




invest
PUERTO RICO

Annual Report - Fiscal Year 2023



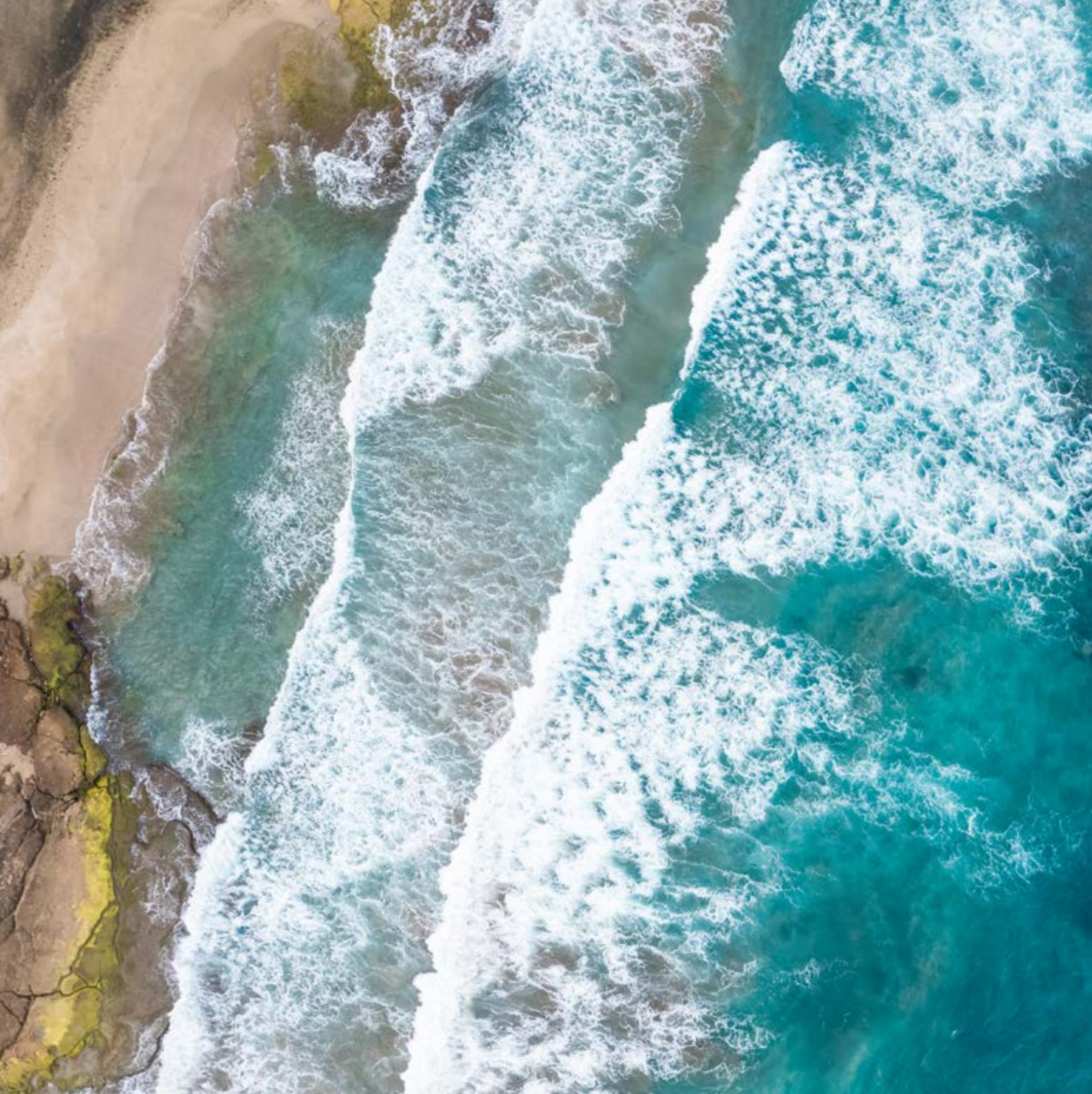


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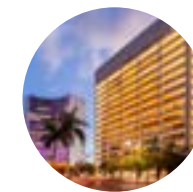
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Message from CEO.



Greetings, friends, colleagues, and partners.

On behalf of everyone at Invest Puerto Rico (InvestPR), I am pleased to present you with our organization's Annual Report for Fiscal Year 2023. This year marks the organization's 5th anniversary since its inception, and I could not be more excited at the progress and results InvestPR has achieved throughout its journey. We continue to elevate Puerto Rico's profile as an ideal location for business and investment via multiple marketing, lead generation, competitiveness, and stakeholder engagement efforts, thereby garnering increased interest from company prospects around the globe as well as further credibility from stakeholders on- and off-island.

During Fiscal Year 2023, our efforts resulted in commitments by companies of nearly 6,000 jobs and over \$415M in capital investment on the Island, unprecedented numbers to date. For perspective, since InvestPR's establishment, the organization has achieved commitments of nearly 20K jobs and over \$1B in capital investment. These results reflect the combined efforts of not only InvestPR but of all our partners, including the Department of Economic Development and Commerce (DEDC), with whom we collectively showcased Puerto Rico's value proposition and helped facilitate the arrival of companies to the Island.

