



Corporación Congreso Internacional de La
Lengua Española – CILE Puerto Rico 2016
(A Component Unit of the Puerto Rico Tourism Company)

Basic Financial Statements
and Required Supplementary Information
Fiscal Year Ended June 30, 2017

**CORPORACIÓN CONGRESO INTERNACIONAL DE LA
LENGUA ESPAÑOLA CILE PUERTO RICO 2016**
(A Component Unit of the Puerto Rico Tourism Company)



Basic Financial Statements and Required Supplementary Information
Fiscal Year Ended June 30, 2017

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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
Corporación Congreso Internacional de la Lengua Española
CILE Puerto Rico 2016

We have audited the accompanying financial statements of the governmental activities of Corporación Congreso Internacional de la Lengua Española – CILE Puerto Rico 2016, a Component Unit of the Puerto Rico Tourism Company, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Corporación Congreso Internacional de la Lengua Española – CILE Puerto Rico 2016's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Corporación Congreso Internacional de la Lengua Española – CILE Puerto Rico 2016, as of June 30, 2017, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Cease of Operations and Disposal of Assets

As discussed in Note (1), on April 2, 2019, the board of directors of Corporación Congreso Internacional de la Lengua Española – CILE Puerto Rico 2016, approved a resolution to cease its operations and dispose of all of its assets. The cash available, at the date of the transfer, will be contributed to the Instituto de Cultura Puertorriqueña, another component unit of the Commonwealth of Puerto Rico. In addition, it was determined that all necessary legal steps to proceed with the dissolution of the Corporación Congreso Internacional de la Lengua Española – CILE Puerto Rico 2016 will be formally commenced during the fiscal year ended June 30, 2019. Our opinion is not modified with respect to this matter.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 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 supplemental information in accordance with 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 the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

San Juan, Puerto Rico
January 16, 2020.

Stamp No. E407240 was affixed to
the original of this report.

A handwritten signature in blue ink, appearing to read "B. S. K. V. S.", is written over the text of the stamp number.

**CORPORACIÓN CONGRESO INTERNACIONAL DE LA
LENGUA ESPAÑOLA – CILE PUERTO RICO 2016**
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Management Discussion and Analysis (Unaudited)

Fiscal year ended June 30, 2017

As management of the Corporación Congreso Internacional de la Lengua Española (“CILE” by its Spanish acronym) Puerto Rico 2016 (the Corporation), a Special Revenue Fund and blended Component Unit of the Puerto Rico Tourism Company (the Company), we offer readers of these basic financial statements, our discussion and analysis of the Corporation’s financial performance for the fiscal year ended June 30, 2017. Please read the information presented in this section together with the Corporation’s basic financial statements, including the notes thereto, which follow this section.

The discussion and analysis is intended to serve as an introduction to the Corporation’s basic financial statements, which comprise the following components: (1) Government-Wide Financial Statements, composed of (i) statement of net position and (ii) statement of activities; and (2) Governmental Fund Financial Statements, including (i) balance sheet, (ii) reconciliation of the balance sheet to the statement of net position, (iii) statement of revenues, expenditures, and changes in fund balances, and (iv) reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities.

Financial Highlights

- The Corporation was created for the purpose of producing and coordinating the Spanish Language International Congress that was held in March 2016.
- The Corporation’s net position at June 30, 2017 was approximately \$163.6 thousand. The net position decrease in comparison with prior year figures by approximately \$329 thousand.
- On April 2, 2019, the board of directors approved a resolution to cease the operations of the Corporation and dispose of all of its assets.
- The cash available at the moment of the transfer will be contributed to the Instituto de Cultura Puertorriqueña, another component unit of the Commonwealth of Puerto Rico.

Overview of the Financial Statements

The basic financial statements of the Corporation are prepared in conformity with accounting principles generally accepted in the United States of America, as applicable to governmental entities. Accordingly, the basic financial statements include two kinds of statements that present different views of the Corporation.

The first two statements are government-wide financial statements that provide both short and long-term information about the Corporation’s overall financial position and results of operations. These statements are presented on the accrual basis of accounting and comprise a statement of net position and a statement of activities.

