Puerto Rico Convention Center District Authority

(A Component Unit of the Commonwealth of Puerto Rico)

Basic Financial Statements and Supplemental Schedules as of and for the Year Ended June 30, 2010, and Independent Auditors' Report

PUERTO RICO CONVENTION CENTER DISTRICT AUTHORITY
(A Component Unit of the Commonwealth of Puerto Rico)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Puerto Rico Convention Center District Authority
San Juan, Puerto Rico

We have audited the accompanying statement of net assets of the Puerto Rico Convention Center District Authority (the "Authority"), a component unit of the Commonwealth of Puerto Rico, as of June 30, 2010, and the related statements of revenues, expenses, and changes in net assets, and of cash flows for the year then ended. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express opinion on these basic 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 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 Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2010, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as whole. The supplemental schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. These supplemental schedules are the responsibility of the Authority's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic financial statement and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

The management's discussion and analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standard Board. This supplementary information is the responsibility of the Authority's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Deloitte & Touche LLP

January 21, 2011

Stamp No. 2574741
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The Puerto Rico Convention Center District Authority (the "Authority"), is a component unit of the Commonwealth of Puerto Rico (the "Commonwealth"), created by Law No. 142 of October 4, 2001, and is responsible for developing, constructing, and operating the Puerto Rico Convention Center ("Convention Center") and the Puerto Rico Convention District ("District"). On August 3, 2004, Act No. 185, which amends Act No. 351 of September 2, 2000, transferred the ownership interest of the Puerto Rico Coliseum José Miguel Agrelot (the "Coliseum") to the Authority to administer and supervise its operations. The Authority's annual financial report presents management's discussion and analysis of the Authority's financial performance during the year ended June 30, 2010. It provides an assessment of how the Authority's financial position and result of operations has improved or declined and identifies the factors that, in management's view, significantly affected the Authority's overall financial position. It may contain opinions, assumptions or conclusions by the Authority's management that should not be considered a replacement for, and must be read in conjunction with, the Authority's basic financial statements, which follow this section.

Financial Highlights

- The Authority's total assets decreased by $8.6 million in 2010 or 1.0%
- The Authority's total liabilities increased by $1.7 million in 2010 or .3%
- The Authority's net assets decreased by $10.3 million in 2010 or 7.0%
- Operating revenues decreased by $1.5 million in 2010 or 5.8%
- Operating direct expenses decreased by $1.1 million in 2010 or 12.2%
- Operating and administrative expenses decreased by $.3 million in 2010 or .7%
- Nonoperating revenues decreased by $76,000 in 2010 or 1.0%

Overview of the Financial Statements

This annual financial report consists of three parts: the management's discussion and analysis, the basic financial statements of the Authority including notes that explain in more detail some of the information in the basic financial statements, and other supplemental schedules.

- The basic financial statements are designed to provide readers with a broad overview of the Authority's basic finances in a manner similar to a private-sector business. These basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. Using the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which they are incurred.

- The statement of net assets presents information regarding all of the Authority's assets and liabilities. The difference between the mentioned components is reported as net assets. Increase and decrease in net assets provide an indication of whether the Authority's financial health is improving or deteriorating.

- The statement of revenues, expenses, and changes in net assets presents information showing how the Authority's net assets changed during the most recent fiscal year.

- The statement of cash flows explains the sources and uses of cash during the fiscal year classified in operations, noncapital financing, capital and related financing, and investing activities.

Financial Analysis of the Authority

The following summarizes the Authority's financial position as of June 30, 2010 and 2009:

STATEMENTS OF NET ASSETS (in 000's)

	2010	2009	Variance
Assets:			
Current assets	$ 42,044	$ 40,381	$ 1,663
Capital assets — net	663,538	670,969	(7,431)
Other noncapital assets	84,142	86,979	(2,837)
Total assets	$ 789,724	$ 798,329	$ (8,605)
Liabilities:			
Current liabilities	$ 191,016	$ 182,015	$ 9,001
Noncurrent liabilities	462,499	469,822	(7,323)
Total liabilities	653,515	651,837	1,678
Net assets:			
Invested in capital assets — net of related debt	55,005	52,788	2,217
Restricted	45,173	52,737	(7,564)
Unrestricted	36,031	40,967	(4,936)
Total net assets	136,209	146,492	(10,283)
Total liabilities and net assets	$ 789,724	$ 798,329	$ (8,605)

- **The Authority's total assets decreased by $8.6 million in 2010 (or 1.0%)**

  The Authority has remained focused on its mission of promoting economic activities by providing outstanding venues and related services to the tourist sector and the general public. The Authority completed the construction of the Convention Center and currently is dedicated, along with overseeing the operations of the venues, to the developing of the surrounding Convention Center District, which will accommodate hotels, commercial and residential facilities, and recreational areas. During the year ended June 30, 2010, net capital assets decreased by approximately $7.4 million. This decrease was mainly related to amortization and depreciation. The Authority completed certain development and construction projects amounting to approximately $3.5 million related to the signage, parking meters, and surrounding Convention Center District. During the year ended June 30, 2010, restricted assets decreased by approximately $7.6 million, mainly due to bond payments and capital expenditures, offset by collections of room tax funds and the interest earned by the sinking funds. Finally, accounts receivable increased by approximately $6.2 million mainly due to balances due from room tax revenues pursuant to the Commonwealth of Puerto Rico Law No. 272 of September 2003, which establishes a subsidy to finance the administration and deficit from operating the Convention Center.

- **The Authority's total liabilities increased by $1.7 million in 2010 (or .3%)**

  During the year ended June 30, 2010, the Authority increased its accrued interest related to two lines of credit with the Government Development Bank of Puerto Rico by approximately $4.3 million. In addition, the Authority increased its accounts payable by approximately $2.7 million and decreased its deposits payable by approximately $2 million. Finally, the Authority decreased its bond payable by approximately $6.9 million and increased its deferred revenues by approximately $3.8 million. Deferred revenues are related to long-term multiservices agreements for advertising and corporate sponsorship. The agreements can extend from one to five years and include a blend of advertising space and assignment of exclusive use of luxury corporate suites in the facilities. The revenues associated with the long-term agreements are deferred and recognized over the term of the agreement.

