

**CORPORACIÓN DE LAS ARTES
ESCÉNICO-MUSICALES DE PUERTO RICO
(A Component Unit of the
Commonwealth of Puerto Rico)**

**ANNUAL FINANCIAL STATEMENTS AND
ACCOMPANYING INDEPENDENT AUDITORS' REPORT**

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2011 AND 2010**

**CORPORACIÓN DE LAS ARTES
ESCÉNICO-MUSICALES DE PUERTO RICO
(A Component Unit of the Commonwealth of Puerto Rico)
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Corporación de las Artes Escénico-Musicales
de Puerto Rico
San Juan, Puerto Rico

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of **Corporación de las Artes Escénico-Musicales de Puerto Rico** (a component unit of the Commonwealth of Puerto Rico), (the Corporation) as of and for the years ended June 30, 2011 and 2010, which collectively comprise the Corporation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express opinion on these basic financial statements based on our audits. The prior year summarized comparative information has been derived from **Corporación de las Artes Escénico-Musicales de Puerto Rico's** 2010 financial statements and, in our report dated September 28, 2010, we expressed a qualified opinion on those financial statements. The qualified opinion was a result of certain funds advanced by the Puerto Rico Industrial Development Company to the Corporation that were not recognized as a liability in the June 30, 2010 statement of net assets. However, during the fiscal year ended June 30, 2011, a final determination established that such advances were not a liability of the Corporation. Accordingly, our report for the year ended June 30, 2011 express an unqualified opinion on the financial statements.

We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the **Corporación de las Artes Escénico-Musicales de Puerto Rico** (a component unit of the Commonwealth of Puerto Rico), as of June 30, 2011 and 2010, and the respective changes in financial position, and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires to management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on it.

September 29, 2011

Stamp number 2611794 was
affixed to the original of this
report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The **Corporación de las Artes Escénico-Musicales de Puerto Rico** (a component unit of the Commonwealth of Puerto Rico), (the Corporation), is a public corporation created by Law No. 42 of May 12, 1980. The Corporation operates separately from the Commonwealth of Puerto Rico, its agencies, and public subdivisions. The Corporation was created to design, develop and execute the public policy towards the performing fine arts and cultural programs in Puerto Rico.

The Corporation is a subsidiary of Corporación de las Artes Musicales de Puerto Rico.

At present, the Corporation manages the Festival Casals, Festival Iberoamericano de las Artes, Festival de la Orquesta Sinfónica Juvenil de las Américas and the Pablo Casals Museum.

The Corporation prepares an annual budget for its operations.

The Corporation and its subsidiaries have the same organizational structure composed of the following work unit:

- Executive Director
- Program Coordinator
- Acting Museum Director

As management of the Corporation, we offer the readers of the Corporation's financial statements this narrative overview and analysis of the financial activities of the Corporation for the fiscal years ended June 30, 2011 and 2010. We encourage readers to consider the information presented here in conjunction with the Corporation's basic financial statements included in pages 9 through 30.

USING THIS ANNUAL REPORT

The Corporation complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) 105, Generally Accepted Accounting Principles, which became effective September 15, 2009, replaces the FASB's previous four-part GAAP hierarchy with a single source of GAAP. GASBS No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, issued in December 2010, incorporates the FASB, APB, and ARB pronouncements issued on or before November 30th, 1989, which do not conflict with or contradict GASB pronouncements. While GASBS No. 62 keeps the substance of that guidance, it nevertheless modifies the guidance to recognize the effects of the governmental environment and the needs of governmental financial statement users. GASBS No. 62 also supersedes GASBS No. 20, thus eliminating the election that allowed enterprise funds and business-type activities to apply FASB Statements and Interpretations issued after November 30, 1989, that did not conflict with or contradict GASB pronouncements. GASBS No. 62 is effective for financial statements for periods beginning after December 15, 2011, with earlier application encouraged.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The Corporation uses enterprise funds to account for its sale of tickets and advertising for the performance of arts in Puerto Rico. Each fund is accounted for by providing a separate set of self-balancing accounts. Funds are organized into proprietary category. These financial statements are prepared on the full accrual basis of accounting and, in fact, they are essentially the same as the business-type activities. Users of the statements will be able to see the cost of providing services, how government finances the programs, and understands the extent to which government has invested in capital assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (CONTINUED)

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Corporation like other state or local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds are divided into proprietary funds category.