The remaining statements are fund financial statements that focus on the Special Revenue Fund, thus, reporting the Corporation’s operations in more detail than the government-wide financial statements. The government funds statements show how services were financed in the short-term as well as what remains for future spending, while the government-wide financial statements offer short and long-term financial information about the activities in which the government operates, similar to private sector companies.

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Management Discussion and Analysis (Unaudited)

Fiscal year ended June 30, 2017

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes are an integral part of the basic financial statements.

Governmental Activities

Condensed financial information of governmental activities in the statement of net position as of June 30, 2017 and 2016 is as follows:

	Year ended June, 30		Increase	Variance
	<u>2017</u>	<u>2016</u>	<u>(Decrease)</u>	<u>Percentage</u>
Assets:				
Current assets	\$ 181,617	\$ 520,181	\$ (338,564)	-65%
Total assets	<u>181,617</u>	<u>520,181</u>	<u>(338,564)</u>	-65%
Liabilities:				
Current liabilities	4,755	25,703	(20,948)	-82%
Due to other fund	13,239	1,451	11,788	812%
Total liabilities	<u>17,994</u>	<u>27,154</u>	<u>(9,160)</u>	-34%
Net position :				
Unrestricted	<u>163,623</u>	<u>493,027</u>	<u>(329,404)</u>	-67%
Total net position	<u>\$ 163,623</u>	<u>\$ 493,027</u>	<u>\$ (329,404)</u>	-67%

The total assets decreased by approximately \$338 thousand from approximately \$520 thousand as of June 30, 2016 to approximately \$182 thousand as of June 30, 2017. The decrease is due to the decrease of cash by approximately \$338 thousand.

The total liabilities decreased by approximately \$9 thousand. The decrease is mainly due to accrual of invoices of travel, marketing and professional services by approximately \$21 thousand, as of June 30, 2016, and paid during the year ended as of June 30, 2017.

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Management Discussion and Analysis (Unaudited)

Fiscal year ended June 30, 2017

Condensed financial information of governmental activities in the statement of activities for the years ended June 30, 2017 and 2016, is shown below:

	Year ended June, 30		Increase	Variance
	<u>2017</u>	<u>2016</u>	<u>(Decrease)</u>	<u>Percentage</u>
Program revenues:				
Operating grants and contributions	\$ -	\$ 2,300,000	\$ (2,300,000)	-100%
Charges for services-other	123,007	406,558	(283,551)	-70%
	<u>123,007</u>	<u>2,706,558</u>	<u>(2,583,551)</u>	-95%
Functions/programs				
General government	450,573	2,358,992	(1,908,419)	-81%
Advertising and promotion	1,838	235,951	(234,113)	-99%
	<u>452,411</u>	<u>2,594,943</u>	<u>(2,142,532)</u>	-83%
Net Change	(329,404)	111,615	(441,019)	-395%
Net position-Beginning of year	<u>493,027</u>	<u>381,412</u>	<u>111,615</u>	29%
Net position-End of year	<u>\$ 163,623</u>	<u>\$ 493,027</u>	<u>\$ (329,404)</u>	-67%

Total revenues decrease by approximately \$2.5 million during the year ended June 30, 2017. This decrease is mainly due to the decrease in contributions from PRTC to CILE by approximately \$2.3 million.

Total expenses decrease by approximately \$2.1 million. The decrease is mainly due to a decrease in professional services amounting to \$899 thousand, transportation by \$447 thousand, office rent by \$227 thousand and lodging by \$597 thousand.

Revenues and expenses decreased since the VII Congreso Internacional de la Lengua Española was held in March 2016.

Subsequent event

Refer to Note 4 of the accompanying basic financial statements for a description of subsequent events.

Request for Information

This financial report is designed to provide a general overview of the Corporation for all those with an interest in the Corporation's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of the Finance Director of the Puerto Rico Tourism Company, Tanca Street #500, Ochoa Building 3rd Floor, Old San Juan, San Juan, PR, 00902-3960.