Our marketing and communications efforts were elevated this past Fiscal Year with enhanced brand presence at marquee industry events, increased coverage in key media publications and a robust website with additional content to showcase the Island as a world-class business destination. These efforts were complemented by the strong relationships the business development team forged with site selectors and lead generation firms that helped strengthen the quality of our business pipeline.

Fiscal Year 2023 also saw important competitiveness initiatives come to fruition. You will read about our efforts to incorporate Puerto Rico into the IMD World Competitiveness rankings, as well as InvestPR's partnership with Newlab, a tech incubation center based in New York, to develop an innovation studio in the

burgeoning circular economy. These are just examples that showcase some of Puerto Rico's endeavors to enhance competitiveness on the Island.

InvestPR continues to recognize the value of the innovation and entrepreneurship ecosystem on the Island as part of Puerto Rico's value proposition. Our investment matchmaking platform and the only one of its kind on the Island, Impeller, has helped businesses and entrepreneurs gain access to capital leveraging technology. In fact, this particular initiative garnered industry recognition for excellence in economic development. I am excited to share that InvestPR received two Gold awards for the Impeller initiative from the International Economic Development Council (IEDC), the world's preeminent organization of economic developers. This acknowledgment serves to further cement the credibility of our organization and of Puerto Rico as a business destination that undertakes innovative programs to facilitate economic development.

To close, I want to extend a special thank you to the InvestPR team. Their hard work and dedication towards our mission inspires me every day as I lead the organization during my first official year as Chief Executive Officer. Our team is also grateful to all the stakeholders that helped us along the way, as collaboration is crucial to enable our mission. Finally, I would also like to express my gratitude to InvestPR's Board of Directors for their support and commitment to our initiatives throughout the past Fiscal Year. Trust that I remain enthusiastic about delivering the mission of this organization with determination and a deep commitment towards effecting economic transformation on the Island.

¡Pa' lante!

Ella Woger-Nieves
Chief Executive Officer
Invest Puerto Rico



About Invest Puerto Rico.



Mission

Promote Puerto Rico as a competitive investment jurisdiction to attract new business and capital investment to the Island.

Vision

Serve as a transformational and results-oriented accelerator of economic development in Puerto Rico.

Governance.



Board of Directors

InvestPR operates under the guidance of a Board of Directors, consisting of eleven members appointed by the Governor of Puerto Rico. The composition of the Board ensures a balance between public and private perspectives, including three representatives from the public sector and eight from the private sector.

Equipped with profound leadership skills, valuable business acumen, and expansive professional networks, the Board of Directors at InvestPR plays a pivotal role in shaping the organization's mission and strategy. Leveraging their influence and connections at both the national and local levels, they endeavor to enhance Puerto Rico's reputation as a premier hub for investment. Through their guidance, InvestPR aims to continually attract businesses and capital to the Island, fostering a robust and diverse economy.

PUBLIC SECTOR REPRESENTATIVES

Hon. Manuel Cidre Miranda
Secretary, Department of Economic Development & Commerce
Chair of the Board

Hon. Omar Marrero Díaz
Secretary of State

Humberto Mercader
Deputy Secretary for Strategic Initiatives,
Department of Economic Development & Commerce

PRIVATE SECTOR REPRESENTATIVES

Christian González
Co-Founder and CEO, Wovenware
Vice-chair

James Robert Collins
Chair and CEO, Mercantile Global Holdings
Treasurer

Brenda Marrero
Founder and President, BMA Group
Secretary

Jennifer Storipan
Vice-President, Lot Sixteen
Member-at-large

Lisa Nadal
Principal, Credits and Incentives Corp.

Kathryn Wylde
President and CEO, Partnership for New York City

Alberto Toro
Managing Director, Bluhaus Capital

U.S. East Coast Business Advisory Council

Established in 2021, the U.S. East Coast Business Advisory Council was designed as a strategic ally to InvestPR, dedicated to invigorating our business development efforts and energizing our lead generation pursuits.

This dynamic group harnesses the collective wisdom and strategic insights of accomplished investment professionals, influential business personalities, and successful entrepreneurs. By tapping into their wealth of knowledge and experience, the Council greatly enhances InvestPR's capacity to attract and cultivate business growth on the Island.



Angelique Sina
President & Chair,
Friends of Puerto Rico

Arnaldo Oliveras
Chief Executive Officer,
180 Commercial Real Estate Advisors

Carlos Cortés
Executive Director,
Chocobar Cortés

Javier Rodríguez
Portfolio Manager,
Aberdeen, Inc.

José Morey, M.D.
Chief Executive Officer and Founder,
Ad Astra Media, LLC

Rogelio Carrasquillo
Managing Shareholder,
Carrasquillo Law Group P.C.

