A provides a narrative overview and analysis of the financial activities of the **Institute** for the fiscal year ended June 30, 2025, and is intended to serve as an introduction to the basic financial statements, which have the following components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. The MD&A is designed to: (a) assist the reader in focusing on significant financial matters; (b) provide an overview of the **Institute's** financial activities; (c) identify any material changes from the original budget; and (d) highlight individual fund matters. We encourage readers to review this information together with the **Institute's** basic financial statements that follows.

A. FINANCIAL HIGHLIGHTS

Government-Wide Highlights

- The **Institute** reported total assets amounting to $5,647,821 at June 30, 2025. The major category of assets consisted of cash balance available amounting to $5,455,716, which represents 96.60% of total assets at that date.

- Total liabilities at June 30, 2025 amounted to $439,556. The major categories of liabilities consisted of accounts payable of $146,383 and accrued compensated absences of $282,350.

- The **Institute's** net position amounted to $5,208,265, which presents an increase of $864,694 as a result of the net results of current fiscal year's operations.

- The **Institute's** capital assets, net of accumulated depreciation, amounted to $95,856, which represents a net increase of $290 when compared to the prior fiscal year balance of $95,566.

General Fund Highlights

- Total General Fund revenues for the fiscal year 2025 amounted to $3,074,591, representing an increase of $240,711 or 8.49% compared to the 2024 fiscal year's total revenues of $2,833,880.

- Total General Fund expenditures for the fiscal year 2025 amounted to $2,191,136 representing an increase of $267,258 or 13.89% compared to the expenditures of prior fiscal year of $1,923,878.

- The General Fund's balance for the fiscal year 2025 amounted to $5,394,759, representing an increase of $883,455 or 19.58%, when compared to the fiscal year 2024 of $4,511,304.

General Fund Budgetary Highlights

The **Institute's** budget is approved by its Board of Directors. The only budgeted fund is the General Fund, whose budget was established and amended during the year to recognize the planned expenditures and the additional information that became known during the fiscal year. The Board of Directors approved a final revised budget of $2,877,000 for the fiscal year ended June 30, 2025. The use of the unassigned fund balance at the beginning of the year is a budgetary resource; however, it is not considered a current-year revenue for financial reporting purposes.

B. OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the **Institute's** basic financial statements. The **Institute's** basic financial statements comprise three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains additional required supplementary information in addition to the basic financial statements themselves. These components are described below. The basic financial statements include two kinds of financial statements that present different financial views of the **Institute**, the government-wide financial statements and the fund financial statements. These statements also include the notes to the basic financial statements that explain some of the information in the financial statements and provide more detail.

Government-wide Financial Statements

The government-wide financial statements provide a broad view of the **Institute's** operations in a manner similar to a private-sector business. The statement provides both short and long-term information about the **Institute's** financial position, which assists in assessing the **Institute's** economic condition at the end of the fiscal year.

These financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This basically means they follow methods that are similar to those used by most businesses. They take into account all revenue and expenses connected with the fiscal year even if the cash involved has not been received or paid. The government-wide financial statements include two statements:

- **Statement of Net Position** – This presents all of the government's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in the **Institute's** net position may serve as a useful indicator of whether the financial position of the **Institute** is improving or deteriorating.

- **Statement of Activities** – This presents information showing how the government's net position changes during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenue for each function of the **Institute**.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregate for specific activities or objectives. The **Institute**, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related governmental requirements. The fund financial statements focus on individual parts of the **Institute's** administration, reporting the **Institute's** operations in more detail than the government-wide financial statements. All of the funds of the **Institute** are classified as governmental funds.

B. OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (continued)

The services provided by the **Institute** are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of expendable resources.

They also focus on the balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government near term financial requirements. This approach is known as using the current financial resources measurement focus and the modified-accrual basis of accounting.

These statements provide a detailed short term view of the **Institute's** finances that assist in determining whether there will be adequate financial resources available to meet the current needs of the **Institute**. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental funds' balance sheet and the governmental funds' statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. This reconciliation is presented on the page immediately following the government-wide financial statements.

The **Institute** has only two (2) major governmental funds which are the general fund and the special revenue fund. These major funds are presented in the governmental funds' balance sheet and in the governmental funds' statement of revenues, expenditures and changes in fund balance. There are no remaining non-major governmental funds that shall be grouped and presented in the governmental fund financial statements.

The **Institute** adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. This schedule only presents the revenues and expenditures, on budgetary basis, of the general fund for which there is a legally adopted budget, as required by GAAP.

Notes to Basic Financial Statements

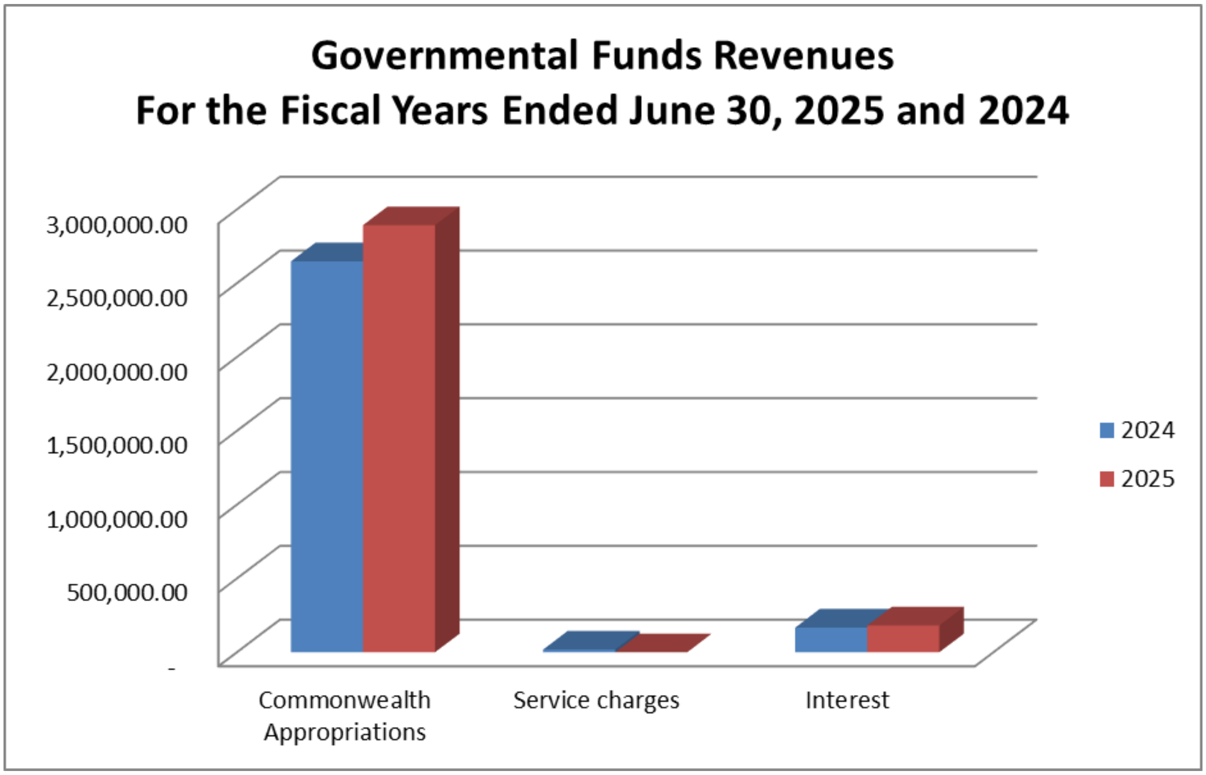
The notes provide additional information that is essential to fully understand the data provided in the government-wide and the fund financial statements. The notes to the basic financial statements can be found immediately following the Budgetary Comparison Schedule – General Fund.