- **The Authority's net assets decreased by $10.3 million in 2010 (or 7.0%)**

  As of June 30, 2010, the Authority had approximately $136.2 million in net assets. From such amount, $55 million are invested in capital assets (net of related debt), $45.2 million correspond to restricted assets, and $36 million are unrestricted. Investment in capital assets, net of related debt, increased by approximately $2.2 million in 2010 due to payment of the Coliseum line of credit and bonds. Restricted net assets decreased by approximately $7.5 million. Such decrease was related to funding obtained from the bond issuance, set aside for specific capital uses. Unrestricted assets decreased by approximately $4.9 million in 2010.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS (In 000's)

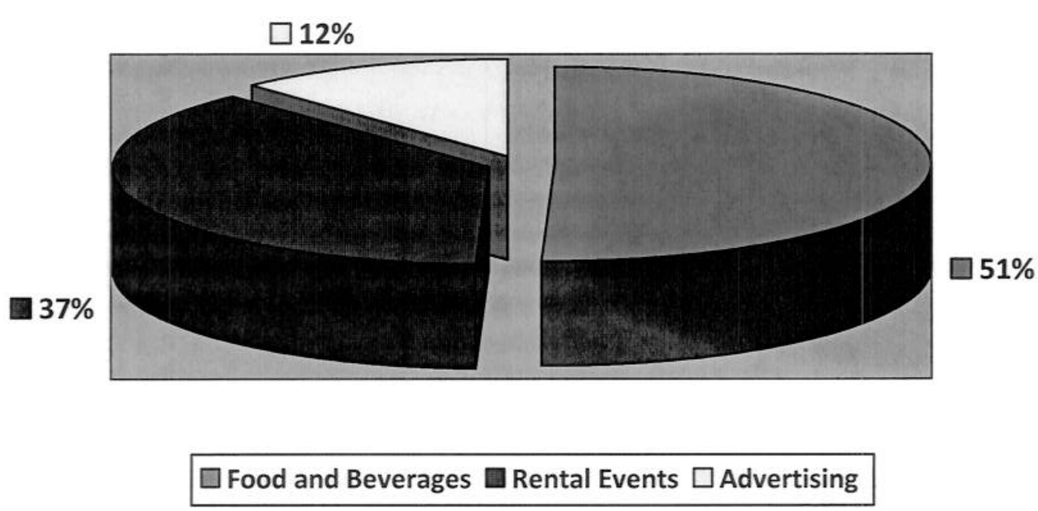
	2010	2009	Variance
Operating revenues	$ 24,787	$ 26,315	$ (1,528)
Operating direct expenses	(8,281)	(9,431)	1,150
Operating and administrative expenses	(38,878)	(38,593)	(285)
Nonoperating revenues — net	7,213	7,289	(76)
Transfer in	4,876	19,195	(14,319)
Net increase (decrease) in net assets	(10,283)	4,775	(15,058)
Net assets — beginning of year	146,492	141,717	4,775
Net assets — end of year	$ 136,209	$ 146,492	$ (10,283)

- **Operating revenues decreased by $1.5 million in 2010 (or 5.8%)**

  Operating revenues are earned from rental of facilities and related support services, sale of food and beverages, suites and club seat rental, sponsorships and ticket incentive rebates, among others. The decrease in the Authority's operating revenues during the year ended June 30, 2010, is substantially related to sales of food and beverages. The decrease in food and beverage sales is a direct effect of the current economic situation of the island of Puerto Rico.

The following graph presents the sources of the revenues generated by the Authority during the year:

2010 Operating Revenues



- ### Food and Beverages and Rental and Event Services

  For the year ended June 30, 2010, the Authority decreased its food and beverages and rental and event services revenues by approximately $1.2 million from its venues in the Coliseum and the Convention Center.

- ### Operating direct expenses decreased by $1.1 million in 2010 (or 12.2%)

  During the year ended June 30, 2010, operating expenses related to cost of food, beverages and novelty, and direct rental decreased by approximately $.4 million, while event costs such as event set up, support, engineering, and labor directly related to the event, decreased by approximately $.7 million.

- ### Operating and administrative expenses increased by $.3 million in 2010 (or .7%)

  During the year ended June 30, 2010, the Authority implemented an aggressive expense reduction plan in its administrative expenses. Administrative expenses decreased by approximately $.1 million without utilities, while utilities increased by approximately $.4 million.

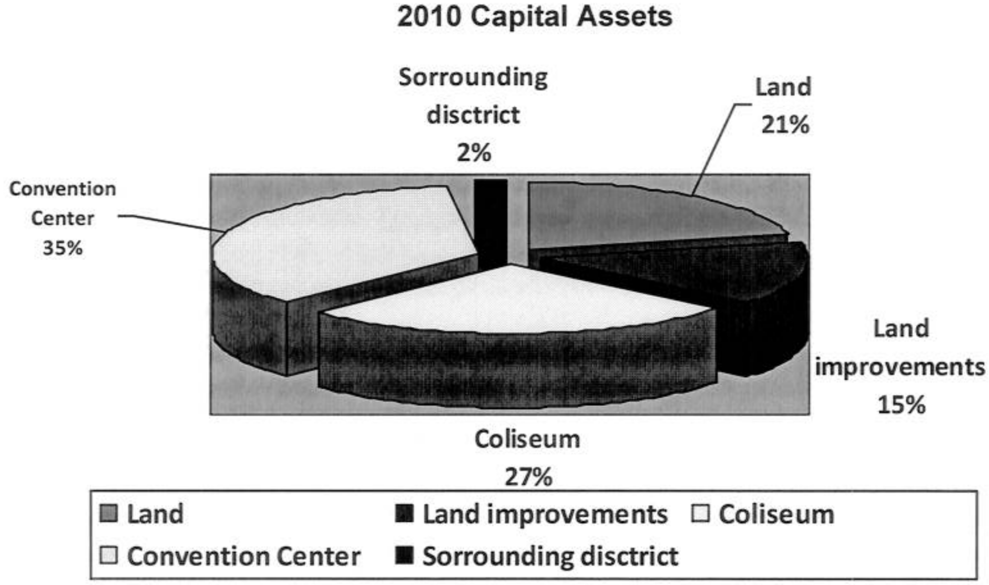
- ### Nonoperating revenues (net of non-operating expenses) decreased by approximately $76,000 in 2010 (or 1%)

  The Authority's nonoperating revenues are substantially comprised of funds allocated from the room tax law enacted by the Government of the Commonwealth of Puerto Rico. The provisions of the room tax revenues provide, among other things, for the debt service of the bond issued for the financing of the Convention Center, administrative funds, and the setting of special funds to cover for the operating deficit.