Thomas King
Managing Partner, Cross River Capital, LLC
Founding Director, Fundación Borincana

Ramphis Castro
Co-Founder,
SciencesVest

W. Brian Mailian
Founder, Chairman, and CEO,
Whitestone Global Partners, LLC

Organizational Excellence

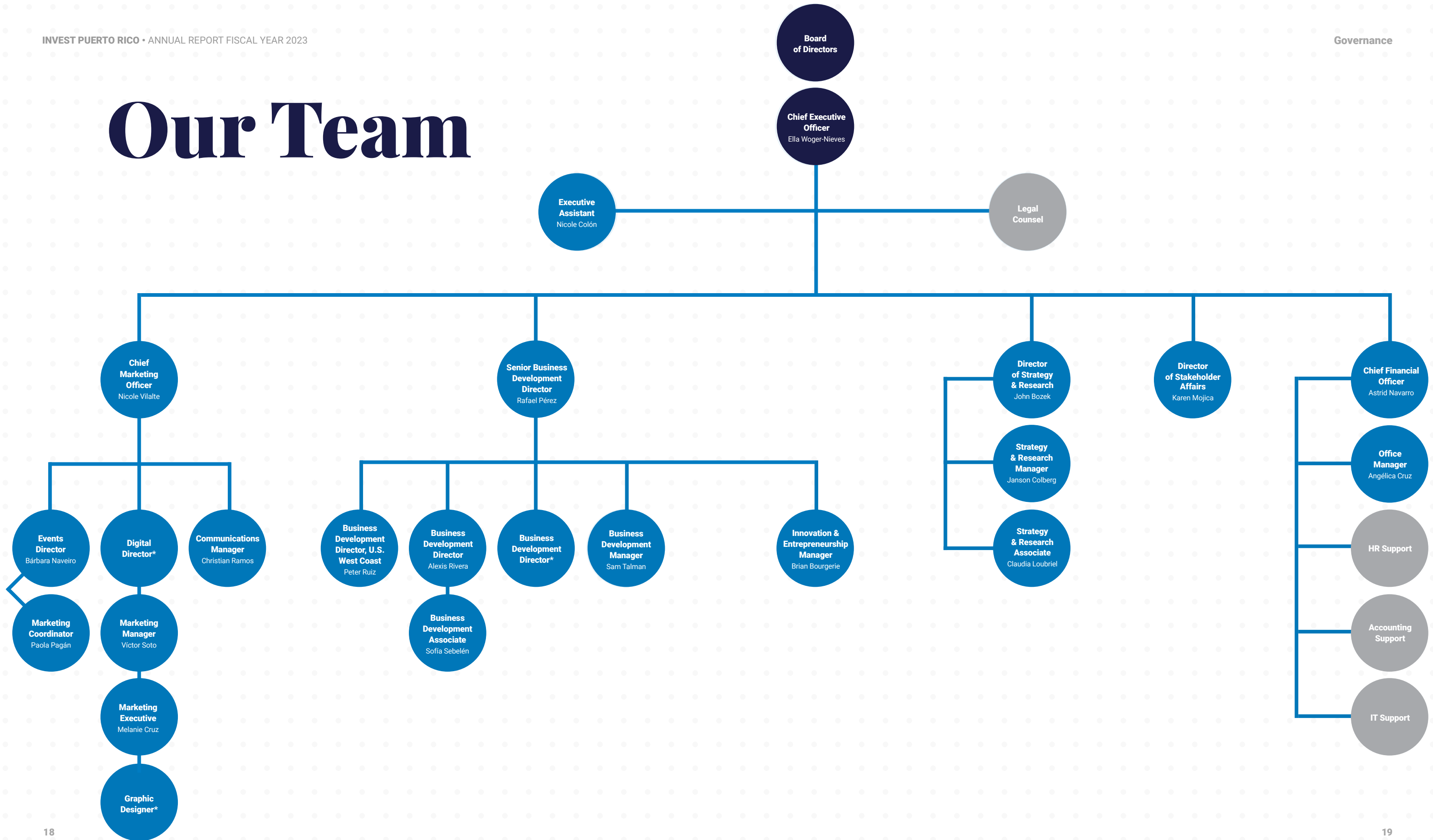
InvestPR's sustained momentum at the forefront of economic development is due in large part to the high caliber and dedication of its team. This year marked two pivotal moments that underscore our commitment to excellence. We saw the appointment of Ella Woger-Nieves, a seasoned executive with an unwavering passion for Puerto Rico's development, as our Chief Executive Officer. Furthermore, our Director of Strategy & Research, John Bozek, earned the prestigious Certified Economic Developer (CEcD) designation, further solidifying our position as leaders in the economic development arena. These milestones, among others, signify InvestPR's drive to continually elevate its capabilities and deliver unmatched value to the Island.

"Invest Puerto Rico's progress is a reflection of the unwavering commitment of our team. Armed with deep expertise, forward-thinking vision, and, more importantly, deep passion for Puerto Rico's socioeconomic well-being, these professionals work hard every day to advance the economic development agenda for the Island."

—
Ella Woger-Nieves, InvestPR's Chief Executive Officer



Our Team



* Recruitment in process

Key Achievements.