C. MAJOR FINANCIAL ELEMENTS

Revenues

The General Fund is the primary operating fund of the **Institute**. The General Fund's revenues are broadly based on appropriations from the Commonwealth of Puerto Rico's general fund in the amount of $2,892,940, which represents 94.09% of total revenues for the fiscal year 2025. Other revenues consist of interest revenues of $181,411 and service charges of $240.

The following chart presents a revenues comparison of the **Institute's** activities for the years ended June 30, 2025 and 2024:



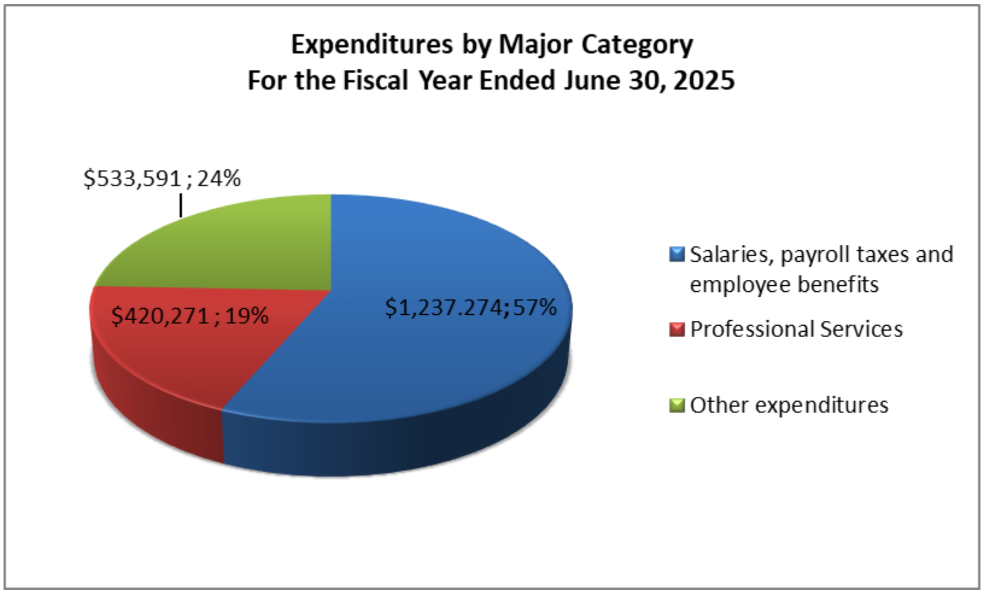
Expenditures

The General Fund's expenditures mainly consist of salaries and employee benefits, professional services, rent, utilities, materials and supplies, licenses, capital outlays and others. Total operating expenditures amounted $2,191,136. The most significant expenditures were salaries, payroll taxes and employee benefits amounting to $1,237,274, and professional services amounting to $420,271, which represents 56.47% and 19.18% of total expenditures, respectively.

C. MAJOR FINANCIAL ELEMENTS (CONTINUED)

Expenditures (continued)

The following chart presents expenditures of the **Institute's** General Fund by major category for the year ended June 30, 2025:



D. GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

The net position may serve over time as a useful indicator of a government's financial position. Total assets and total liabilities of the **Institute** at June 30, 2025 amounted to $5,647,821 and $439,556, respectively, resulting in a net position of $5,208,265. Net position increased by $864,694 during the fiscal year 2025, when compared to the net position balance of $4,343,571 at the end of fiscal year 2024.

A portion of the **Institute's** net position reflects its investment in capital assets such as office equipment and furniture and leasehold improvements. The **Institute** uses these capital assets to provide its statistical services; consequentially, these assets are not available for future spending.

Total assets increased by $920,286 during the fiscal year 2025 when compared to the prior fiscal year. This increase was mainly due to an increase in cash of $877,059.

Total liabilities increased by $55,592 during the current fiscal year when compared to the prior fiscal year. This increase was caused by the increase in current liabilities of $36,541 and an increase in long-term liabilities of $19,051.

D. GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

A condensed summary of the statements of net position of the **Institute** as of June 30, 2025 and 2024 follows:

Condensed Statements of Net Position
As of June 30, 2025 and 2024

	2025	2024
Assets		
Cash	$ 5,455,716	$ 4,578,657
Accounts receivable	77,749	26,819
Prepaid assets	18,500	26,493
Capital assets, net of accumulated depreciation	95,856	95,566
Total assets	$ 5,647,821	$ 4,727,535
Liabilities		
Current liabilities	$ 157,206	$ 120,665
Long-term liabilities	282,350	263,299
Total liabilities	439,556	383,964
Net position		
Net investment in capital assets	95,856	95,566
Unrestricted	5,112,409	4,248,005
Total net position	5,208,265	4,343,571
Total liabilities and net position	$ 5,647,821	$ 4,727,535

Changes in Net Position

The **Institute's** net position increased by $864,694 or 19.91% from last year's total net position. Approximately, 94.59% of the **Institute's** total revenue came from program revenues and grants. During the fiscal year 2025, total revenues derived from legislative appropriations and grants increased by $314,845 or 11.01% when compared with the fiscal year 2024. Also, during the fiscal year 2025, total expenses increased by $322,858 or 14.88% when compared with fiscal year 2024.