- ### Capital assets decreased by $7.4 million in 2010 (or 1.1%)

  The Authority's decrease in capital assets during 2010 is due mainly to amortization and depreciation. Capital expenditures during the year amounted to approximately $3.6 million.

The following graph segregates the capital assets among land, land improvement, property subject to depreciation pertaining to the Coliseum, the Convention Center and surrounding district, at cost before depreciation, as follows:



- **Transfers in amounted to $4.7 million in 2010**

  The transfer-in of approximately $4.7 million during 2010 consists of a transfer of funds from the Puerto Rico Sales Tax Financing Corporation (COFINA) for the payment of the nonrevolving lines of credit with the Puerto Rico Government Development Bank (GDB). Decrease in transfer-in when comparing to 2009 was mainly due to the fact that amounts received during 2010 and 2009 were predetermined by COFINA and funds were distributed between all governmental agencies having lines of credit with GDB. During 2011, the general government is expected to distribute approximately $100 million among these agencies for the same concept.

Commitments

On July 15, 2008, the Authority entered into an agreement with the Puerto Rico Highway and Transportation Authority for the construction of an intersection, which will connect the Muñoz Rivera highway with Baldorioty De Castro Boulevard and will transfer $7.0 million for the project. The mentioned transfer is expected to occur during fiscal year 2012.

Contacting the Authority's Financial Management

This financial report is designed to provide to the general public with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Puerto Rico Convention Center District Authority, PO Box 19269, San Juan, Puerto Rico, 00910-1269.

PUERTO RICO CONVENTION CENTER DISTRICT AUTHORITY
(A Component Unit of the Commonwealth of Puerto Rico)

STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

ASSETS

CURRENT ASSETS:	
Cash	$ 20,714,336
Accounts receivable — net	20,080,450
Prepaid expenses	974,124
Other assets	275,476
Total current assets	42,044,386
RESTRICTED ASSETS:	
Bond payment fund	52,850,291
Construction fund	11,812,012
Total restricted assets	64,662,303
NONCURRENT ASSETS:	
Capital assets — net	663,538,193
Long-term accounts receivable	4,678,294
Debt issuance cost — net	14,800,278
Total noncurrent assets	683,016,765
TOTAL	$789,723,454

(Continued)

PUERTO RICO CONVENTION CENTER DISTRICT AUTHORITY
(A Component Unit of the Commonwealth of Puerto Rico)

STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Borrowings under line of credit	$151,075,841
Accounts payable	7,530,846
Contract payable, including retention	138,000
Customer deposits payable	1,888,462
Interest on line of credit	4,210,829
Deferred revenues	4,914,925
Accrued expenses	1,767,794
Total current liabilities	171,526,697
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:	
Current portion of bonds payable	8,640,000
Interest on bonds	10,848,882
Total current liabilities payable from restricted assets	19,488,882
NONCURRENT LIABILITIES:	
Bonds payable	457,319,715
Deferred revenues	5,179,532
Total noncurrent liabilities	462,499,247
NET ASSETS:	
Invested in capital assets — net of related debt	55,004,637
Restricted	45,173,421
Unrestricted	36,030,570
Total net assets	136,208,628
TOTAL	$789,723,454

See notes to basic financial statements.

(Concluded)

PUERTO RICO CONVENTION CENTER DISTRICT AUTHORITY
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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

OPERATING REVENUES:	
Food, beverage, and novelty	$ 12,515,100
Rental and event services	9,280,774
Advertising	2,991,376
Total operating revenues	24,787,250
OPERATING EXPENSES:	
Food, beverage, and novelty	6,006,750
Rental and event services	2,273,925
Total operating expenses	8,280,675
ADMINISTRATIVE EXPENSES:	
Salaries and related benefits	767,440
Professional and contract services	8,147,533
Depreciation and amortization	11,002,558
Utilities and insurance	10,003,499
Advertising	2,145,043
Repairs and maintenance	2,247,902
Others	4,563,825
Total administrative expenses	38,877,800
OPERATING LOSS	(22,371,225)
NONOPERATING REVENUES — Net	7,212,840
LOSS BEFORE TRANSFER IN	(15,158,385)
TRANSFER IN — Funds transferred from the Puerto Rico Sales Tax Financing Corporation	4,875,635
NET DECREASE IN NET ASSETS	(10,282,750)
NET ASSETS — Beginning of year	146,491,378
NET ASSETS — End of year	$ 136,208,628

See notes to basic financial statements.

PUERTO RICO CONVENTION CENTER DISTRICT AUTHORITY
(A Component Unit of the Commonwealth of Puerto Rico)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:	
Collections on food, beverages, rental, event services, and advertising	$ 13,680,270
Payments to suppliers	(29,886,616)
Payments to employees	(767,440)
Net cash used in operating activities	(16,973,786)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Collections on room tax	35,366,951
Funds transferred from the Puerto Rico Sales Tax Financing Corporation	4,875,635
Net cash provided by noncapital financing activities	40,242,586
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Payments of bonds payable	(6,000,000)
Additions to restricted assets	5,043,430
Capital expenditures	(3,571,436)
Payment of interest:	
Bonds payable	(21,304,880)
Line of credit	(4,875,635)
Net cash used in capital and related financing activities	(30,708,521)
CASH FLOWS FROM INVESTING ACTIVITIES — Collections of interest income and other	1,742,726
NET DECREASE IN CASH	(5,696,995)
CASH — Beginning of year	26,411,331
CASH — End of year	$ 20,714,336

(Continued)

PUERTO RICO CONVENTION CENTER DISTRICT AUTHORITY
(A Component Unit of the Commonwealth of Puerto Rico)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	$(22,371,225)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	11,002,558
Bad debt expense	2,803,286
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	(12,869,062)
Prepaid expenses	84,148
Other assets	(159,215)
(Decrease) increase in liabilities:	
Accounts payable	2,655,635
Contract payable	(58,823)
Customer deposits payable	(1,953,765)
Deferred revenues	3,715,847
Accrued expenses	176,830
Total adjustments	5,397,439
NET CASH USED IN OPERATING ACTIVITIES	$(16,973,786)

See notes to basic financial statements.