**CORPORACION CONGRESO INTERNACIONAL DE LA
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STATEMENT OF NET POSITION
June 30, 2017

	Governmental Activities
ASSETS:	
Cash	\$ 181,617
LIABILITIES:	
Accounts payable	4,755
Due to Puerto Rico Tourism Company's general fund	13,239
	<u>17,994</u>
NET POSITION - Unrestricted	<u><u>\$ 163,623</u></u>

See accompanying notes to basic financial statements.



CORPORACION CONGRESO INTERNACIONAL DE LA LENGUA ESPAÑOLA – CILE PUERTO RICO 2016

(A Component Unit of the Puerto Rico Tourism Company)

STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2017

Functions/programs	Expenses	Program Revenues Operating grants and contributions	Net revenues and change in net position Governmental activities
GENERAL GOVERNMENT ACTIVITIES	\$ 452,411	\$ 122,245	\$ (330,166)
GENERAL REVENUES:			
Other			762
CHANGE IN NET POSITION			(329,404)
NET POSITION - Beginning of Year			493,027
NET POSITION - End of Year			\$ 163,623

See accompanying notes to basic financial statements.

CORPORACION CONGRESO INTERNACIONAL DE LA LENGUA ESPAÑOLA – CILE PUERTO RICO 2016
(A Component Unit of the Puerto Rico Tourism Company)



BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2017

ASSETS:

Cash	\$ 181,617
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LIABILITIES AND FUND BALANCE:

Liabilities:

Accounts payable	4,755
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Due to other funds	<u>13,239</u>
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17,994

Fund balance - Committed	<u>163,623</u>
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\$ 181,617

RECONCILIATION OF BALANCE SHEET TO STATEMENT OF NET POSITION:

Total fund balance - governmental funds	<u>\$ 163,623</u>
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Net position of governmental activities	<u>\$ 163,623</u>
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See accompanying notes to basic financial statements.



**CORPORACION CONGRESO INTERNACIONAL DE LA
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**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE-
Governmental Funds**
Fiscal Year Ended June 30, 2017

REVENUES:

Contributions	\$	122,245
Other		<u>762</u>
		123,007

EXPENDITURES:

Current:		
General government		<u>452,411</u>

DEFICIENCY OF REVENUES UNDER EXPENDITURES (329,404)

FUND BALANCE - Beginning of Year 493,027

FUND BALANCE - End of Year \$ 163,623

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES:**

Net change in fund balance governmental funds and change in net position of governmental activities	\$	<u><u>(329,404)</u></u>
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See accompanying notes to basic financial statements.

CORPORACIÓN CONGRESO INTERNACIONAL DE LA LENGUA ESPAÑOLA – CILE PUERTO RICO 2016
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Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017

(1) Reporting Entity

The Corporación Congreso Internacional de la Lengua Española – CILE Puerto Rico 2016 (CILE) is a component unit of the Puerto Rico Tourism Company (the Company), which in turn is a component unit of the Commonwealth of Puerto Rico (the Commonwealth). CILE was created by Resolution No. 15-021 of the Company. It was organized on November 7, 2014 as a not-for-profit corporation under the laws of the Commonwealth. CILE is reported as a blended component unit and a special revenue fund of the Company. CILE was created for the sole purpose to organize, plan, and coordinate the VII Congreso Internacional de la Lengua Española (CILE 2016) held in March 2016. CILE began operations during December 2014. CILE is reported as a Special Revenue Fund.

CILE is exempt from taxation in Puerto Rico in accordance with the provisions of Act No. 10 of 1970 and with Section 101(15) of the Puerto Rico Income Tax Act of 1954, as amended.

As discussed in Note (4), on April 2, 2019, the board of directors of CILE, approved a resolution to cease the operations and dispose of all of its assets. The cash available, at the date of the transfer, will be contributed to the Instituto de Cultura Puertorriqueña (ICP), another component unit of the Commonwealth, to cover expenses related to the representation of Puerto Rico in the 22th Feria Internacional del Libro, to be held in Santo Domingo, Dominican Republic from April 26, 2019 to May 5, 2019. The legal steps for the dissolution of CILE have commenced.

(2) Basis of Presentation and Summary of Significant Accounting Policies

The accounting and reporting policies of CILE conform to generally accepted accounting principles in the United States of America (US GAAP), for governments as prescribed by the Governmental Accounting Standards Board (GASB).