The proprietary funds financial statements provide separate information for the Management Service Fund (Internal service fund), Festival Casals Fund, Museo Pablo Casals, Festival de la Orquesta Sinfónica Juvenil de América Fund, and Festival Iberoamericano de las Artes Fund. These are considered to be the major funds of the Corporation.

This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements, which are as follows:

- **Statement of net assets** - This statement presents information on all the Corporation's assets and liabilities with the difference between the two reported as net assets or deficit. Over time, increase or decrease in the net assets may serve as a useful indicator of whether the financial position is improving or deteriorating.
- **Statement of revenues, expenses, and changes in funds net assets** - This statement presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.
- **Statements of cash flows** - This statement provides information about transactions resulting in the flows of cash.
- **Notes to the basic financial statements** - The notes provide additional information that is essential to the full understanding of the data provided in the Corporation's basic financial statements.
- **Required supplementary information** - The Management's Discussion and Analysis represents financial information required to be presented by the GASB Statement No. 34. Such information provides users of this report with additional data that supplements the basic financial statements.

This section of the Corporation's annual financial report presents our discussion and analysis of the Corporation's financial performance during the fiscal years ended June 30, 2011 and 2010.

FINANCIAL HIGHLIGHTS

- The assets of the Corporation amounted to \$1,445,049 in 2011 and \$2,728,422 in 2010, resulting in an decrease of 47.04%.
- At the close of the fiscal year, the Corporation reported net assets amounting to \$1,084,645, 1.92% more than prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL HIGHLIGHTS

- Cash and accounts receivable represent 94.10% and 2.48% of the total assets as of June 30, 2011, respectively.
- The operating revenues for the year increased 6.22%, from \$143,002 in 2010 to \$151,890 in 2011.

FINANCIAL ANALYSIS OF THE CORPORATION

As noted earlier, net assets may serve as a useful indicator of the Corporation financial position.

- **Current assets** - The current assets decreased by 47.65% in comparison with prior year due to management's decision to eliminate outstanding balances from related companies and interfund transactions made to subsidize their own operations in previous years.
- **Capital assets** - The capital assets decreased by \$12,789 or 20.58%, mostly due to the effect of the depreciation expense charged to the capital assets as a result of a contra account.
- **Current liabilities** - The current liabilities decreased by 78.52% in comparison with prior year due to management's decision to eliminate outstanding balances from related companies and interfund transactions made to subsidize their own operations in previous years.

Refer to **TABLE I** for the accompanying comparative financial analysis.

TABLE - I

CORPORACIÓN DE LAS ARTES-ESCÉNICO MUSICALES DE PUERTO RICO

NET ASSETS

	<u>2011</u>	<u>2010</u>	<u>% Changes</u>
Current assets	\$ 1,395,692	\$ 2,666,276	(47.65)%
Capital assets	49,357	62,146	(20.58)%
Total assets	1,445,049	2,728,422	(47.04)%
Current liabilities	357,371	1,663,959	(78.52)%
Long-term liabilities	3,033	284	967.96 %
Total liabilities	360,404	1,664,243	(78.34)%
Net assets:			
Invested in capital activities	49,357	62,146	(20.58)%
Unrestricted	1,035,288	1,002,033	3.32 %
Total net assets	\$ 1,084,645	\$ 1,064,179	1.92 %

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL ANALYSIS OF THE CORPORATION (CONTINUED)

Changes in net assets - The Corporation's operating revenues consist mainly of ticket sales for the Festival Casals. The Festival Casals, in its 55th edition, presented 14 concerts with an attendance of 9,695.

