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August 9, 2024

Board of Directors
Corporación del Centro de Bellas Artes de Puerto Rico
San Juan, Puerto Rico

We have audited the financial statements of **Corporación del Centro de Bellas Artes de Puerto Rico** (a component unit of the Commonwealth of Puerto Rico) (the Corporation) for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our proposal to you dated September 8, 2022, and amended on May 1, 2023 (contacts #2023-0000158 dated October 31, 2022, and #2024-000117 dated September 29, 2023). Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Corporation are described in **Note 2** to the financial statements. As described in **Note 2** to the financial statements, the Corporation changed accounting policies related to leases by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 87, *Leases*, in 2022. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Revenues, Expenses, and Changes in Net Position. We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Corporation's financial statements were:

> Management's estimate of the total pension liability, deferred outflows and inflows of resources pension related, and pension expense are based on the actuarial method and assumptions determined by the actuary. We evaluated the key factors and assumptions used to develop the pension estimates in determining that it is reasonable in relation to the financial statements taken as a whole.
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> Management's estimate of the total other postemployment benefits (OPEB) liability, deferred outflows of resources OPEB related, and OPEB expense are based on the actuarial method and assumptions determined by the actuary. We evaluated the key factors and assumptions used to develop the pension estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 23, 2023, and August 9, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Corporation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Corporation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

For the findings identified during the audit, please refer to the Schedule of Findings and Questioned Costs in the Single Audit Reporting Package for the year ended June 30, 2022.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, the schedule of the Corporation's Proportionate Share of the Collective Total Pension Liability and the Schedule of the Corporation's Proportionate Share of the Collective Total Other Postemployment Benefits Liability, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of board of directors, the management and anyone other than these specified parties.

Sincerely,

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