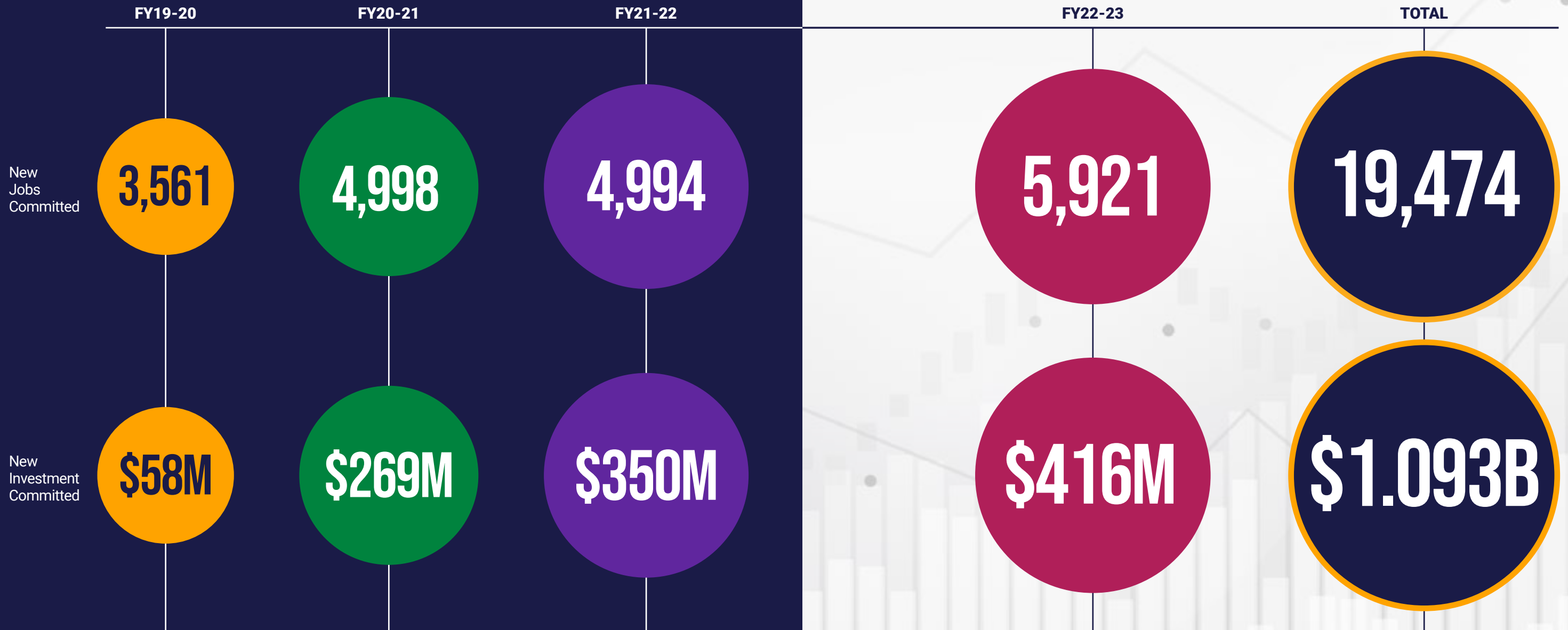
Results by the numbers.



1. Defined as actions taken by visitors on the website that align with our business goals, these include: form fills, newsletter sign-ups, file downloads, phone number clicks and tax incentives page views. 2. Includes only new businesses that did not have a prior nexus to Puerto Rico - any local companies were excluded. 3. Based on jobs projected reported by decree applicants in Single Business Portal or in the DEDC's internal databases. 4. Based on new investment committed reported by decree applicants in Single Business Portal or in the DEDC's internal databases. 5. Based on the average annual reported wage for the employees of all the applicants that report that information in their decree applications.

Historical Outcome Results

Total results from FY20 to FY23



Driving Awareness

Fiscal Year 2023 saw a reduction in marketing funds after the conclusion of the CDBG-DR program injection in Fiscal Year 21-22. A decrease in funds required InvestPR to pivot its media strategy to a fully digital program and sustained messaging. With a strong brand foundation established via our platform – “Game-Changers, welcome home.” - and laser focus tactics, InvestPR’s paid promotion efforts exceeded performance levels above the industry benchmark for both brand and sector-specific campaigns. In most cases, these efforts triplicated our target goals for key performance indicators (KPIs). Our LinkedIn profile is ranked amongst the top EDO social accounts and remains our most important social media platform.

Earned media efforts also saw a ramp-up this Fiscal Year with the addition of a new Public Relations agency of record. To help shift the narrative around the Island, we secured placements in top-tier outlets like Financial Times, Morning Joe & Bloomberg, as well as industry-leading platforms like Business Facilities, AiThority, and The Economic Times, highlighting the Island’s turnaround and the many advantages of doing business in Puerto Rico.

We stepped up our direct engagement with prospects via different brand presence levels at more than 90 events. These include our two biggest brand activations at industry-leading events, BIO International Convention and SelectUSA Investment Summit. We also hosted live webinars covering topics from microgravity manufacturing + R&D in space to gateway opportunities for Indian companies entering the U.S. market.

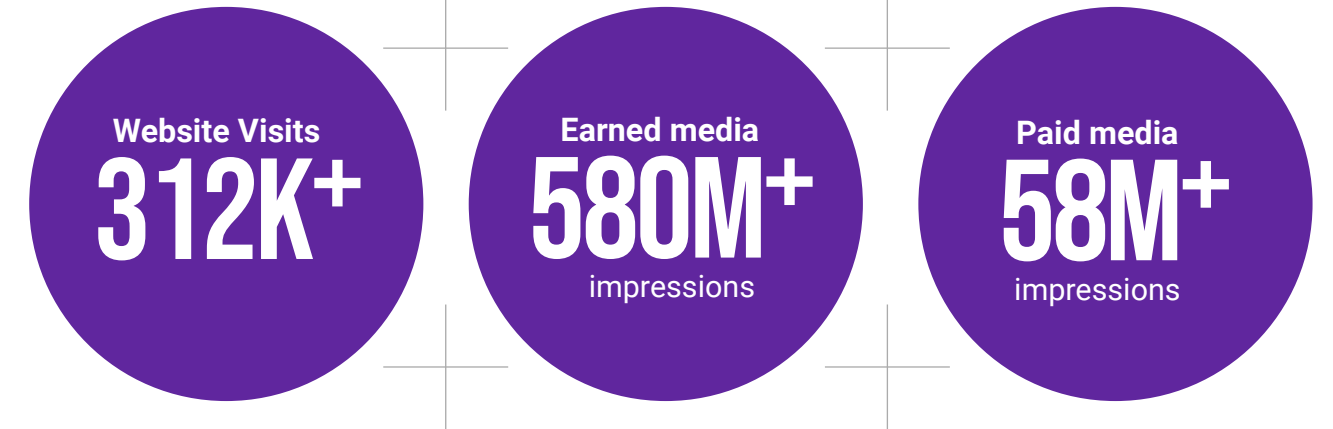
We continued strengthening our brand assets and web portal with new custom pages for topics like reshoring opportunities, new content development, a custom imagery library, and performance enhancements.