The non-operating income composed of legislative grants, donations and interest and other income increased by 68.18% compared with prior year. This increase corresponds to the effect of the elimination of the outstanding balances from related companies and interfund transactions to subsidize their operations from previous years.

In overall total operating expenses increased by 72.99% in its majority by increase in the celebration of concerts in the Festival Casals and the Festival Iberoamericano de las Artes and the effect mentioned before regarding the management's decision to eliminate outstanding balances from related companies and interfund transactions, reflected in other expenses.

Rent increased by 68.67% compared to prior year due to more concerts performed during the Festival Casals and the celebration of the Festival Iberoamericano de las Artes, which was celebrated during this fiscal year.

The travel and meals increased during fiscal year 2010-2011 due to accommodations and meals provided to the artists invited to participate in the Festival Casals and Festival Iberoamericano de las Artes.

Professional, artistic, and consulting services increased by 27.23% compared to prior year due to more invited musicians, orchestras, ballets, and musical directors who performed during the 55th edition of the Festival Casals.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL ANALYSIS OF THE CORPORATION (CONTINUED)

TABLE - II

CORPORACIÓN DE LAS ARTES-ESCÉNICO MUSICALES DE PUERTO RICO

CHANGES IN FUND NET ASSETS (DEFICIT)

	<u>2011</u>	<u>2010</u>	<u>% Changes</u>
Operating Revenues:			
Sale of tickets and advertising	\$ 151,890	\$ 143,002	6.22 %
Operating expenses:			
Salaries, payroll taxes, and fringe benefits	172,658	174,979	(1.33)%
Rent	74,536	44,191	68.67 %
Travel and meals	48,825	34,449	41.73 %
Publicity and advertisement	40,232	71,445	(43.69)%
Professional, artistic and consulting services	519,784	408,523	27.23 %
Administrative services	85,000	85,000	- %
Utilities	25,129	24,072	4.39 %
Depreciation	12,789	12,666	0.97 %
Bad debts expense	4,683	59,896	(92)%
Insurance	15,295	13,671	12
Commissions	4,510	4,510	-
Other	<u>720,654</u>	<u>81,432</u>	<u>784.98 %</u>
Total operating expenses	<u>1,724,095</u>	<u>996,653</u>	<u>72.99 %</u>
Operating loss	<u>(1,572,205)</u>	<u>(853,651)</u>	<u>84.17 %</u>
Non-operating income:			
Legislative grants	740,638	750,094	(1.26)%
Donations	149,361	152,383	(1.98)%
Interest and other income	<u>702,672</u>	<u>44,521</u>	<u>1,478.29 %</u>
Total non-operating income	<u>1,592,671</u>	<u>946,998</u>	<u>68.18 %</u>
Net income	20,466	93,347	(78.08)%
Total net assets, beginning	<u>1,064,179</u>	<u>970,832</u>	<u>9.62 %</u>
Total net assets, ending	<u>\$ 1,084,645</u>	<u>\$ 1,064,179</u>	<u>1.92 %</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

The total capital assets are as follows:

- Furniture and equipment - All assets in administrative area, such as executive offices, finance, personnel, and general services.
- Library - Includes all educational books and materials used in the different programs.

Refer to Note 3 of the basic financial statements.

Long-term liabilities:

The total long-term debt is as follows:

- Compensated absences - Employees accrue vacations at a rate of 2.5 days per month, up to a maximum of 60 days and accumulate sick leave at a rate of 1.5 days per month, up to a maximum of 90 days. Accrued vacations and sick leave benefits as of June 30, 2011 and 2010 amounted to \$10,880 and \$11,522, respectively.

Refer to Note 4 of the basic financial statements.

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the corporation's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, **Corporación de las Artes-Escénico Musicales de Puerto Rico**, PO Box 41227 Minillas Station, San Juan, Puerto Rico 00940-1227.