Condensed Statements of Activities
For the years ended June 30, 2025 and 2024

	2025	2024
Program revenues and grants	$ 3,175,010	$ 2,860,165
Service charges	240	18,314
Interest	181,411	167,283
Total revenues	3,356,661	3,045,762
Expenses		
Statistical services	2,491,967	2,169,109
Change in net position	$ 864,694	$ 876,653

GENERAL FUND FINANCIAL ANALYSIS

The focus of the **Institute's** governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the **Institute's** financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2025, the **Institute's** governmental funds reported an ending fund balance of $5,394,759. During the fiscal year, the revenues exceeded the expenditures by $883,455. Accordingly, the fund balance of the **Institute's** general fund increased by 19.58%, when compared to the total general fund's balance reported in the fiscal year 2024 of $4,511,304.

Total revenues for the fiscal year 2025 amounted to $3,356,661, which represents an increase of $310,899 or 10.21%, when compared with the total revenues for the fiscal year 2024 of $3,045,762.

Total expenditures, for the fiscal year 2025 amounted to $2,473,206 and represented an increase of $337,446 or 15.80%, when compared to the total expenditures for the fiscal year 2024 of $2,135,760.

E. CAPITAL ASSETS

The **Institute's** investment in capital assets for its governmental activities as of June 30, 2025 amounted to $475,351, less accumulated depreciation and amortization of $379,495, leaving a net value of $95,856. The investment in capital assets includes office equipment and leasehold improvements.

Depreciation Expense

This expense is determined and recorded using a straight-line method over the estimated useful lives of the related assets. In accordance with generally accepted accounting principles (GAAP), depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, when applicable. For the fiscal year ended June 30, 2025, depreciation expense recorded on books amounted to $34,118, and is included in the statement of activities.

F. LONG-TERM DEBT

The accrued compensated absences owed by the **Institute** amounted to $282,350 as of June 30 2025. Additional information on the **Institute's** long-term liabilities can be found in the **Note 8** of the basic financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the **Institute's** finances for all those with an interest in the **Institute's** finances. If you have questions about this report, please contact the **Puerto Rico Institute of Statistics,** Calle Quisqueya #57, San Juan, Puerto Rico 00917.

	Governmental Activities
Assets	
Current Assets:	
Cash	$ 5,455,716
Accounts receivable	77,749
Prepaid expenses and other	18,500
Total current assets	5,551,965
Non-current Assets:	
Capital assets, net	95,856
Total non-current assets	95,856
Total assets	$ 5,647,821
Liabilities	
Current liabilities:	
Accrued compensated absences, current portion	$ 28,235
Accounts payable	146,383
Accrued liabilities	10,823
Total current liabilities	185,441
Non-current liabilities:	
Accrued compensated absences, non-current portion	254,115
Total non-current liabilities	254,115
Total liabilities	439,556
Net position	
Net investment in capital assets	95,856
Unrestricted	5,112,409
Total net position	$ 5,208,265

The accompanying notes to basic financial statements are an integral part of this statement.

		Program Revenues	Net (Expenses) Revenues and Changes in Net Position
Functions / Programs	Expenses	Operating Grants and Contributions	Governmental Activities
Governmental Activities:			
Statistical services	$ 2,491,967	$ 3,175,250	$ 683,283
General Revenues:			
Interest			181,411
Change in net position			864,694
Net position, at beginning of year			4,343,571
Net position, at end of year			$ 5,208,265

The accompanying notes to basic financial statements are an integral part of this statement.

	General Fund	Special Revenue Fund	Total
ASSETS			
Cash	$ 5,335,617	$ 120,099	$ 5,455,716
Accounts receivable	21,394	56,355	77,749
Due from other fund	151,076	-	151,076
Prepaid and other expenses	18,500	-	18,500
Total assets	$ 5,526,587	$ 176,454	$ 5,703,041
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	$ 122,050	$ 24,333	$ 146,383
Accrued liabilities	9,778	1,045	10,823
Due to other fund	-	151,076	151,076
Total liabilities	131,828	176,454	308,282
Fund balance			
Unassigned	5,394,759	-	5,394,759
Total fund balance	5,394,759	-	5,394,759
Total liabilities and fund balance	$ 5,526,587	$ 176,454	$ 5,703,041

The accompanying notes to basic financial statements are an integral part of this statement.

Total fund balance per fund financial statements	$ 5,394,759
Amounts reported to governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements.	95,856
Liabilities of accrued compensated absences that are not to be paid with current financial resources and, therefore, are not reported in fund financial statements.	(282,350)
Net position of governmental activities	$ 5,208,265

The accompanying notes to basic financial statements are an integral part of this statement.

	General Fund	Special Revenue Fund	Total
REVENUES			
Commonwealth appropriations	$ 2,892,940	$ -	$ 2,892,940
Federal grant	-	282,070	282,070
Service charges	240	-	240
Interest	181,411	-	181,411
Total revenues	3,074,591	282,070	3,356,661
EXPENDITURES			
Salaries	1,027,819	79,650	1,107,469
Payroll taxes	99,462	7,676	107,138
Employee benefits	109,993	45,878	155,871
Professional services	420,271	138,149	558,420
Insurance	11,906	-	11,906
Office supplies	12,168	1,077	13,245
Travel	985	1,991	2,975
Utilities	63,585	-	63,585
Rent	139,800	-	139,800
Repairs and maintenance	20,840	-	20,840
Capital outlays	35,399	-	35,399
Licenses	36,487	7,649	44,136
Other	212,421	-	212,421
Total expenditures	2,191,136	282,070	2,473,206
Excess of revenues over expenditures	883,455	-	883,455
Fund balance, at beginning of year	4,511,304	-	4,511,304
Fund balance, at end of year	$ 5,394,759	$ -	$ 5,394,759

The accompanying notes to basic financial statements are an integral part of this statement.

Excess of revenues over expenditures- total governmental funds	$ 883,455
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense for the period.	290
Some expenses reported in the statement of activities do not require the use of financial resources and therefore, are not reported as expenditures in the governmental funds. This includes the increase in the accrued compensated absences debt.	(19,051)
Change in net position of governmental activities	$ 864,694

The accompanying notes to basic financial statements are an integral part of this statement.

Note 1 – Organization and summary of significant accounting policies

A. Organization

The **Puerto Rico Institute of Statistics (the "Institute")** was created on August 28, 2003 under the provisions of the "Fundación para la Reforma de los Sistemas de Recopilación Datos y Estadísticas" ("Ley del Instituto de Estadísticas de Puerto Rico"). Its first year of operations was the fiscal year 2007-2008. The **Institute's** Board consists of seven members, appointed by Puerto Rico's Governor with the consent of the Senate. The **Institute's** reporting entity does not contain any component units as defined in Governmental Accounting Standard Board No. 14.