Lastly, we launched a new platform, directoriodeserviciospr.com, to further foster connections between investors and the local business ecosystem and finalized the implementation of a new email marketing platform, to better help drive consideration and conversion within our prospects as they transition down the marketing funnel.



Game-Changers, welcome home. Brand Campaign

Marketing Performance Results





National Harbor, MD



Boston, MA



Fierce Biotech

Driving Awareness

WEBINARS



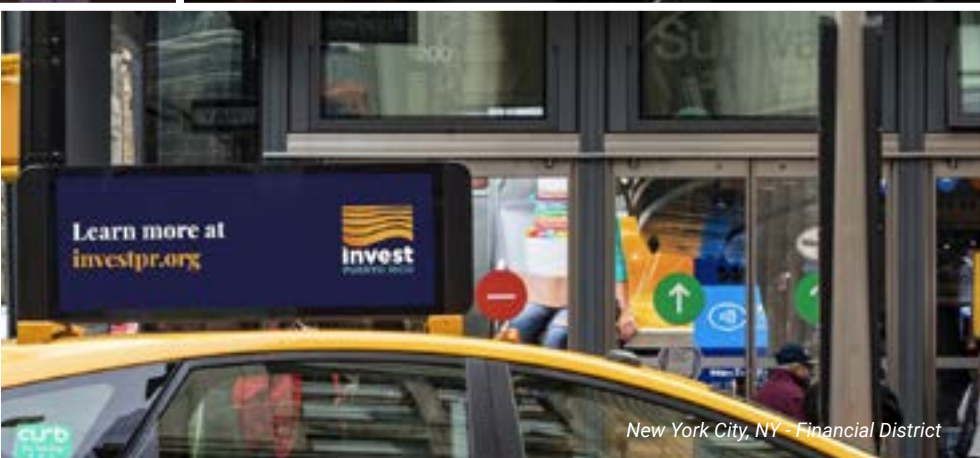
EDITORIALS



DIGITAL MEDIA



Ronald Reagan National Airport, MD



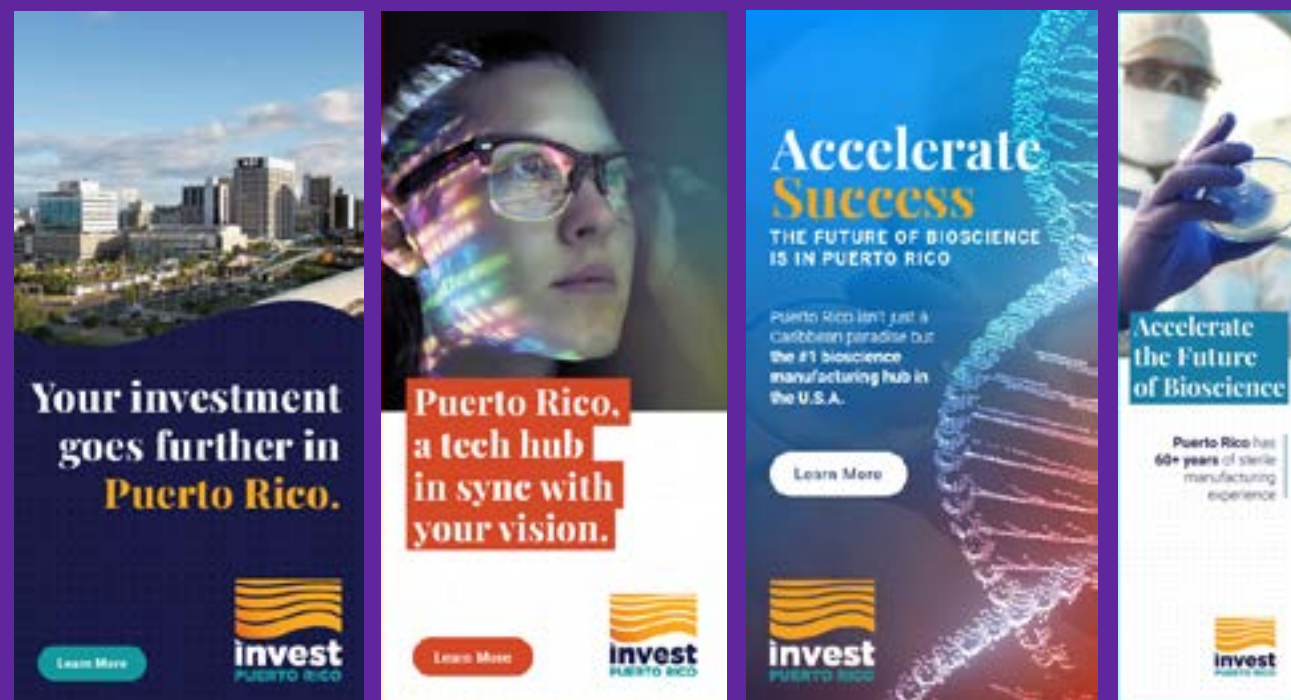
New York City, NY - Financial District

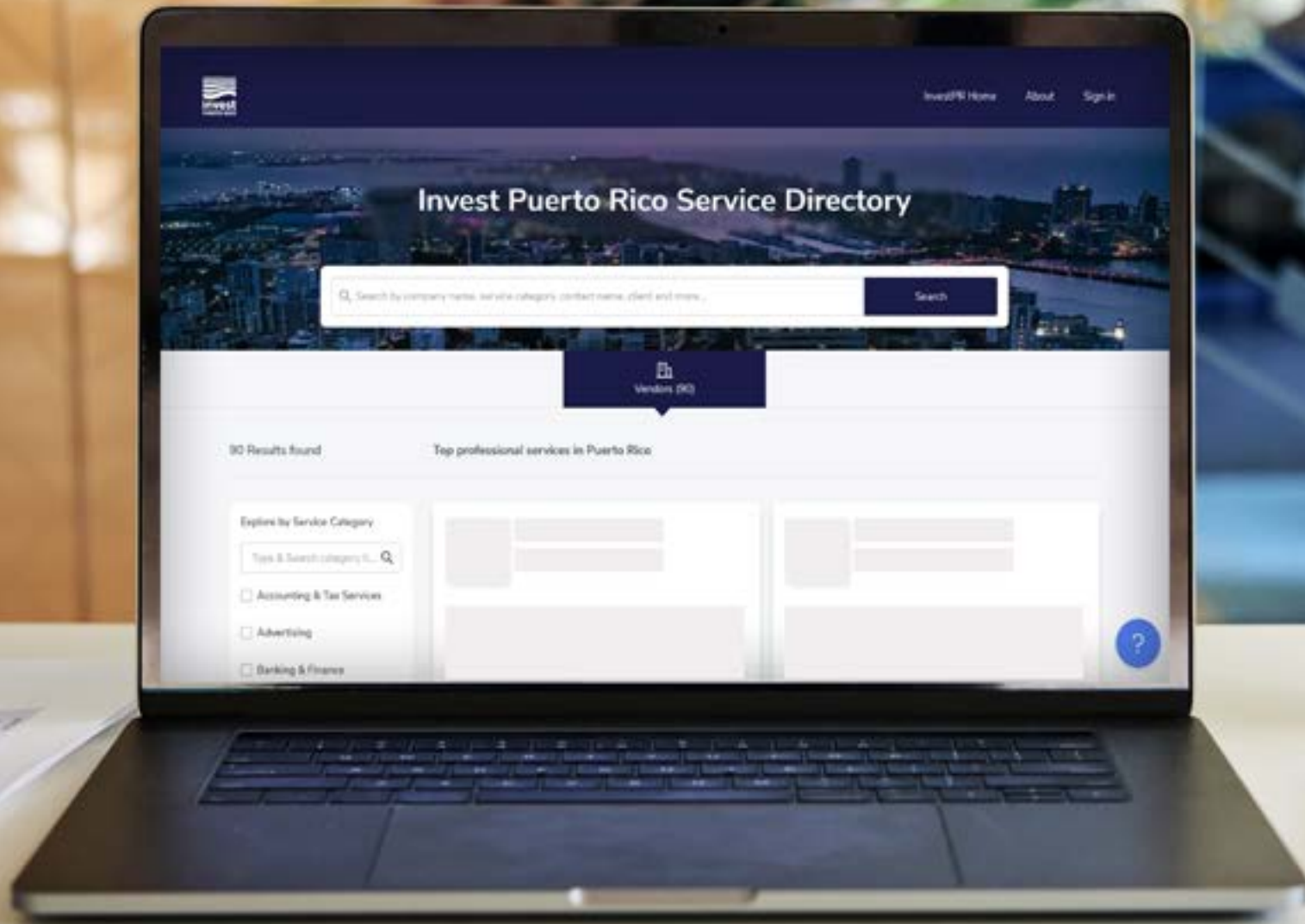


Boston, MA



New York City, NY - Financial District





INVESTPR SERVICE DIRECTORY

InvestPR proudly introduced the Service Directory in May 2022, a platform designed to foster connections between service providers in Puerto Rico and companies seeking to establish or expand their operations on the Island. By facilitating these connections, InvestPR streamlined the process of investment, simultaneously supporting local businesses and enhancing the Island's economic landscape.



IEDC Awards

Impeller.

In 2021, InvestPR unveiled Impeller, a pioneering investment matchmaking platform in Puerto Rico, designed to bridge the gap between local projects in need of capital and potential investors. Over the subsequent year, Impeller has validated its value as a potent tool for both investors and local businesses. It provides an effective conduit to forge connections, secure funding, and pinpoint opportunities that foster Puerto Rico's economic development.