(Concluded)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization — The Puerto Rico Convention Center District Authority (the "Authority") is a component unit of the Commonwealth of Puerto Rico (the "Commonwealth"), created by Law No. 142 of October 4, 2001, and is responsible for developing, constructing, and operating the Puerto Rico Convention Center and the Puerto Rico Convention District. Law No. 142 amends and supersedes Law No. 400 of September 9, 2000, which had been enacted to create the Puerto Rico Convention Center Authority and to develop the Convention Center in an effort to promote congress and large group meetings in Puerto Rico. Law No. 142 also amends and supersedes Law No. 351 of September 2, 2000, which had created the World Trade Center District with the final objective to provide the necessary support to the Convention Center Authority. The new legislation conveyed the Puerto Rico Convention Center and the World Trade Center District into a single agency.

Under the provisions of Law No. 142, the Puerto Rico Tourism Company (PRTC) transferred to the Authority the net costs incurred during the development and design of the site that fosters the Convention Center and surrounding infrastructure, which as of the transfer date of October 4, 2001, amounted to $3,600,000.

On August 3, 2004, the Commonwealth enacted Law No. 185 to amend Law No. 351 of September 2, 2000, and transferred the ownership of the José Miguel Agrelot Coliseum (the "Coliseum") to the Authority, increased the composition of the board of directors, and committed the Office of Management and Budget to allocate funds for the debt services and operation deficit, as applicable, among others. Related to the transfer of the Coliseum, on September 21, 2004, Law No. 394 was enacted, amending Law No. 351, to transfer the ownership interest, as well as other rights and obligations related to the development and operations of the Coliseum.

Summary of Significant Accounting Policies — The accounting and reporting policies of the Authority conform to accounting principles generally accepted in the United States of America, as applicable to governmental entities. The activities of the Authority are accounted for as an enterprise fund. Accordingly, the Authority follows the accrual basis of accounting. Revenues are recognized when earned, regardless of when they are received, and expenses are recognized when incurred, regardless of when they are paid. Following is a description of the most significant accounting policies:

Basis of Presentation — The Authority's basic financial statements are presented as an enterprise fund and conform to the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, as amended, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments*. GASB Statement No. 34 establishes standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets; a statement of revenues, expenses, and changes in net assets, and a statement of cash flows. It requires the classification of net assets into three components: invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- Invested in capital assets — net of related debt — This component of net assets consists of capital assets, net of accumulated depreciation, costs to be recovered from future revenues, and unamortized debt expense reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, the portion of the debt is included in the same net assets component as the unspent proceeds.

- Restricted — This component of net assets consists of constraints placed on net assets use through external constraints imposed by creditors (such as through covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislation.

- Unrestricted — This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

As permitted by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities That Use Proprietary Fund Accounting*, the Authority has elected to apply all Financial Accounting Standards Board statements and interpretations issued after November 30, 1989, that do not conflict with those issued by GASB.

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

Allowance for Doubtful Accounts — The allowance for doubtful accounts receivable is an amount that management believes will be adequate to absorb possible losses on existing receivables that may become uncollectible based on evaluations of the collectability of the receivables. Because of uncertainties inherent in the estimation process, the related allowance may change in the future.

Capital Assets — Capital assets consist of construction costs related to the development of the Convention Center and other improvements on the adjacent District, the Coliseum, and office furniture and equipment. Land received as transferred up through June 30, 2010, has been valued at fair market value. Capital assets, other than construction costs or land, are defined by the Authority as assets which have a cost of $1,000 or more at the date of acquisition and have an expected useful life of two or more years. Such assets are recorded at cost.

Construction costs include project development costs, design and architecture, environmental studies and site improvements, capitalized interest, insurance, construction costs received in transfers, and other capitalizable costs.

Depreciation expense is computed using the straight-line method over the estimated useful lives of the building (50 years), vehicles (5 years), and furniture and equipment (ranging from 3 to 10 years). The capital assets under construction are depreciated once they are placed in operations. At the time capital assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from books and the resulting gain or loss, if any, is credited or charged to operations. Expenditures for repairs and maintenance, which do not extend the useful lives of the assets, are charged to operations in the years incurred.

Accounting for the Impairment of Capital Assets — The Authority accounts for asset impairment under the provisions of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This statement establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its services utility has declined significantly and unexpectedly. This statement also establishes accounting requirements for insurance recoveries. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. Impaired capital assets that will no longer be used by the government should be reported at the lower of carrying value or fair value.

The Authority evaluated its capital assets as required by GASB Statement No. 42 and no impairment was identified during the year ended June 30, 2010.

Compensated Absences — Compensated absences, such as unpaid vacation and sick leave pay, are accrued when incurred using the pay or salary rates in effect at the statement of net assets' date.

Operating Revenue and Expenses — Entities that follow enterprise fund reporting distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing ongoing operations. Revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses. Operating revenues and operating direct costs are related to the Convention Center and the Coliseum.

Statement of Cash Flows — The accompanying statement of cash flows is presented in accordance with the provisions of GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. The provisions of GASB Statement No. 9 required that the direct method be used to present the cash inflows and outflows of the Authority.

Risk Management — The Authority purchases commercial insurance to cover for casualty, theft, tort claims, and other losses through the Puerto Rico Treasury Department negotiated under a blanket agreement and then charged to the Authority.

Non-Exchange Transactions — GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, establishes 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 transaction, 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 the GASB Statement No. 33, the provider and the recipient should recognize the non-exchange transaction as an expense and revenue, respectively, when all eligibility requirements are satisfied.

The Authority accounts for room tax revenues and transfers of land and funds from the General Fund of the Commonwealth under the provisions of GASB Statement No. 33.

Restricted Assets and Liabilities From Restricted Assets — Restricted assets represent the amounts deposited by the Authority to provide for the amortization of bonds payable and related interest costs and cash available in the related construction fund.