The financial statements of the **Institute** have been prepared in accordance with accounting principles generally accepted in the United States, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The **Institute** has prepared the required supplementary information titled Management's Discussion and Analysis, which precedes the basic financial statements.

B. Reporting entity

A primary government is any state government or general purpose local government (i.e. an agency). All funds, organizations, institutions, agencies, departments and offices that are not legally separate are, for financial reporting purposes, part of a primary government. If an organization is part of a primary government, its financial information should be included with that of the primary government. Component units are legally separate organizations for which the primary government is financial accountable or organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A component unit can be a governmental organization, a nonprofit corporation or a for-profit entity.

A primary government's financial accountability for a legally separate organization is determined based on the following criteria:

1. The primary government appoints a voting majority of the entity's governing body, and either:

   - A financial benefit/ burden exist between the primary government and the entity or
   - The primary government can impose its will on the entity.

2. The entity is fiscally dependent on the primary government and there is a financial benefit/burden between the primary government and the entity.

Note 1 – Organization and summary of significant accounting policies (continued)

B. Reporting entity (continued):

Also, as indicated above, it would be necessary to include other organizations as component units if their exclusion would cause the financial statements of the primary government to be misleading or incomplete.

In addition, "special criteria" applies when evaluating a legally separate, tax-exempt organization as potential component unit. Specifically, such entities must be treated as component units if they meet all of the following criteria:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.

2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.

3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Legally separate organizations that do not meet the financial accountability requirement or the above "special criteria" should still be included as a component unit if the financial statements of the primary government would be misleading or incomplete without them.

There are two methods of presentation of the component unit in the financial statements: (a) blending the financial data of the component units' balances and transactions and (b) discrete presentation of the component unit's financial data. When a component unit functions as an integral part of the primary government, its data is blended with those of the primary government ("blended component units"). That is, the component unit's funds are treated just as though they were funds of the primary government with one exception: the general fund. Component units should be reported as blended if meets any of the following criteria:

1. The component unit's governing body is substantively the same as the governing body of the primary government and there is either:

   - A financial benefit/burden exist between the primary government and the entity or
   - Management of the primary government has operational responsibility for the component unit.

2. The component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government.

3. The component unit's debt is expected to be paid by the primary government.

Note 1 – Organization and summary of significant accounting policies (continued)

B. Reporting entity (continued):

4. The component unit is organized as a not-for-profit corporation in which the primary government is the sole corporate member, as identified in the component unit's articles of incorporation or by laws, and the component units is included in the financial reporting entity pursuant to the provisions in paragraphs 21-37 of the Statement No. 14, The Financial Reporting Entity, as amended.

Otherwise, the component unit should be presented as discrete. Those component units do not function as an integral part of the primary government and its data is presented discretely (separately) from the data of the primary government ("discretely component units"). Legally separate, tax-exempt organizations that meet the special criteria should be included as discretely component units.

Based on the above criteria, there are no potential component units which should be included as part of the financial statements

C. Financial statement presentation, measurement focus and basis of accounting

The financial report of the **Institute** consists of the Management's Discussion and Analysis (MD&A), basic financial statements and required supplementary information other than the MD&A. Following is a summary presentation of each, including the measurement focus and basis of accounting. Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus.

Management's Discussion and Analysis

It provides a narrative introduction and analytical overview of the **Institute's** financial activities which is similar to the analysis the private sector companies provide in their annual reports.

Basic financial statements

The basic financial statements include both the government-wide and fund financial statements. Both sets of statements categorize primary activities as governmental type, which are primarily supported by taxes and intergovernmental revenues.

Government-wide Financial Statements (GWFS)

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These statements are prepared using the economic resources measurement focus, which refers to the reporting of all of the net position available to the governmental unit for the purpose of providing goods and services to the public. The statements are reported on the accrual basis of accounting. Revenues are recognized in the period earned and expenses in the period in which the associated liability is incurred, regardless of the timing of related cash flows. Fiduciary activities, if any, whose resources are not available to finance government programs, are excluded from the government-wide statements. The effect of inter-fund activities is eliminated.

Note 1 – Organization and summary of significant accounting policies (continued)

C. Financial statement presentation, measurement focus and basis of accounting (continued)

Government-wide Financial Statements (GWFS) (continued)

The Statement of Net Position presents all of the reporting entity's non-fiduciary assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position. The Statement of Activities reports revenues and expenses in a format that focus on the net cost of each function of the **Institute**. Both the gross and net cost of the function, which is otherwise being supported by the general government revenues, is compared to the revenues generated directly by the function. This Statement reduces gross direct expenses, including depreciation, by related program revenues, operating and capital grants, and contributions. Direct expenses are those that are clearly identifiable with a specific function. As a policy, indirect expenses are not allocated in the Statement of Activities. Program revenues must be directly associated with the function.

The types of transactions included as program revenues are: charges for services, fees, rent, licenses and permits; operating grants which include operating-specific and discretionary (either operating or capital) grants; and capital grants which are capital-specific grants. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include state appropriations and taxes, when applicable.

Revenues on both operating and capital grants are recognized when all eligibility requirements (including time requirements) imposed by the provider have been met. For certain expenditure-driven grants, revenue is recognized after allowable expenditures are incurred.

Unearned revenues arise when resources are received before the **Institute** has a legal claim to them (such as advances of derived tax revenues) or before applicable eligibility requirements are met (in case of certain federal expenditure-driven grants if resources are received before allowable expenditures are incurred). In subsequent periods, when the **Institute** has a legal claim to the resources, the liability for unearned revenues is removed from the statement of net position and the revenue is recognized.

Fund Financial Statements (FFS)

The financial transactions of the **Institute** are recorded in individual funds, each of which are considered an independent fiscal entity. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures. Funds are segregated according to their intended purpose which helps management in demonstrating compliance with legal, financial and contractual provisions. Governmental Funds are those through which most governmental functions of the **Institute** are financed. The governmental fund statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances with one column for the general fund and one for each major fund. Major funds are determined based on a minimum criteria, that is, a percentage of the assets and deferred outflows; liabilities and deferred inflows; revenues or expenditures or based on the **Institute's** official's criteria if the fund is particularly important to financial statement users.

