ESTADO LIBRE ASOCIADO DE PUERTORICO
Fideicomiso Institucional de la
Guardia Nacional de Puerto Rico
Apartado 12000, San Juan, Puerto Rico, 00922

April 30, 2024

Galindez LLC
PO Box 364152
San Juan, Puerto Rico

Dear Independent Auditors:

This representation letter is provided in connection with your audit of the financial statements of Puerto Rico National Guard Institutional Trust (FIGNA) a component Unit of the Commonwealth of Puerto Rico, which comprise the statement of net position June 30, 2023, and the related statements of revenues, expenses and changes in net position and cash flows and the related notes to the financial statement, for the purpose of expressing an opinion on weather basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, in accordance with the accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they will influence the judgment made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of April 30, 2024.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 17, 2023, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S GAAP.

2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

4. We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.

5. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
6. We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

7. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

8. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP

9. FIGNA maintains three major funds, which are proprietary fund types. These funds account for those activities for which the intent of management is to recover, primarily through user charges, the cost of providing goods or services to the public. The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses are those that result from FIGNA providing the services that correspond to their principal ongoing operations. Operating revenues are generated mostly from concessionaire royalties and rental income. Operating expenses include depreciation and amortization, professional services, utilities and all general and administrative expenses, among other. Revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

10. As of June 30, 2023, all accounts receivable presented in the financial statements are considered collectable, therefore, no provision for doubtful accounts has been recorded in FIGNA's financial statements.

11. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 87 "Leases", FIGNA is a lessor for non-cancelable leases of commercial spaces in various locations in Puerto Rico. Rental income arising from leases as a lessor is included as a receivable and deferred inflow of resources at the commencement of the lease and revenue is recognized on a straight-line basis over the lease term.

12. Investments are carried at fair value, except for nonparticipating investment contracts (guaranteed investment contracts and/or certificates of deposit), which are carried at cost. Fair value is determined based on quoted market prices and quotations received from independent broker/dealers or pricing service organizations.

13. Realized gains and losses from the sale of investments and unrealized changes in the fair value of outstanding investments are included in the change in the fair value of investments.

14. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the time of donation.

15. FIGNA 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.

16. FIGNA is a participant in the Commonwealth of Puerto Rico Employees Retirement System (the Pension Plan), a multiemployer retirement plan. Pursuant to the provisions of GASB Statement No. 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*, FIGNA recognizes a pension liability for its proportionate share of the collective pension liability under the Pension Plan, as well as its proportionate share of the collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense.

17. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with US GAAP.

18. All funds and activities are properly classified. Concerning investments and other instruments reported at fair value.

19. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.

20. All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.

21. Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.

22. All revenues within the statement of revenues, expenses and changes in net position-proprietary funds have been properly classified.

23. All expenses have been properly classified in or allocated to functions and funds in the statement of revenues, expenses and changes in net position- proprietary funds, and allocations, if any, have been made on a reasonable basis.

24. All interfund and intra-entity transactions and balances have been properly classified and reported.

25. Special items and extraordinary items have been properly classified and reported.

26. Deposit and investment risks have been properly and fully disclosed.

27. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.

28. We have reviewed capital assets to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable and have appropriately recorded the adjustment.

29. All required supplementary information is measured and presented within the prescribed guidelines.

30. With regard to investments and other instruments reported at fair value:

    - The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.

    - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.

    - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.

    - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

31. Nonexchange and exchange financial guarantees, either written or oral, under which it is more likely than not that a liability exists have been properly recorded, or if we are obligated in any manner, are disclosed.

32. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.

33. For the Management's Discussion and Analysis (unaudited) and Schedule of Proportionate Share of the Collective Total Pension Liability (unaudited):

    - We acknowledge our responsibility for the presentation of the Management's Discussion and Analysis (unaudited) and Schedule of Proportionate Share of the Collective Total Pension Liability (unaudited) in accordance with U.S. GAAP.

- We believe the Management's Discussion and Analysis (unaudited) and Schedule of Proportionate Share of the Collective Total Pension Liability (unaudited), including its form and content, is measured, and fairly presented in accordance with applicable criteria.

- The methods of measurement or presentation have remained the same as those used in the prior period.

- We believe the following significant assumptions or interpretations underlying the measurement or presentation of the Management's Discussion and Analysis (unaudited) and Schedule of Propo1iionate Share of the Collective Total Pension Liability (unaudited), and the basis for our assumptions and interpretation, are reasonable under the circumstances.

34. Arrangements with financial institutions involving compensated balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed.

35. All events subsequent to the date of the financial statements and for which US GAAP requires adjustment or disclosure have been adjusted or disclosed.

36. We have reviewed, approved, and taken responsibility for the financial statements and related notes.

37. We have a process to track the status of audit findings and recommendations.

Information Provided

38. We have provided you with:

    a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters.

    b. The following minutes of the meetings held by the Board of Directors during 2023 and subsequent were:

        - Meeting September 15, 2022
        - Meeting November 15, 2022
        - Meeting January 19, 2023
        - Meeting May 20, 2023
        - Meeting June 7, 2023
        - Meeting August 14, 2023

    c. Additional information that you have requested from us for the purpose of the audit; and

d. Unrestricted access to persons within the FIGNA and others from whom you determined it necessary to obtain audit evidence.

39. All transactions have been recorded in the accounting records and are reflected in the financial statements.

40. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

41. We have provided to you our evaluation of the entity's ability to continue as a going concern, including significant conditions and events present, and we believe that our use of the going concern basis of accounting is appropriate.

42. We do not have knowledge about any fraud or suspected fraud that affects the entity and involves:

    a. Management;

    b. Employees who have significant roles in internal control; or

    c. Others where the fraud could have a material effect on the financial statements.

43. We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others.

44. We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

45. We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

46. We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, abuse or waste that you have reported to us.

47. We have a process to tract the status of audit findings and recommendations.
48. We have provided views on your reported audit findings, conclusions, and recommendations, as wells as our planned corrective actions, for the report.

49. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

50. We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.

51. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.

52. FIGNA has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

53. We have disclosed to you all guarantees, whether written or oral, under which the FIGNA is contingently liable.

54. There are no:

    a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.

    b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements.*

    c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.

55. FIGNA has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.

56. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

57. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB-62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

58. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.

59. There are no:
    a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.

60. Effective July 1, 2022, FIGNA adopted the provision of Governmental Accounting Standards Board (GASB) Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Arrangements between governments and private entities or other governments have become more prevalent. Those arrangements, often referred to as public-private or public-public partnerships (collectively, P3s), generally result in the government transferring the obligation to provide certain public services to an external entity. Service concession arrangements (SCAs) are a type of P3. Availability payment arrangements (APAs) also have been used in practice to procure governmental services.

61. Effective July 1, 2022, FIGNA adopted the provision of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology* (SBITA). The objective of this statement is to improve the consistency of accounting and reporting for SBITAs by requiring recognition for certain SBITA assets and liabilities that do not meet the definition of a lease in GASB 87, Leases. GASB 96 will enhance the comparability, relevance, and reliability of information about SBITA activities of governments.

    There were no contracts meeting the requirements of GASB No. 96 for the year ended June 30, 2023. Therefore, this GASB does not apply.

Signature: Edith M. Pérez

Name: Edith Mylene Pérez
Position: Executive Director