**CORPORACIÓN DE LAS ARTES
ESCÉNICO-MUSICALES DE PUERTO RICO
(A Component Unit of the Commonwealth of Puerto Rico)**

**STATEMENTS OF NET ASSETS (DEFICIT) - JUNE 30, 2011, WITH
SUMMARIZED FINANCIAL INFORMATION FOR 2010**

ASSETS

	<u>Management Service Fund</u>	<u>Festival Casals Fund</u>	<u>Museo Pablo Casals Fund</u>	<u>Festival de la Orquesta Sinfónica Juvenil de America Fund</u>	<u>Festival Iberoamericano de las Artes Fund</u>	<u>Total Enterprise Funds</u>	
						<u>2011</u>	<u>2010</u>
Current assets:							
Cash	\$ 387,349	\$ 283,997	\$ 426,879	\$ 245,134	\$ 16,493	\$ 1,359,852	\$ 1,470,980
Receivables:							
Individuals and private entities, net of allowance for doubtful accounts of \$71,736 in 2011 and 2010	34	-	308	200	271	813	5,962
Government entities, net of allowance for doubtful accounts of \$41,138 in 2011 and 2010	1,439	25,923	-	-	-	27,362	-
Related companies	-	260	-	520	520	1,300	525,520
Other funds	-	-	-	-	6,340	6,340	663,814
Other assets	<u>25</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>-</u>
Total current assets	388,847	310,180	427,187	245,854	23,624	1,395,692	2,666,276
Long-term assets; capital assets, net	<u>-</u>	<u>35,285</u>	<u>13,949</u>	<u>123</u>	<u>-</u>	<u>49,357</u>	<u>62,146</u>
Total assets	<u>388,847</u>	<u>345,465</u>	<u>441,136</u>	<u>245,977</u>	<u>23,624</u>	<u>1,445,049</u>	<u>2,728,422</u>

LIABILITIES

Current liabilities:							
Accounts payable:							
Individuals and private entities	150	47,313	4,466	4,078	8,892	64,899	148,551
Government entities	390	19,920	24,872	-	-	45,182	60,421
Related companies	10,352	3	1,262	-	-	11,617	565,851
Other funds	-	-	-	6,340	-	6,340	663,813
Other	-	7,146	-	-	-	7,146	7,146
Compensated absences, current	1,493	-	6,354	-	-	7,847	11,238
Accrued expenses and withholdings payable	381	11,086	2,670	-	197	14,334	11,933
Deferred revenues	<u>-</u>	<u>40,000</u>	<u>140,006</u>	<u>20,000</u>	<u>-</u>	<u>200,006</u>	<u>195,006</u>
Total current liabilities	12,766	125,468	179,630	30,418	9,089	357,371	1,663,959
Compensated absences, non-current	<u>-</u>	<u>-</u>	<u>3,033</u>	<u>-</u>	<u>-</u>	<u>3,033</u>	<u>284</u>
Total liabilities	<u>12,766</u>	<u>125,468</u>	<u>182,663</u>	<u>30,418</u>	<u>9,089</u>	<u>360,404</u>	<u>1,664,243</u>

NET ASSETS

Investment in capital assets	-	35,285	13,949	123	-	49,357	62,146
Unrestricted net assets	<u>376,081</u>	<u>184,712</u>	<u>244,524</u>	<u>215,436</u>	<u>14,535</u>	<u>1,035,288</u>	<u>1,002,033</u>
Total net assets	<u>\$ 376,081</u>	<u>\$ 219,997</u>	<u>\$ 258,473</u>	<u>\$ 215,559</u>	<u>\$ 14,535</u>	<u>\$ 1,084,645</u>	<u>\$ 1,064,179</u>

See accompanying notes to the basic financial statements.