Note 1 – Organization and summary of significant accounting policies (continued)

C. Financial statement presentation, measurement focus and basis of accounting (continued)

Fund Financial Statements (FFS) (continued)

The **Institute** reports the following major governmental fund:

General Fund – This is the **Institute's** primary operating fund. It accounts for all financial operations, except for those required to be accounted for in another fund, if any.

Special revenue fund – This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specific purposes. This legal restriction may be imposed either by governments that provides funds, or by outside parties. This fund accounts for substantially all federal monies received by the **Institute**.

Notes to Basic Financial Statement

The notes to the financial statements provide information that is essential to a user's understanding of the basic financial statements.

Required Supplementary Information (RSI)

The Required Supplementary Information consists of the Budgetary Comparison Schedule – General Fund.

Measurement focus and basis of accounting

Measurement focus refers to what is being measured in the financial statements, while basis of accounting refers to the timing in which transactions are recognized in the operating statements. The governmental funds use a current financial resources measurement focus and are accounted for using the modified-accrual basis of accounting.

Under the modified-accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e. when they become both measurable and available. Measurable means that the amount of the transaction can be determined or reasonably estimated. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, i.e., that the liability will be liquidated with expendable available financial resources.

Note 1 – Organization and summary of significant accounting policies (continued)

D. Assets, liabilities and net position

1) **Deposits** – The **Institute's** cash consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents related to government and federal grants (including Commonwealth Legislature Resolutions) are restricted since their use is limited by applicable agreements or required by law.

   Cash and cash equivalent in the governmental funds consists of available proceeds from appropriations from the Legislature of Puerto Rico and federal cash draw downs, to be used for the payments of current liabilities. The cash is deposited and is in custody in commercial bank of Puerto Rico.

2) **Interfund/Intrafund transactions** – The **Institute** has the following types of transactions among funds:

   - Operating transfers – Legally-required transfers that are reported when incurred as operating transfer-in by the recipient fund, and as operating transfer-out by the disbursing fund. Intra-fund transfers are eliminated for financial statements purposes.

Inter-fund loans: Represent legally advances that are representative of lending/borrowing arrangements from one fund to other fund to finance payroll, payroll taxes and other expenditures. The current portion of such transactions are referred as to either "due from/to other funds" and the noncurrent portion as "advances to/from other funds".

Amounts not expected to be collected within a reasonable period of time are reduced to the estimated realizable value and amounts not expected to be repaid are reported as "transfer-out" from the lender fund and "transfer-in" in the borrower fund.

Inter-fund transfers: Represent legally flows of assets without equivalent flows of assets in return and without a requirement for repayment. These are reported as "transfers-out" (other financing uses) in the fund that issue the transfers and as "transfers-in" (other financing sources) in the fund receiving the transfers.

Inter-fund reimbursements: Represent repayment from a fund responsible for particular expenditures or expenses to the fund that initially finances them.

Note 1 – Organization and summary of significant accounting policies (continued)

D. Assets, liabilities and net position (continued)

3) Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources.

This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two items that qualify for reporting in this category:

a. **Government-mandated or voluntary non-exchange transactions received before the time requirements have been met** – Federal and state grants received before the beginning of the fiscal year to which they pertain are recognized as deferred inflows of resources on both the balance sheet of the governmental funds and in the government-wide statement of net position (deficit). The amounts deferred would be recognized as an inflow of resources (revenue) in the period in which the time requirements are fulfilled.

b. **Unavailable revenue reported under the modified-basis of accounting –** Amounts collected or to be collected after the availability period are recognized as unavailable revenue in the governmental funds balance sheet. The amounts are deferred and recognized as an inflow of resources (revenue) in the period that the amounts become available. Since this deferred inflow of resources is the result of the modified-accrual basis of accounting, it is only reported in the governmental fund financial statements.

4) Non-exchange transactions

GASB Statement No. 33, *"Accounting and Financial Reporting for Non-exchange Transactions"* established accounting and financial reporting standards for non-exchange transactions involving financial or capital resources (for example, most taxes, grants and private donations). In non-exchange transactions, a government gives (or receives) value without directly receiving (or giving) equal value in return.

This is different from an exchange transaction, in which each party receives and gives up essentially equal values. Under the provisions of this statement, the provider and the recipient should recognize the non-exchange transaction as an expense and revenue, respectively, when all eligibility requirements are satisfied.

Note 1 – Organization and summary of significant accounting policies (continued)

D. Assets, liabilities and net position (continued)

5) Capital assets

Property and equipment purchased or acquired is carried at historical cost or estimated historical cost. The **Institute's** capitalization policy is to capitalize individual amounts exceeding $500. Other costs incurred for repair and maintenance is expensed as incurred. Capital assets acquired with governmental funds are recorded as expenditures in the governmental funds' financial statements. Depreciation expense is recorded in the government-wide financial statements. Depreciation on all assets is calculated on the straight-line basis over the asset's estimated useful life. There is no depreciation recorded for land and construction in progress. The estimated useful life of capital assets is as follows:

Office equipment and furniture	5 years
Leasehold improvements	5 Years

6) Compensated absences

The **Institute's** employees accumulate vacations and sick leave. Compensated absences are recorded as a liability if (1) are earned on the basis of services already performed by employees, (2) it is probable that will be paid (in the form of paid time off, cash payments at termination or retirement, or some other means) and (3) are not contingent on a specific event (such as illness). The **Institute's** employees accumulate unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee.

The Law No. 119-2022 of December 23, 2022 amends article 2.04, paragraph 1, sections (a), (f), and (i) of Law No. 26-2017. According to this law, the **Institute's** employees are granted twenty-four (24) days of vacations annually, up to a maximum of sixty (60) days. Of those twenty-four (24) days, the employee will be obliged to exhaust nine (9) days annually since if they are not used within the established period, the employee will lose these days which are not subject to accumulation. During January 2024, Law No. 119-2022 of December 23, 2022 was repealed. Accordingly, employees are granted fifteen (15) days of vacations annually. In the event of employee resignation, the employee is paid for accumulated vacations up to the maximum allowed. Also, the **Institute's** employee accumulates twelve (12) days of sick leave annually, up to a maximum of 90 days. Those employees hired on or before 2017 accumulates eighteen (18) days of sick leave annually.

The accrual of compensated absences includes estimated payments that are related to payroll. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds' financial statements, only the matured amount that is normally expected to be paid using expendable available financial resources is reported as liability. The non-current portion of the liability is not reported. Separation from the employment prior to the use of all or part of the sick leave terminates all rights for compensation, except for employees with ten years of services, who are entitled to sick leave pay up to the maximum allowed.