The preparation of basic financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements – The statement of net position and the statement of activities report information on all activities of CILE.

The statement of net position presents CILE's assets and liabilities, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position may be reported in three categories:

- *Net Investment in Capital Assets* – This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets, if any. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at year end, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of this component of net position. Rather, that portion of the debt or deferred inflows of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.

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LENGUA ESPAÑOLA – CILE PUERTO RICO 2016**
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- *Restricted* – This component of net position consists of restricted assets and deferred outflows of resources reduced by related liabilities and deferred inflows of resources. Generally, a liability relates to restricted assets if the assets results from a resource flow that also results in the recognition of a liability or if a liability will be liquidated with the restricted assets reported.
- *Unrestricted* – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. When both restricted and unrestricted resources are available for use, it is the CILE's policy to use restricted resources first and the unrestricted resources when they are needed.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not meeting the definition of program revenues are instead reported as general revenues.

Governmental Funds Financial Statements

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. CILE is considered a Special Revenue Fund, which is used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for special purposes other than debt service of capital projects.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting. Revenues are recognized as soon they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, CILE considers revenues to be available if they are collected within 90 days after the end of the current fiscal year. Other revenues are considered measurable and available only when cash is received by CILE. Expenditures generally are recorded when a liability is incurred. However, principal and interest on long term debt, loans and notes payables are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt, notes and loans and acquisitions under capital leases are reported as other financing sources.

Principal revenue sources considered susceptible to accrual include contributions from the Puerto Rico Tourism Company.

CORPORACIÓN CONGRESO INTERNACIONAL DE LA LENGUA ESPAÑOLA – CILE PUERTO RICO 2016
(A Component Unit of the Puerto Rico Tourism Company)



Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017

Fund Balance

Fund balances are reported based on the relative strength of the constraints that control how specific amounts can be spent, as described below:

- *Nonspendable* – Represents resources that cannot be spent readily with cash or are legally or contractually required not to be spent. For CILE, the amount presented herein is composed of prepaid amounts and a note receivable. There was no nonspendable fund balance as of June 30, 2017.
- *Restricted* – Represents resources that can be spent only for the specific purposes stipulated by constitutional provisions, external resource providers (externally imposed by the Commonwealth, creditors, or grantors), or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers. There was no restricted fund balance as of June 30, 2017.
- *Committed* – Represents resources used for specific purposes, imposed by formal action of CILE's highest level of decision-making authority (the board of directors) and can only be charged by a similar action, no later than the end of a fiscal year. For the year ended June 30, 2017, the committed fund balance was of approximately \$164 thousand.
- *Assigned* – Represents resources intended to be used by CILE for specific purposes, but do not meet the criteria to be classified as restricted or committed (generally executive orders approved by CILE's Executive Director). There was no assigned fund balance at June 30, 2017.
- *Unassigned* – Represents the residual classification for CILE's general fund and includes all spendable amounts not contained in the other classifications.

In situations where expenditures are made for a purpose for which amounts are available in multiple fund balance classifications, CILE uses restricted resources first, and then unrestricted resources. Within unrestricted resources, CILE generally spends committed resources first, followed by assigned resources, and then unassigned resources.

Interfund Transactions – Are classified as follows:

- *Loans* – Represent amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e. due from other funds) in lender fund and interfund payables (i.e. due to other funds) in borrower funds. Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by nonspendable fund balance which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.
- *Reimbursements* – Represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

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- *Transfers* – Represent flow of assets (such as cash or goods) without equivalent flow of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the fund making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

As of June 30, 2017, CILE has interfund transactions that represents loans.

Risk Management

CILE purchases commercial insurance to cover for casualty, theft, tort claims and other losses through the Puerto Rico Department of Treasury negotiated under a blanket agreement and then charged to CILE. The current insurance policies have not been canceled or terminated. There have been no settlements of insurance claims that exceed coverage under such policies in any of the past three years.