InvestPR received two 2023 Excellence in Economic Development Gold Awards from the International Economic Development Council (IEDC) for the groundbreaking work with the Impeller platform in the Innovative Use of Technology and Entrepreneurship categories. For second year in a row, InvestPR repeated an outstanding performance at the awards.

Impeller, a first for Puerto Rico and the industry, is helping open the eyes of local entrepreneurs and businesses to ways of raising capital that had not been available on the Island previously. Investors worldwide are learning that Puerto Rico offers a more competitive tax structure while providing the same laws, regulations, and protections for capital raising as other U.S. states, breaking unfounded stigmas around investment and doing business in Puerto Rico by leveraging technology to provide easier access to better information and encourage dialogue.



Strengthening Lead Generation & Pipeline

The Business Development team logged significant achievements that expanded its functionality. Our team actively engaged in approximately 70 tradeshows, conferences, and events, hosted a site selector and biotech familiarization tour in addition to 20+ company visits, and undertook sales missions to New York City, Boston, Washington DC, Florida, California, Austria, and Germany.

In our pursuit of solidifying relationships, we prioritized sharing real estate and incentive data with site selectors. This included hosting a dozen representatives from both “Big 4” and boutique site selection firms on the Island and managing 10 Requests for Information (RFIs) inquiries received from these site selectors.

Our resources for lead generation were substantially expanded, and we leveraged relationships with dozens of multipliers, investors, and committees led by InvestPR. We engaged lead generation consultants, OCO Global and Research On Investment (ROI), to tap into Asian, European, and

North American markets, thereby strengthening the quality of our prospect pipeline. Finally, InvestPR established a partnership with the Transatlantic Business Investment Council (TBIC) in Europe. As part of the partnership, we established a virtual address in Berlin and had the opportunity to participate in several Foreign Direct Investment (FDI) recruitment missions in Austria, Hannover Messe and attendance at European trade shows that raised awareness for Puerto Rico as an investment destination. The companies identified represent a wide range of industries including medical devices, advanced manufacturing, and green technologies.

In collaboration with our external partner, RedAtlas, we created the first accurate and comprehensive searchable real estate database, contributing to a more efficient and effective lead generation process. This allows quick response to site selection RFIs and intelligence on Puerto Rico’s real estate asset mapping.



Highlights

Engaged nearly
4,000
leads

1,400
new prospect
opportunities

Commitments
of over
5,900
jobs

Commitments
of over
\$415M
in investment

Lead Generation Events (1-2)

Q1

- Puerto Rico Investing Mastermind/OZ Works Conference - San Juan, PR
- Deep Tech Showcase: Aerospace and Defense - Virtual
- IMN Life Science Real Estate Conference - San Diego, CA
- Office of Naval Research ESG Institute at Purdue - West Lafayette, IN
- Puerto Rico Capital Network Meeting - San Juan, PR
- Florida Delegation at Molecular Science & Research Center - San Juan, PR
- Transatlantic Business and Investment Conference (TBIC) - Atlanta, GA
- NSA | Mission Briefing to U.S. Defense Industry Base Companies - Virtual
- Area Development Site Selector Executive Summit - Phoenix, AZ
- Finnovate Fall Fintech Conference - New York City, NY
- Site Selector Mission - Phoenix, AZ
- Renewable Energy + Power Conference - Anaheim, CA
- 21st Contract Pharma Outsourcing - New Brunswick, NJ

Q2

- Cell & Gene Meeting on the Mesa - Carlsbad, CA
- Financial Services Forum - San Juan, PR
- Tech Crunch Disrupt - Virtual
- Blue Link Worldwide & Foment del Treball Spain's Webinar A USA Roadmap: The Secrets to Success - Virtual
- Commercial Mission - Spain
- MedTech Conference/Boston Mission - Boston, MA
- Red Internacional de Negocios - Puerto Rican Value Proposition - Virtual
- Southeast Regional Space Grant Conference - San Juan, PR
- Solar + Energy Storage Association (SESA) Summit - San Juan, PR
- Web Summit Conference - Lisbon, Portugal
- Tomorrow City's Smart City Expo World Congress 2022 - Barcelona, Spain
- MEDICA Tradefair International Exhibition & Conference - Dusseldorf, Germany
- ICON Business and Investment Conference - San Juan, PR
- InvestPR Webinar - A Global Master Node: Building the Future from Puerto Rico - Virtual



MedTech Conference - Boston, MA



SelectUSA Investment Summit - National Harbor, MD



SelectUSA Investment Summit - National Harbor, MD

Lead Generation Events

Q3

- Puerto Rico Investing Mastermind Annual Conference - San Juan, PR
- Aviation Week's A&DM&A Conference - Beverly Hills, CA
- StartupBlink Summit - Virtual
- Foro Sistema Energético 3E - San Juan, PR
- Transatlantic Business and Investment (TBIC) FDI Mission #1 (Advanced Manufacturing) - Austria & Germany
- MD&M West (Medical Design & Manufacturing) Trade Show - Anaheim, CA
- InvestPR Webinar - Energy Solutions in Puerto Rico - Virtual
- Cogeneration with 2G Meeting - Rincón, PR
- Site Selector Conference: Consultant Connect - Atlanta, GA
- Porzio Pharma Conference - Reshoring Pharma - San Juan, PR
- Puerto Rico Energy Week Conference - San Juan, PR
- VC3 DAO Venture Capital Conference - San Juan, PR
- Familiarization Tour: Site Selectors - San Juan, PR
- Commercial Mission - Mexico
- South by Southwest (SXSW) Conference - Austin, TX
- Site Selectors Guild Annual Conference - San Antonio, TX