Recent Accounting Pronouncements — The GASB has recently issued the following accounting pronouncements:

In June 2007, the GASB issued GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. It also establishes specific guidance regarding intangible assets amortization. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The adoption of this Statement did not have an impact on the Authority's financial position and results of operations.

In June 2008, the GASB issued GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The adoption of this Statement did not have an impact on the Authority's financial position and results of operations.

In February 2009, the GASB issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* This Statement enhances the usefulness of the fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes 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. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010. The impact of this Statement in the Authority's basic financial statements has not yet been determined.

In March 2009, the GASB issued GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to identify the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with generally accepted accounting principles. The requirements of this Statement were effective on issuance. The adoption of this Statement did not have an impact on the Authority's financial position and results of operations.

In March 2009, the GASB issued GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards.* This Statement establishes accounting and financial reporting standards for related party transactions, subsequent events, and going concern considerations. The requirements of this Statement were effective on issuance. The adoption of this Statement did not have an impact on the Authority's financial position and results of operations.

In June 2010, the GASB issued GASB Statement No. 59, *Financial Instruments Omnibus*. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2010. The impact of this Statement in the Company's basic financial statements has not yet been determined.

In November 2010, the GASB issued GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34.* This Statement modifies existing requirements for the assessment of the potential components units in determining what should be included in the financial reporting entity and financial reporting entity display and disclosure requirements. It applies to financial reporting by primary governments and other stand-alone governments, and to the separately issued financial statements of governmental components units. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012. The impact of this Statement in the Authority's basic financial statements has not yet been determined.

2. CASH AND RESTRICTED ASSETS

Cash — The Authority is authorized to deposit funds in the Puerto Rico Government Development Bank (GDB) and/or in the custody of financial institutions approved by the Commonwealth of Puerto Rico, and as such, deposits should be kept in separate accounts in the name of the Authority. The Authority has deposits with GDB that are not required to be insured or collateralized. Deposits with non-government financial institutions are insured by the Federal Depository Insurance Corporation up to $250,000, or collateralized with various financial instruments held by trustees of the Puerto Rico Treasury Department. Based on these provisions, deposits either insured or collateralized are not considered to be subject to custodial risk, which is the risk that in the event of a bank's failure, the Authority's deposits may not be returned. As of June 30, 2010, the Authority had approximately $1,126,000 of deposits subject to custodial risk.

As of June 30, 2010, the Authority has noninterest-bearing demand deposits as follows:

Description	Bank Balance	Interest	Insured/ Collateralized	Uninsured or Uncollateralized
GDB	$ 1,126,281	1.76%	$ -	$1,126,281
Nongovernment banks	20,147,683	0.88–1.63	20,147,683	-
	$21,273,964		$20,147,683	$1,126,281

Restricted Assets — Based on the hotel occupancy tax revenue bonds, certain proceeds from the bond issued on March 15, 2006 (see Note 6), were set aside for the repayment of the bonds, for capitalized interest, and construction and are classified as restricted assets in the accompanying statement of net assets. Separate bank accounts were opened with the Bank of New York (BNY or the "Trustee"), under a trust agreement (the "Trust Agreement") and Citigroup Financial (CITG), the latter, under an investment agreement (the "Investment Agreement"). The use of such balances is limited by applicable bond covenants.

Investment Policy — The Trust Agreement between the Authority and BNY, and the Investment Agreement between the Authority and CITG, both dated March 24, 2006, provide general and specific guidance for the allowed investment alternatives and provide collateralization requirements based on the specified credit rating by nationally recognized credit agencies. The objective of these provisions is to maximize the yield, while having adequate liquidity to pay the obligation as they become due.

The Authority permits BNY and CITG to purchase and/or acquire the following investments:

- Governmental obligations

- General state obligation bonds rated within the three highest credit categories
- Collateralized banker's acceptance or certificates of deposits
- Obligations of the Commonwealth or any state of the United States of America, their agencies, municipalities, or instrumentalities rated within the three highest credit categories
- Shares of stock in corporations with the highest rating category, as defined
- Commercial paper rated P-1 or A-1 of U.S. banking institutions
- Money market accounts, with the highest credit categories.

Under the Trust Agreement, the following funds were created with restrictions in the use of monies deposited:

- *Bonds Payment Fund*— Bond payment fund shall be used to pay the bonds payments and redemption price, as defined. Separated accounts shall be maintained for the appropriate series designation.
- *Proceeds Fund*— The Trustee shall create and maintain separate accounts identified as the capitalized interest account, construction account, and the loan payment account.
- *Financial Agreement Fund*— The Trustee shall create and maintain separate accounts for payment of any amounts due to the provider, of any credit facility, or interest rate exchange, as defined.
- *Debt Service Reserve Fund*— Debt service reserve fund amounts in each account shall be used to pay debt service on the date such debt service is due when insufficient funds are not available in the bond payment fund.

As of June 30, 2010, restricted funds were as follows:

Funds	Beginning Balance	Additions	Withdrawals	Ending Balance
Bonds payment fund	$50,416,427	$30,251,628	$(27,817,764)	$52,850,291
Proceeds fund — construction account	$19,289,306	$ 6,490	$ (7,483,784)	$11,812,012

As of June 30, 2010, the credit ratings of the investments in the bonds payment fund and proceeds fund is as follows:

Description	Due	Rating	Amount
Money market fund	On demand	AAA-G	$52,850,291
Guarantee contract	June 30, 2010	N/A	$11,812,012

The guarantee contract represents an unsecured debt instrument subject to collateralization requirements in the event the agent's parent (Citigroup, Inc.) long-term unsecured debt rating is suspended, withdrawn, or graded below AA, the investment will require the guarantee eligible collateral, as defined.

3. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2010, consist of:

Description	Current	Long Term	Total
Trade receivables	$17,422,701	$ -	$17,422,701
Deferred receivable:			
Billable	4,428,483	4,678,294	9,106,777
Nonmonetary consideration	1,740,174		1,740,174
	23,591,358	4,678,294	28,269,652
Less allowance for bad debts	(3,510,908)		(3,510,908)
Accounts receivable — net	$20,080,450	$4,678,294	$24,758,744

Trade receivables comprise amount due on event services, food, beverages, rental, and advertising billed to promoters, facility members, sponsors, and the general public.