**CORPORACIÓN DE LAS ARTES
ESCÉNICO-MUSICALES DE PUERTO RICO
(A Component Unit of the Commonwealth of Puerto Rico)**

**STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUNDS NET ASSETS (DEFICIT)**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2011, WITH
SUMMARIZED FINANCIAL INFORMATION FOR 2010**

	Management Service Fund	Festival Casals Fund	Museo Pablo Casals Fund	Festival de la Orquesta Sinfónica Juvenil de América Fund	Festival Iberoamericano de las Artes Fund	Total Enterprise Funds	
						2011	2010
Operating revenues:							
Sale of tickets	\$ -	\$ 145,464	\$ 3,128	\$ -	\$ 3,298	\$ 151,890	\$ 141,502
Sale of advertising	-	-	-	-	-	-	1,500
Total operating revenues	-	145,464	3,128	-	3,298	151,890	143,002
Operating expenses:							
Salaries, payroll taxes and fringe benefits	37,219	6,947	126,725	124	1,643	172,658	174,979
Travel and meals	39	47,566	425	-	795	48,825	34,449
Publicity	530	33,338	-	-	6,364	40,232	71,445
Professional, artistic and consulting services	6,906	475,414	4,546	500	32,418	519,784	408,523
Administrative services	85,000	-	-	-	-	85,000	85,000
Utilities	-	-	25,129	-	-	25,129	24,072
Depreciation	-	9,202	3,569	18	-	12,789	12,666
Bad debts expense	-	4,683	-	-	-	4,683	59,896
Rent	28,299	39,774	75	-	6,388	74,536	44,191
Insurance	15,295	-	-	-	-	15,295	13,671
Commissions	-	256	4,254	-	-	4,510	2,898
Other	139,875	21,843	12,174	122,106	424,656	720,654	64,863
Total operating expenses	313,163	639,023	176,897	122,748	472,264	1,724,095	996,653
Operating loss	(313,163)	(493,559)	(173,769)	(122,748)	(468,966)	(1,572,205)	(853,651)
Non-operating revenues:							
Legislative grants	191,715	355,000	144,623	1,800	47,500	740,638	750,094
Donations	-	145,000	4,361	-	-	149,361	152,383
Other	288,753	372,473	35,184	205	6,057	702,672	44,521
Total other non-operating revenues	480,468	872,473	184,168	2,005	53,557	1,592,671	946,998
Net income (loss)	167,305	378,914	10,399	(120,743)	(415,409)	20,466	93,347
Total net assets (deficit), beginning	208,776	(158,917)	248,074	336,302	429,944	1,064,179	970,832
Total net assets, ending	\$ 376,081	\$ 219,997	\$ 258,473	\$ 215,559	\$ 14,535	\$ 1,084,645	\$ 1,064,179

See accompanying notes to the basic financial statements.