Note 1 – Organization and summary of significant accounting policies (continued)

D. Assets, liabilities and net position (continued)

6) Compensated absences (continued)

In accordance with the above criteria and requirements as established by GASB No. 16, the **Institute** has accrued a liability for compensated absences, which has been earned but not taken by the **Institute's** employees. For the government-wide statements, the current portion is the amount estimated to be used in the following year. For the governmental funds statements, the matured portion of compensated absences is only considered and represents a reconciling item between the fund level and government-wide presentation. Accrued compensated absences for the fiscal year ended June 30, 2025 amounted to $263,299.

Effective July 1, 2024, the **Institute** adopted the provisions of GASB Statement No. 101 "Compensated Absences". In accordance with GASB 101, the government recognizes a liability for compensated absences when (i) the leave is attributable to services already rendered; (ii) the leave accumulation is more likely to be used, paid in cash, or otherwise settled; and (iii) the leave accumulates and may be used for time off or compensation. Also, the threshold has moved from "probable" to "more likely than not", potentially increasing recognized liabilities. There is no effect in the adoption of GASB No. 101 on net position beginning balance, since the **Institute** has been recognizing 100% of compensated absences during previous fiscal years.

7) Net position

Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in government-wide financial statements. Net position might be reported in three (3) categories:

a. **Net investment in capital assets** – it consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of long-term debt that is attributable to the acquisition, construction or improvement of those assets.

b. **Restricted net position** – results when constraints placed on net position use are externally imposed by grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

c. **Unrestricted net position** – this consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, but can be removed or modified.

Note 1 – Organization and summary of significant accounting policies (continued)

D. Assets, liabilities and net position (continued)

8) Net position flow assumption

Sometimes, the **Institute** will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the **Institute's** policy to consider restricted – net position to have been depleted before unrestricted – net position applied.

9) Fund balance reporting

GASB Statement No. 54 establishes standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Additionally, the definitions of the general fund and special revenue fund are clarified by the provisions in this Statement.

Interpretations of certain terms within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. Definitions of other governmental fund types also have been modified for clarity and consistency.

GASB No. 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

Non-spendable fund balance – such balance is associated with inventories, prepaid and long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).

Restricted fund balance – this category includes amounts that can be spent only for the specific purpose stipulated by constitution, external source providers, or through enabling legislation.

Committed fund balance – this classification includes amounts that can be used only for specific purposes determined by a formal action of the entities' highest level decision making authority.

Assigned fund balance – this classification is intended to be used by the government for specific purposes that do not meet the criteria to be committed.

Unassigned fund balance - it is the residual classification for the government's general fund and includes all expendable amounts no contained in the other classifications.

Note 1 – Organization and summary of significant accounting policies (continued)

D. Assets, liabilities and net position (continued)

10) Fund balance flow assumptions

Sometimes, the **Institute** will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the **Institute's** policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

11) Leases

The **Institute** adopted the provisions of GASB Statement No. 87, *"Leases*". As a lessee, the **Institute** should recognize a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. At the commencement of a lease, the **Institute** initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs.

Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the government determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The **Institute** uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the **Institute** generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the government is reasonably certain to exercise.

The **Institute** monitors changes in circumstances that would require a re-measurement of its leases and will re-measure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease assets and liabilities.

Note 1 – Organization and summary of significant accounting policies (continued)

D. Assets, liabilities and net position (continued)

12) Subscription-based Information Technology Arrangements (GASB No. 96)

In May 2020, the Government Accounting Standards Board (GASB) issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). GASB Statement No. 96 (GASB 96) establishes uniform accounting and financial reporting requirements for SBITAs; improves the comparability of government's financial statements; and enhances the understandability, reliability, relevance, and consistency of information about SBITAs.

GASB 96 applies to government agencies who are currently using information technology (IT) software as specified in their contracts. GASB 96 applies to all contracts meeting the definition of a SBITA, unless specifically excluded. As defined in GASB Statement No. 96, paragraph 6, a SBITA is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (with underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

13) Use of estimates

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

Note 2 – Cash

Deposits

The **Institute** is authorized to deposit only in bank institutions approved by the Department of the Treasury of the Commonwealth of Puerto Rico. Such deposits should be kept in separate accounts in the name of the **Institute.** Under the Commonwealth's statutes, public funds deposited in commercial banks must be fully collateralized for the amount deposited in excess of federal depository insurance.

Custodial credit risk

Custodial credit risk - deposits: is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The **Institute** maintains cash deposits in one commercial bank located in Puerto Rico. Under Commonwealth of Puerto Rico statutes, public funds deposited in commercial banks must be fully collateralized for the amount deposited in excess of insurance provided by the Federal Deposit Insurance Corporation (FDIC). All securities pledged as collateral by the **Institute** are held by agents designated by the Puerto Rico Secretary of Treasury but not in the **Institute's** name. At June 30, 2025, total deposits in the commercial bank amounted to $5,455,716. All deposits are carried at cost plus accrued interest, if any.

Note 3 – Risk financing

The **Institute** carries commercial insurance to cover casualty, theft, claims and other losses. The **Institute's** current insurance policies have not been cancelled or terminated.

For workers compensation, the State Insurance Fund Corporation, a component unit of the Commonwealth of Puerto Rico, provides the workers compensation to the **Institute**'s employees in case of injuries in the workplace.

Note 4 – Accounts receivable

The accounts receivable balance as of June 30, 2025 amounted to $77,749. These accounts receivable are mostly composed of amounts due from services for charges provided by the **Institute**.

Note 5 – Interfund Transactions

Following is a summary of due from and due to other fund as of June 30, 2025:

Due from / due to other

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue Fund	$ 151,076

Note 6 – Accounts payable and accrued liabilities

These accounts balances consist of funds payable to suppliers to cover general expenses and accrued payroll taxes withheld as of June 30, 2025. The balance of accounts payable and accrued liabilities as of June 30, 2025 amounted to $146,383 and $10,823, respectively.

THIS SPACE IS LEFT INTENTIONALLY IN BLANK.