The Authority enters in long-term multiservices agreements for advertising and corporate sponsorship, which provides, among others, deferred billing arrangements and non-monetary consideration related to the sponsor's trade or business. The agreements can extend from one to five years and include a blend of advertising space and assignment of exclusive use of luxury corporate suites in the facilities, with event attendance, as defined. The revenues associated with the long-term agreements are deferred and recognized using the straight-line method over the term of the agreement. The non-monetary consideration is measured at fair value based on the current rates applicable to the Authority.

Deferred billing and nonmonetary consideration under these agreements is as follows:

Year Ending June 30	Billable	Nonmonetary Consideration	Total
2011	$4,428,483	$1,740,174	$ 6,168,657
2012	2,400,884		2,400,884
2013	1,037,956		1,037,956
2014	873,789		873,789
2015	365,665		365,665
	$9,106,777	$1,740,174	$10,846,951

As of June 30, 2010, the Authority received services and products used to reduce the deferred non-monetary consideration for approximately $189,000.

As of June 30, 2010, the deferred revenues related to the long-term agreements were as follows:

Description	Current	Noncurrent
Deferred revenues	$4,914,925	$5,179,532

The deferred revenues will be earned in the following years:

Year Ending June 30	Amount
2011	$ 4,914,925
2012	2,996,955
2013	1,184,206
2014	872,289
2015	126,082
Total	$10,094,457

4. CAPITAL ASSETS

Capital assets are composed of the cost incurred in the development of the Convention Center District, which will entail 113 acres of land positioned near the center of the San Juan metropolitan area and the Coliseum of Puerto Rico. The board of directors adopted a master plan that calls for developments of the Convention Center and surrounding infrastructure, residential and office buildings, hotels and casinos, a complex for retail and entertainment, restaurants and walkways, and others. The development strategy is a blend of public and private investment, but ownership of the land will substantially remain with the Authority.

As of June 30, 2010, capital assets were as follows:

Description	Beginning Balance	Additions/ Transfers	Retirements/ Transfers	Ending Balance
Capital assets not being depreciated:				
Land	$ 144,267,031	$ -	$ -	$ 144,267,031
Land improvements	101,666,019			101,666,019
Construction in progress	2,491,943	3,508,057	(6,000,000)	-
Total capital assets not being depreciated	248,424,993	3,508,057	(6,000,000)	245,933,050
Capital assets being depreciated:				
Coliseum:				
Building	197,879,525			197,879,525
Furniture and fixtures	13,384,588	27,617		13,412,205
	211,264,113	27,617	-	211,291,730
Convention Center:				
Building	243,921,555	29,890		243,951,445
Furniture and fixture	8,956,776	5,948		8,962,724
	252,867,981	35,838	-	252,914,169
District:				
Improvements — other than land	7,482,219		6,000,000	13,482,219
Furniture and fixture	277,808			277,808
Equipment	245,627			245,627
Vehicles	43,790			43,790
	8,049,444	-	6,000,000	14,049,444
Total assets being depreciated	472,181,538	63,455	6,000,000	478,255,343
Less accumulated amortization and depreciation	(49,647,642)	(11,002,558)		(60,650,200)
Capital assets being depreciated — net	422,544,246	(10,939,103)	6,000,000	417,605,143
Capital assets — net	$ 670,969,239	$ (7,431,046)	$ -	$ 663,538,193

Ground Lease — On August 31, 2005, the Authority entered into a development ground lease agreement (the "Agreement") with a third party. The Agreement includes the construction of a hotel with a minimum of 500 guest rooms, a casino, meeting facilities, and business and fitness center, among others.

5. BORROWINGS UNDER LINE OF CREDIT — COLISEUM

As of June 30, 2010, the Authority had two interim non-revolving line of credit with GDB. The approved balance amounted to $63,138,921 and $94,708,382 with an effective interest rate of 7%. As of June 30, 2010, the unused line of credit amounted to approximately $6,771,462. As of June 30, 2010, the aggregate balance of the line of credit is as follows:

Description	Beginning Balance	Additions/ Transfer	Payments	Ending Balance
Borrowings under line of credit — Coliseum	$151,075,841	$ -	$ -	$151,075,841

On June 25, 2010, the Puerto Rico Sales Tax Financing Corporation transferred approximately $4,876,000 for the payment of accrued interest of the non-revolving lines of credit with GDB.

6. BONDS PAYABLE

On March 15, 2006, the Authority authorized the issuance of bonds amounting to $468,800,000 to finance any outstanding loans, or any construction project associated with the Convention Center construction project. The revenue bonds are direct obligations and are secured by a pledge of the hotel occupancy tax funds to be received by the Authority until all bonds payments have been paid in full. These bonds were issued with a maturity of 20 years for serial bonds and 30 years for the term bonds, with different amounts of principal maturing each year. Certain bonds may be subject to optional redemption, the first possible date of redemption being July 1, 2016.

Revenue Bonds

Serial bonds maturing through 2025, with interest rates ranging from 4% to 5%	$236,305,000
Term bonds maturing through 2036, with interest rates ranging from 4 1/2% to 5%	219,495,000
Total bonds outstanding	455,800,000
Add bonds premiums — net	10,159,715
Net bonds payable	465,959,715
Less current portion	(8,640,000)
Total	$457,319,715

Revenue bonds debt service annual requirements to maturity (excluding discounts and premiums) are as follows:

Year Ending June 30	Principal	Interest
2011	$ 8,640,000	$ 21,697,763
2012	9,040,000	21,297,063
2013	9,470,000	20,868,963
2014	9,845,000	20,490,163
2015–2019	56,540,000	95,144,313
2020–2024	71,665,000	80,015,350
2025–2029	91,130,000	60,551,135
2030–2034	116,080,000	35,606,100
2035–2037	83,390,000	7,614,900
	$455,800,000	$363,285,750

The final payment of the bonds is due on July 1, 2036.