**CORPORACIÓN DE LAS ARTES
ESCÉNICO-MUSICALES DE PUERTO RICO
(A Component Unit of the Commonwealth of Puerto Rico)**

STATEMENTS OF CASH FLOWS

**FOR THE FISCAL YEAR ENDED JUNE 30, 2011, WITH
SUMMARIZED FINANCIAL INFORMATION FOR 2010**

	<u>Management Service Fund</u>	<u>Festival Casals Fund</u>	<u>Museo Pablo Casals Fund</u>	<u>Festival de la Orquesta Sinfónica Juvenil de América Fund</u>	<u>Festival Iberoamericano de las Artes Fund</u>	<u>Total Enterprise Funds</u>	
						<u>2011</u>	<u>2010</u>
Cash flows from operating activities:							
Receipts from ticket sales	\$ -	\$ 124,224	\$ 3,128	\$ -	\$ 3,298	\$ 130,650	\$ 227,304
Payments to employees, payroll taxes and other fringe benefits	(38,922)	(6,947)	(125,664)	(124)	(1,643)	(173,300)	(174,861)
Payments to suppliers for goods or services	(58,243)	(690,864)	(44,208)	(24,283)	(54,401)	(871,999)	(682,528)
Payments for interfund services, including management services used	(85,000)	-	-	-	-	(85,000)	(152,704)
Net cash used in operating activities	(182,165)	(573,587)	(166,744)	(24,407)	(52,746)	(999,649)	(782,789)
Cash flows from non-capital financing activities:							
Legislative grants	191,715	355,000	144,623	1,800	47,500	740,638	750,094
Contributions and donations	927	176,578	4,361	205	-	182,071	152,383
Advances to related parties	(51,963)	(29,909)	(18,985)	(5,151)	-	(106,008)	(38,703)
Increase (decrease) in deferred income	-	40,000	(35,000)	-	-	5,000	55,000
Other income, including interest income	-	-	35,184	-	6,057	41,241	44,521
Net cash provided by non-capital financing activities	140,679	541,669	130,183	(3,146)	53,557	862,942	963,295
Cash flows from investing activities; advances from related companies	-	-	9,897	-	15,682	25,579	3,658
Increase (decrease) in cash	(41,486)	(31,918)	(26,664)	(27,553)	16,493	(111,128)	184,164
Cash, at beginning of year	428,835	315,915	453,543	272,687	-	1,470,980	1,286,816
Cash, at end of year	<u>\$ 387,349</u>	<u>\$ 283,997</u>	<u>\$ 426,879</u>	<u>\$ 245,134</u>	<u>\$ 16,493</u>	<u>\$ 1,359,852</u>	<u>\$ 1,470,980</u>

Continues.

**CORPORACIÓN DE LAS ARTES
ESCÉNICO-MUSICALES DE PUERTO RICO
(A Component Unit of the Commonwealth of Puerto Rico)**

STATEMENTS OF CASH FLOWS (CONTINUED)

**FOR THE FISCAL YEAR ENDED JUNE 30, 2011, WITH
SUMMARIZED FINANCIAL INFORMATION FOR 2010**

	Management Service Fund	Festival Casals Fund	Museo Pablo Casals Fund	Festival de la Orquesta Sinfónica Juvenil de América Fund	Festival Iberoamericano de las Artes Fund	Total Enterprise Funds	
						2011	2010
Reconciliation of operating loss to net cash used by operating activities:							
Loss from operations	\$(313,163)	\$(493,559)	\$(173,769)	\$(122,748)	\$(468,966)	\$(1,572,205)	\$(853,651)
Adjustments to reconcile loss from operations to net cash used in operating activities:							
Depreciation	-	9,202	3,569	18	-	12,789	12,666
Bad debts	-	4,683	-	-	-	4,683	59,896
Gain(loss) on cancellation of related companies and interfund transactions	134,762	-	-	121,987	422,388	679,137	-
Changes in operating assets and liabilities:							
Increase (decrease) in:							
Accounts receivable from individuals, private entities and government	(973)	(25,923)	-	(23,069)	-	(49,965)	24,015
Other assets	(25)	-	-	-	-	(25)	-
Prepaid expenses	-	-	-	-	-	-	835
Decrease (increase) in:							
Accounts payable from individuals, private entities and government	(1,444)	(67,990)	(119)	-	(6,269)	(75,822)	(19,515)
Accrued expenses and withholdings payable	(1,322)	-	3,575	(595)	101	1,759	(7,035)
Total adjustments	<u>130,998</u>	<u>(80,028)</u>	<u>7,025</u>	<u>98,341</u>	<u>416,220</u>	<u>572,556</u>	<u>70,862</u>
Net cash used in operating activities	<u><u>\$(182,165)</u></u>	<u><u>\$(573,587)</u></u>	<u><u>\$(166,744)</u></u>	<u><u>\$(24,407)</u></u>	<u><u>\$(52,746)</u></u>	<u><u>\$(999,649)</u></u>	<u><u>\$(782,789)</u></u>
 Supplementary schedule of non-cash non-capital financing activities:							
Fully depreciated furniture and equipment disposed during the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(584)</u>	<u>\$ -</u>	<u>\$(584)</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.