Note 7 – Capital assets

Capital assets activity of the **Institute** for the fiscal year ended June 30, 2025 consisted of the following:

	Balance as of June 30, 2024	Additions	Retirements	Balance as of June 30, 2025
Capital assets being, depreciated:				
Office equipment	$ 334,893	$ 34,408	$ (1,990)	$ 367,311
Leasehold improvements	108,040	-	-	108,040
Total capital assets being, depreciated	442,933	34,408	(1,990)	475,351
Less accumulated depreciation:				
Office equipment	(268,331)	(27,148)	1,990	(293,489)
Leasehold improvements	(79,036)	(6,970)	-	(86,006)
Total accumulated depreciation	(347,367)	(34,118)	1,990	(379,495)
Capital assets, net of accumulated depreciation	**$ 95,566**	**$ 290**	**$ -**	**$ 95,856**

Annual depreciation expense was charged to the statistical services function in the government-wide statement of activities.

Note 8 – Long-term liabilities

Long-term liabilities consists of compensated absences balances and represents the **Institute's** commitment to fund such costs from future assignments. The following summarizes the activity of the compensated absences obligations for the fiscal year ended June 30, 2025:

	Balance as of June 30, 2024	Net Change	Balance as of June 30, 2025	Due within one year
Governmental activities:				
Compensated absences	$ 282,350	$ (19,051)	$ 263,299	$ 28,235
	$ 282,350	**$ (19,051)**	**$ 263,299**	**$ 28,235**

Note 9 – Defined Contribution Plan

On September 1, 2008, the **Institute** established a Defined Contribution Plan 1081.01(d) named Puerto Rico **Institute** of Statistics Retirement Plan Trust (the Plan). All employees were eligible at the effective date. All employees hired after that date, are eligible after completion of one day of service, has reached his 21th birthday and have completed 1,000 hours of service on the anniversary date of the plan. The plan requires employee contributions.

Employees may elect to make contributions to the Plan, subject to an annual limit of the lesser of 10% of the eligible compensation or $15,000. The **Institute** may make discretional matching contributions, which are computed based on the eligible contributions made by the employees during each Plan Year. The **Institute** is matching 100% of employee's actual contributions.

Contributions shall be deposited with the Administrator of the plan within 15 days after the contribution withheld by the **Institute.** The amount contributed by the **Institute** during the year ended June 30, 2025 amounted to $37,479 approximately.

Employees that terminate early may be able to receive a portion of the account based on a "vesting rule". All employees contributions are 100% vested. Employer's contributions are vested based on a percentage formula. Amounts not vested are considered forfeitures and retained in the Plan to pay administrative expenses, reduce future employer contributions or to help the Plan to pass one or more annually required Puerto Rico Internal Revenue Code's nondiscrimination test(s). The Plan does not allow loans to participants.

Note 10 – Commitments

Operating leases

The **Institute** leases its office facilities under an operating lease with a term of approximately four years, expiring on June 30, 2026. Also, the **Institute** has operating leases for equipment which do not give rise to property rights of lease obligations and therefore, are not reflected in the **Institute's** government-wide financial statements. For the fiscal year ended June 30, 2025, rent expenditures under the above operating leases amounted to $139,800.

As of July 1, 2021, the **Institute** evaluated all of its leases agreements to determine whether any of them met the requirements of GASB No. 87 of the Government Accounting Standards Board, which requires recognition in the financial statements of certain assets and liabilities for those leases that meet any of the criteria established by said Statement. Based on the foregoing, the **Institute** determined that none of its leases meets any of the criteria established by the GASB No. 87. Accordingly, no lease assets or liabilities were recognized in the financial statements as of June 30, 2025.

Note 11 – Subscription-based Information Technology Arrangement (GASB No. 96)

Effective on July 1 2022, the **Commission** adopted the provisions of GASB Statement No. 96.This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The subscription term includes the period during which a government has a non-cancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

GASB No. 96 specifically excludes the following arrangements:

- Contracts that convey control of the right to use another entity's combination of IT software and tangible capital assets that meet the definition of a lease1 in GASB Statement No. 87 (GASB 87), in which the software component is insignificant when compared to the cost of the underlying asset.
- Governments that provide the right to use their IT software to other entities through SBITAs (as a pass-through and therefore not the end user.)
- Contracts that meet the definition of Public-Private and Public-Public Partnerships2 in GASB Statement No. 94.
- Licensing arrangements that provide a perpetual license (subject to GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets.)
- SBITAs also exclude contracts that only provide IT support services.

GASB No. 96 also states that a short-term SBITA is a SBITA that, at the commencement of the subscription term, has a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. For a SBITA that is cancelable by either the government or the SBITA vendor, the maximum possible term is the amount of time either party is required to notify the other party of the cancellation (notice period). The government should recognize short-term subscription payments as outflows of resources (i.e., expenditures) based on the payment provisions of the SBITA contract.

Note 11 – Subscription-based Information Technology Arrangement (GASB No. 96) (continued)

Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, —which is when the subscription asset is placed into service.

The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The implementation of the GASB No. 96 did not have a significant impact on the **Institute's** financial statements for the fiscal year ended June 30, 2025. Accordingly, at that date, the **Institute** did not recognize an asset or liability related to any existing information technology arrangements.

Note 12 – Adoption of new accounting pronouncements

Effective July 1, 2024, the **Institute** adopted the provisions of the following GASB Statements:

- **GASB Statement No. 101 – *"Compensated Absences"*:** The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

- **GASB Statement No. 102 – *"Certain Risk Disclosures":*** The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

  This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

  This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

Note 12 – Adoption of new accounting pronouncements (continued)

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

- The concentration or constraint
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements
- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

The implementation of this statement has no significant impact in the **Institute's** financial statement for the fiscal year ended June 30, 2025.

Note 13 – Future adoption of accounting pronouncements

- **GASB Statement No. 103 – *"Financial Reporting Model Improvements"*:** The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

  Management's Discussion and Analysis – This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed.

  This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

Note 13 – Future adoption of accounting pronouncements (continued)

- **GASB Statement No. 103 – *"Financial Reporting Model Improvements"* (continued)**

  Unusual or Infrequent Items – This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

  Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position – This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses.

  Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

  In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses.

  Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

  Major Component Unit Information – This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

  Budgetary Comparison Information – This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

  The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

Note 13 – Future adoption of accounting pronouncements (continued)

- **GASB Statement No. 103 – *"Financial Reporting Model Improvements"* (continued)**

  Unusual or Infrequent Items - This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

  Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position - This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

  In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

  Major Component Unit Information – This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

  Budgetary Comparison Information – This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

Note 13 – Future adoption of accounting pronouncements (continued)

- **GASB Statement No. 104 – *"Disclosure of Certain Capital Assets"*:** State and local governments are required to provide detailed information about capital assets in notes to financial statements. Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

  This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

  This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

  The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

- **GASB Statement No. 105 – "*Subsequent Events*"** – The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

  This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed.