Long-term liability activity for the year ended June 30, 2010, is as follows:

Description	2009	Issuances	Payments/ Amortization	2010	Current Portion
Serial bonds	$242,305,000	$ -	$(6,000,000)	$236,305,000	$8,640,000
Term bonds	219,495,000			219,495,000	
Total bonds outstanding	461,800,000	-	(6,000,000)	455,800,000	8,640,000
Add bonds premium	11,108,877		(949,162)	10,159,715	
Bonds payable — net	$472,908,877	$ -	$(6,949,162)	$465,959,715	$8,640,000

Interest on the bonds will be paid semiannually on January 1 and July 1, beginning on July 1, 2006, and will be calculated based on a 360-days year.

7. UNAMORTIZED BONDS ISSUANCE COSTS

Costs related to the issuance of bonds are capitalized in the respective bond issues and amortized over the term of the bonds. During the year ended June 30, 2010, the capitalized issuance cost was as follows:

Description	Ending Balance	Additions	Ending Balance
Bond insurance expense	$ 13,128,793	$ -	$ 13,128,793
Underwriter's fee	3,094,921		3,094,921
Issuance cost	1,018,193		1,018,193
	17,241,907	-	17,241,907
Less amortization expense	(1,866,899)	(574,730)	(2,441,629)
Debt issuance cost — net	$ 15,375,008	$ (574,730)	$ 14,800,278

8. NONOPERATING REVENUES — NET

For the year ended June 30, 2010, nonoperating revenues, net of related expenses, was as follows:

Description	Amount
Interest expense	$ (29,834,989)
Room tax revenue	35,366,951
Interest income	75,256
Amortization on bond issuance cost	(137,104)
Other income	1,742,726
Total nonoperating revenues — net	$ 7,212,840

During the year ended June 30, 2010, the Authority recognized as other income an escrow deposit of approximately $1,400,000. The non reimbursable escrow deposit was received in connection with a Purchase and Sale and Development agreement signed with a third party in September 2007. Said agreement included a purchase option for a parcel of land. The term to execute such option expired and renewal was not granted.

9. HOTEL ROOM TAX REVENUE

Pursuant to Sections 2051 and 2084 of the 1994 Puerto Rico Internal Revenue Code, hotels are required to pay a 9% tax based on the proceeds related to the occupancy and distributed among different revenue accounts of the Puerto Rico Treasury Department general and special revenue funds pursuant to the provisions of Section 2084.

Law No. 299 of September 1, 2000, amended Sections 2051 and 2084 of the 1994 Puerto Rico Internal Revenue Code and established that proceeds received from room tax are to be collected by the Puerto Rico Treasury Department and then transferred to the PRTC in order for PRTC to dispose these monies based on the provisions established in Law No. 299.

On September 9, 2003, the Governor of Puerto Rico signed Law No. 272, which, among others, amended the provisions of Law No. 299 of room taxes and defined a formula for distributing the room taxes collected. On March 12, 2008, Law No. 23 was enacted and it amended Law No. 272 by modifying the tax rates applicable to the room tax and redefining the formula for allocating the room taxes funds.

The significant provisions, as amended, include the following:

- Transfers the responsibility of imposing, collecting, and administering the Puerto Rico room tax to the PRTC.
- Without limitation, and based on the amount certified by the GDB, provided the required funding for the debt service related to the financing of the Convention Center.
- The excess over the amount certified by GDB for the debt service will be distributed in priority order in the following manner:
  - 2% of the total proceeds will be assigned to the PRTC for administration of the funds.
  - 5% of the proceeds will be transferred to the Puerto Rico Treasury Department and will be deposited into the general fund. Once the commencement of the operations of the Convention Center are certified to the Puerto Rico Treasury Department by the PRTC and the Authority, and for a period, of ten years, the five percent (5%) will be deposited into a special account to cover any deficit from operation of the Authority in excess of $2,500,000. For each year that the funds in the special account are not used by the Authority, the Puerto Rico Treasury Department will release and administer the funds for the benefit of the Puerto Rico National Parks Company.
  - 9% of the proceeds will be used to fund the expenses incurred by the Puerto Rico Convention Bureau (an unrelated party), but this amount will not be less than $4.5 million.
  - A special fund of $2,500,000 will be established to cover the operation deficit, if any, of the Convention Center upon the commencement of the operations during the first 10 years of operations, certified to the Puerto Rico Treasury Department by the PRTC and the Authority. After conclusion of this period, the proceeds shall be transferred to the Puerto Rico National Parks Company.
  - Any excess on the funds collected will be assigned to the PRTC to promote, advertise, and develop the tourism activities in Puerto Rico.

During the year ended June 30, 2010, the Authority's revenues related to the room taxes amounted to approximately $35,370,000 in relation to the debt services certified by the board of directors of the PRTC and the funds for the administration and operating deficit.

10. DEFINED CONTRIBUTION PLAN

During the fiscal year ended June 30, 2004, the Authority approved and established the Puerto Rico Convention Center Retirement Plan Money Purchase Plan (the "Plan"), a contributory deferred money purchase plan covering all the employees of the Authority, with benefits for the employees effective January 1, 2003. All employees become vested, once they entered into the Plan, in accordance with the eligibility requirements. The Authority acts as the Plan administrator and, subject to certain limitations, can amend the Plan. Contributions to the Plan have been determined to be equivalent to 9% of the employees' normal annual salary, as defined. Total contributions made by the Authority for the year ended June 30, 2010, amounted to approximately $45,000.

11. COMMITMENTS

Consulting and Management — As of June 30, 2010, the Authority had entered into various consulting services and management agreements with third parties for the management of the operations of the Convention Center and Coliseum. The agreements covered the daily operations, which includes scheduling of activities, pricing of rental and advertising, and food and beverages, among others. The contracts have several provisions that, at the option of the Authority, could extend the management period.

Other — On July 15, 2008, the Authority entered into an agreement with the Highway and Transportation Authority of the Commonwealth for improvement in the Authority's infrastructure with a cost of approximately $7 million. During the current year, $3,508,057 were capitalized into construction in progress. By the year end, the Authority transferred $6 million from construction in progress to improvements other than land.

12. SUBSEQUENT EVENTS

Subsequent events were evaluated through January 21, 2011, the date the financial statements were available to be issued, to determine if any such events should either be recognized or disclosed in the 2010 financial statements.

13. SUPPLEMENTAL DISCLOSURE FOR STATEMENT OF CASH FLOWS

During the year ended June 30, 2010, the Authority paid approximately $26,180,000 in interest.