Future Accounting Pronouncements

The GASB has issued the following accounting pronouncements that may have a future impact on the accounting and financial reporting practices and policies of CILE:

- GASB Statement 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. Statement 75 provides guidance for reporting by state and local governments that provide OPEB, such as retiree health insurance, to their employees and for governments that finance OPEB for employees of other governments. Statement 75 is effective for fiscal years beginning after June 15, 2017.
- GASB Statement 81 – *Irrevocable Split-Interest Agreements*. This Statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts, or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements, in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Statement 81 is effective for fiscal years beginning after December 15, 2016.
- GASB Statement 82 – *Pension issues*. An amendment of GASB Statements 67, 68, and 73. Statement 82 addresses practice issues raised during implementation of Statements 67 Financial Reporting for Pension Plans, Statement 68, Accounting and Financial Reporting for Pensions, and 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Statement 82 is effective for reporting periods beginning after June 15, 2016, except for the requirements for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end in that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

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Notes to Basic Financial Statements
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- GASB Statement 83 – Certain Asset Retirement Obligations. Statement 83 requires a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets to recognize a liability and a corresponding deferred outflow of resources. Statement 83 is effective for reporting periods beginning after June 15, 2018.
- GASB Statement 84 – Fiduciary Activities. Statement 84 provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement 84 is effective for reporting periods beginning after December 15, 2018.
- GASB Statement 85 – Omnibus 2017. Statement 85 addresses practice issues identified during the implementation and application of certain GASB Statements, including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (both pension and OPEB). Statement 85 is effective for reporting periods beginning after June 15, 2017.
- GASB Statement 86 – Certain Debt Extinguishment Issues. Statement 86 requires that debt be considered defeased in substance when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish the debt. It also addresses related reporting requirements for financial statements using the economic resources measurement focus. Statement 86 is effective for reporting periods beginning after June 15, 2017.
- GASB Statement 87 – Leases. Statement 87 establishes a single model for lease accounting by state and local governments, with limited exceptions (most notably for "short -term" leases with a maximum possible term of 12 months). Statement 87 is effective for reporting periods beginning after December 15, 2019.
- GASB Statement 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. Statement 88 clarifies which liabilities governments should include in their note disclosures related to debt and requires that additional essential information related to debt be disclosed in the notes to the financial statements. Statement 88 also requires a government to separate information in debt disclosures regarding (a) direct borrowings and direct placements of debt from (b) other debt. Statement 88 is effective for reporting periods beginning after June 15, 2018.
- GASB Statement 89 – Accounting for Interest Cost Incurred before the End of a Construction Period. Statement 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Statement 89 is effective for reporting periods beginning after December 15, 2019.
- GASB Statement 90 – Majority Equity Interests – An amendment of GASB Statements 14 and 61. Statement 90 clarifies the accounting and financial reporting for a state or local government's majority equity interest in an organization that remains legally separate after acquisition. Statement 90 effective for reporting periods beginning after December 15, 2018.

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Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2017

- GASB Statement 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Statement 91 is effective for reporting periods beginning after December 15, 2020.

Management is evaluating the impact that these statements will have, if any, on CILE's basic financial statements.

(3) Custodial Credit Risk

CILE is authorized to deposit funds in financial institutions approved by the Commonwealth. Commonwealth's regulations require domestic commercial banks to maintain collateral securities pledged for the security of public deposits in excess of federal insurance coverage. Deposits, either insured or collateralized, are not considered to be subject to custodial credit risk. Custodial credit risk is the risk that, in the event of a failure of the counterparty to the transaction, CILE may not be able to recover the value of the investment or collateral securities that are in possession of an outside party. As of June 30, 2017, CILE is not subject to custodial credit risk.

(4) Subsequent Events

On April 2, 2019, the board of directors of CILE approved a resolution to cease its operations and dispose of its assets, since the purpose of its creation was fully accomplished. It was determined that any cash available will be contributed to the ICP to cover all expenses related to the representation of Puerto Rico in the 22th Feria Internacional del Libro, to be held in Santo Domingo, Dominican Republic from April 26, 2019 to May 5, 2019. In addition, it was determined that all necessary legal steps will be formally commenced to proceed with the dissolution of CILE will formally commenced.

On April 17, 2019, a contribution of \$160,400 was disbursed to the ICP as described above.

Management has evaluated subsequent events through January 16, 2020, the date on which financial statements were available to be issued.