Note 13 – Future adoption of accounting pronouncements (continued)

- **GASB Statement No. 105 – "*Subsequent Events*" (continued)**

  This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.

  The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier application is encouraged.

The impact of the implementation of these statements on the **Institute's** financial statements, if any, has not yet been determined.

Note 14 – Contingencies

Federal awards

The **Institute** participates in a federal assistance program funded by the Federal Government. Expenditures financed by these programs are subject to financial and compliance audits by the appropriate grantor.

Note 15 – Cooperative agreement

On August 10, 2016, the **Institute** entered in to a cooperative agreement with the Department of Health and Human Services to manage the Center for Disease Control and Prevention (CDC) program entitled Collecting Violent Death Information Using the National Violent Death Reporting System (NVDRS). The main purpose of the system is to reduce and prevent violent deaths though a surveillance system that provides continuous accurate data. During the year ended June 30, 2025, the **Institute** expended $282,070 of the funds provided by this cooperative agreement. Also, there is a balance due to the General Fund of $151,076 accounted for in the Special Revenue Fund.

Note 16 – Subsequent events

Subsequent events were evaluated through May 5, 2026, the date the financial statements were available to be issued. No significant events that should have been recorded or disclosed in the financial statements were noted.

	Budget Amounts		Actual Amounts	Variance
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues				
Commonwealth appropriations	$ 2,877,000	$ 2,877,000	$ 2,892,940	$ 15,940
Service charge	-	-	240	240
Interest	-	-	181,411	181,411
Total revenues	2,877,000	2,877,000	3,074,591	197,591
Expenditures				
Payroll and related liabilities	1,569,000	1,569,000	1,237,274	331,726
Facilities and public services	67,000	67,000	63,585	3,415
Professional and purchased services	680,000	680,000	441,111	238,889
Office supplies	25,000	25,000	12,168	12,832
Capital outlays	72,000	72,000	35,399	36,601
Other	464,000	464,000	401,599	62,401
Total expenditures	2,877,000	2,877,000	2,191,136	685,864
Excess of revenues over expenditures	$ -	$ -	$ 883,455	$ 883,455

See notes to the budgetary comparison schedule.

1. Stewardship, compliance and accountability

Budget Control

The Budgetary Comparison Schedule - General Fund only presents the information for the general fund for which there is a legally adopted budget, as required by GAAP. It presents comparisons of the legally adopted budget with actual data on a budget basis.

The **Institute's** budget is prepared for the General Fund following state requirements. Budget amendments are approved by the Board of Directors. The budget is prepared on a budgetary (statutory) basis of accounting which is different from GAAP. Revenues include amounts classified by GAAP as other financing sources and is generally recognized when cash is received. Expenditures include encumbrances and amounts classified by GAAP as other financing uses and are generally recorded when the related expenditure is incurred or encumbered. Unencumbered appropriations lapse at year end.

On a GAAP basis, encumbrances outstanding at year end are reported in the governmental funds as a designation of fund balance since they do not constitute expenditures or liabilities while on a budgetary basis, encumbrances are recorded as expenditures of the current year. On the other hand, under the statutory basis of accounting, the **Institute** uses encumbrance accounting to record the full amount of purchase orders, contracts, and other commitments of appropriated resources as deductions from the appropriation prior to actual expenditure. In the governmental funds, encumbrance accounting is a significant aspect of budgetary control.

The presentation of the budgetary data excludes long-term obligations such as compensated absences and depreciation charges for capital assets. Historically, those obligations have been budgeted on a pay-as-you-go basis. Because accounting principles applied for purposes of developing data on a budget basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of entity, timing, and basis differences in the calculation of the excess (deficiency) of revenue and other financing sources over expenditures and other financing uses for the year ended June 30, 2025 is presented below for the general fund:

Sources / inflows of resources:	
Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	$ 2,877,000
Revenues for which no budget was approved during the current year	197,591
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance – governmental fund	$ 3,074,591

1. Stewardship, compliance and accountability (continued)

Budget Control (continued)

Uses / outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 2,191,136
Expenditures for which no budget was approved during the current year and encumbrances at end of year	-
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance – governmental funds	**$ 2,191,136**

The **Institute**'s budget is adopted in accordance with a statutory basis of accounting, which is not in accordance with generally accepted accounting principles (GAAP). The main difference between the budgetary basis and the GAAP basis used to present the fund financial statements is that under GAAP basis, encumbrances (i.e. Purchase orders) that do not constitute expenditures or liabilities are reported as designation of fund balances because the commitment will be honored during the next fiscal year. There were no outstanding encumbrances at June 30, 2025.

López-Vega, CPA, PSC
Certified Public Accountants / Management Advisors

Member of:
- American Institute of Certified Public Accountants
- Puerto Rico Society of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Puerto Rico Institute of Statistics
(A Component Unit of the Commonwealth
of Puerto Rico)

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, general fund and special revenue fund of the **Puerto Rico Institute of Statistics (the Institute),** a component unit of the Commonwealth of Puerto Rico, which collectively comprise the **Institute's** basic financial statements, and have issued our report thereon dated May 5, 2026. Our report includes an emphasis of matter related to the adoption of the GASB Statement No. 101 *"Compensated Absences"* and an emphasis of matter related to the *"Reporting Entity"* financial position.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the **Institute's** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the **Institute's** internal control. Accordingly, we do not express an opinion on the effectiveness of the **Institute's** internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency*, is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Calle Paraná #1686, El Cerezal, San Juan, P.R. 00926-3144 – Tel. (787) 777-8044 / Fax (787) 764-9377

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the **Institute's** internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

López-Vega, CPA, PSC

LOPEZ VEGA, CPA, PSC

San Juan, Puerto Rico
May 5, 2026

COLEGIO DE CONTADORES PÚBLICOS AUTORIZADOS DE PUERTO RICO
CPA
$5.00 SELLO $2.00 ÍNDICE

DPSC59-275
PUERTO RICO INSTITUTE OF STATISTICS

Section I – Summary of Auditors' Result

Financial Statements

Type of auditors' report issued on whether the schedule of expenditures of federal awards were prepared in accordance with GAAP:	**Unmodified**	
Internal control over financial reporting:		
Material weakness (es) identified?	☐Yes	☒No
Significant deficiency (ies) identified?	☐Yes	☒None
Noncompliance material to the schedules noted?	☐Yes	☒No

Section II – financial Statement Findings

Our audit disclosed no findings that are required to be reported herein under the Government Auditing Standards.

No prior year audit findings were reported.