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SUPPLEMENTAL SCHEDULES

PUERTO RICO CONVENTION CENTER DISTRICT AUTHORITY
(A Component Unit of the Commonwealth of Puerto Rico)

SCHEDULE OF NET ASSETS
AS OF JUNE 30, 2010

	Convention Center District Authority	Convention Center	Coliseum	Total
ASSETS				
CURRENT ASSETS:				
Cash	$15,761,685	$ 1,936,504	$ 3,016,147	$ 20,714,336
Accounts receivable	479,296	11,585,913	1,846,584	13,911,793
Unbilled contract receivable		620,456	5,548,201	6,168,657
Prepaid expenses	53,096	617,420	303,608	974,124
Other assets		108,350	167,126	275,476
Total current assets	16,294,077	14,868,643	10,881,666	42,044,386
RESTRICTED ASSETS:				
Bond payment fund		52,850,291		52,850,291
Construction fund		11,812,012		11,812,012
Total restricted assets	-	64,662,303	-	64,662,303
NONCURRENT ASSETS:				
Capital assets:				
Land		115,710,570	28,556,461	144,267,031
Land improvements		101,666,019		101,666,019
Building		243,951,446	197,879,524	441,830,970
Recreational areas	13,482,219			13,482,219
Furniture and fixtures	277,808	8,962,725	13,412,204	22,652,737
Equipment and vehicles	289,417			289,417
Accumulated depreciation	(1,082,725)	(26,919,559)	(32,647,916)	(60,650,200)
Total capital assets — net	12,966,719	443,371,201	207,200,273	663,538,193
Long-term accounts receivable		526,616	4,151,678	4,678,294
Debt issuance cost — net		14,800,278		14,800,278
Total noncurrent assets	12,966,719	458,698,095	211,351,951	683,016,765
TOTAL	$29,260,796	$538,229,041	$222,233,617	$789,723,454
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Borrowings under line of credit	$ -	$ -	$151,075,841	$151,075,841
Accounts payable	3,050,493	3,136,862	1,343,491	7,530,846
Contract payable, including retention		138,000		138,000
Customer deposits payable	80,000	545,893	1,262,569	1,888,462
Interest on line of credit			4,210,829	4,210,829
Deferred revenues		620,456	4,294,469	4,914,925
Accrued expenses	147,218	553,799	1,066,777	1,767,794
Total current liabilities	3,277,711	4,995,010	163,253,976	171,526,697
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:				
Current portion of bonds payable		8,640,000		8,640,000
Interest on bonds		10,848,882		10,848,882
Total current liabilities payable from restricted assets	-	19,488,882	-	19,488,882
NONCURRENT LIABILITIES:				
Bonds payable		457,319,715		457,319,715
Deferred revenues		509,450	4,670,082	5,179,532
Total noncurrent liabilities	-	457,829,165	4,670,082	462,499,247
NET ASSETS:				
Invested in capital assets — net of related debt	12,966,719	(14,086,514)	56,124,432	55,004,637
Restricted		45,173,421		45,173,421
Unrestricted	13,016,366	24,829,077	(1,814,873)	36,030,570
Total net assets	25,983,085	55,915,984	54,309,559	136,208,628
TOTAL	$29,260,796	$538,229,041	$222,233,617	$789,723,454

PUERTO RICO CONVENTION CENTER DISTRICT AUTHORITY
(A Component Unit of the Commonwealth of Puerto Rico)

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2010

	Convention Center District Authority	Convention Center	Coliseum	Total
OPERATING REVENUES:				
Food, beverage, and novelty	$ -	$ 8,746,542	$ 3,768,558	$ 12,515,100
Rental and event services		1,743,262	3,049,619	4,792,881
Suite and club income			3,466,278	3,466,278
Ticket incentive rebates			1,021,615	1,021,615
Advertising		728,431	2,262,945	2,991,376
Total operating revenues	-	11,218,235	13,569,015	24,787,250
OPERATING EXPENSES:				
Food, beverage, and novelty		3,685,460	2,321,290	6,006,750
Rental and event services		1,024,605	1,249,320	2,273,925
Total operating expenses	-	4,710,065	3,570,610	8,280,675
GROSS PROFIT	-	6,508,170	9,998,405	16,506,575
ADMINISTRATIVE EXPENSES:				
Salaries and related benefits	767,440			767,440
Professional and contract services	578,304	4,188,966	3,380,263	8,147,533
Depreciation and amortization	196,610	5,758,039	5,047,909	11,002,558
Utilities and insurance	1,585,706	4,640,183	3,777,610	10,003,499
Advertising	18,332	1,756,070	370,641	2,145,043
Repairs and maintenance	216,137	918,456	1,113,309	2,247,902
Bad debt	2,741,880	(67,600)	129,006	2,803,286
Other	912,030	457,967	390,542	1,760,539
Allocation of administrative expenses	(1,708,134)	874,103	834,031	
Total administrative expenses	5,308,305	18,526,184	15,043,311	38,877,800
OPERATING LOSS	(5,308,305)	(12,018,014)	(5,044,906)	(22,371,225)
NONOPERATING REVENUES — Net:				
Interest expense		(20,748,601)	(9,086,388)	(29,834,989)
Room tax revenue		35,366,951		35,366,951
Interest income	51,785	17,779	5,692	75,256
Amortization of bond issuance cost		(137,104)		(137,104)
Other income (expense)	1,870,529	(127,803)		1,742,726
Nonoperating revenues — net	1,922,314	14,371,222	(9,080,696)	7,212,840
INCOME (LOSS) BEFORE TRANSFER IN	(3,385,991)	2,353,208	(14,125,602)	(15,158,385)
TRANSFER IN (OUT) — Funds transferred from the Puerto Rico Sales Tax Financing Corporation	821,100	(1,571,482)	5,626,017	4,875,635
NET INCREASE (DECREASE) IN NET ASSETS	(2,564,891)	781,726	(8,499,585)	(10,282,750)
NET ASSETS — Beginning of year	28,547,976	55,134,258	62,809,144	146,491,378
NET ASSETS — End of year	$25,983,085	$ 55,915,984	$ 54,309,559	$136,208,628