Q4

- West Coast Entrepreneurial Ecosystem Networking Event - Aguadilla, PR
- TBIC & OCO Global: FDI Mission #2 (Advanced Manufacturing) - Germany
- The Space Foundation's Space Symposium - Colorado Springs, CO
- eMerge Americas Technology Conference - Miami, FL
- Sequire | Investment Summit Puerto Rico - San Juan, PR
- CPhI North America Conference - Philadelphia, PA
- InvestPR Webinar: Puerto Rico's Spaceport: Microgravity Manufacturing + R&D in Space - Virtual
- SelectUSA Investment Summit - National Harbor, MD
- GEN Webinar - Biotech Breakthroughs: How Puerto Rico's Unique Advantages Drive Innovation - Virtual
- Sales Mission - New York City, NY
- Consultant Connection: Chicago Summit & Sales Mission - Chicago, IL
- Bio International Convention - Boston, MA
- Paris Air Show - Paris, France
- InvestPR Webinar: Expand from India with Confidence, Puerto Rico: Your Gateway to the U.S. Market - Virtual
- Familiarization Tour: Biosciences - San Juan, PR
- Why Puerto Rico Panel & Networking Reception - New York City, NY



BIO International Convention - Boston, MA



SelectUSA Investment Summit - National Harbor, MD



TBIC - FDI Mission #1 (Advanced Manufacturing) - Austria & Germany



Game-changers,
welcome
home. **invest**
PUERTO RICO

SXSW Conference - Austin, TX



SelectUSA Investment Summit - National Harbor, MD



Familiarization Tour: Site Selectors



Why Puerto Rico Panel & Networking Reception - New York City, NY



Commercial Mission - Mexico



SelectUSA Investment Summit - National Harbor, MD



eMerge Americas Technology Conference - Miami, FL



BIO International Convention - Boston, MA

Case Studies.

At the heart of our mission resides an unwavering dedication to operational excellence, innovation, and talent development. These principles not only drew dynamic organizations to the Island but also fueled their growth and success across diverse sectors encompassing healthcare, financial services, and technology.

CITCO

“Our significant growth in recent years has always been with long-term sustainability in mind; this is why we have chosen Puerto Rico as our latest base due to the Island’s broad pool of talented and dedicated financial professionals. In time, we hope to make an investment into the local economy through education and employment programs, significantly growing our operations in Puerto Rico.”

-Roald Smeets, President and Chief Operations Officer of Citco

The Citco group of companies is a global network of independent companies, providing leading asset-servicing solutions to the global alternative investment industry. With over \$1.8 trillion in assets under administration and operations across 36 countries, Citco has been a trusted partner for its clients for more than four decades. Their services range from treasury and loan handling, daily Net Asset Value (NAV) calculations, investor services, corporate and legal services, regulatory and risk reporting, to tax and financial reporting services. In May 2021, Citco sought InvestPR’s help to assess the feasibility of

hosting a client support center for asset administration on the Island. After an evaluation process of over two years, Citco chose Mayagüez for their new client support center. The new center, the first of its kind on the west coast, is projected to house approximately 150 staff within the first three years in roles such as Fund Accounting, Reconciliations, and Investor Relations. The company’s choice of Puerto Rico was influenced by the availability of educated professionals in the financial sector and follows its successful expansion in 36 countries.



Prodapt

"With the latest addition in Puerto Rico, we deliver enhanced and critical services for customers in the Americas by leveraging the Island's rich technical talent from renowned universities, conducive business environment, and attractive incentives for investors."

-Sriram Natarajan, Chief Operating Officer of Prodapt

Prodapt, a part of the 128-year-old business conglomerate, The Jhaver Group, is dedicated to the Connectedness vertical, offering services to telecom operators, digital/multi-service providers, and technology and digital platform companies. With more than 5,000 employees worldwide, Prodapt builds, integrates, and operates solutions enabling next-generation technologies and innovations.

Prodapt identified a need for a Network Engineering Center to expand its engineering capacity, which led them to choose Puerto Rico for this expansion. This initiative will help cultivate a talent pipeline for the company, providing on-the-job training for local engineers and upskilling them as Network Engineers. The new Network Engineering Center in the San Juan Metropolitan Area is expected to employ up to 500 full-time engineers in roles ranging from Managed Services Implementation Managers to Test and Activation staff. The center will also conduct Research and Development activities, providing a substantial boost to the local economy.



carelonSM Global Solutions

"Puerto Rico is known for its bilingual ability, excellence in customer service, digital and IT skills. We have found exceptional talent here to expand our business."

-Rajat Puri, President of Carelon Global Solutions

-El Nuevo Día, May 16, 2023

Carelon, a fully-owned subsidiary of Elevance Health, was founded in 2017. Headquartered in Indiana, Carelon is dedicated to transforming healthcare through operational excellence, innovation, and digital transformation. With a global workforce of over 20,000 associates and growing, Carelon effectively implements global operating models and drives digital transformations aimed at reducing costs and improving service delivery for Health Insurers.

As part of their expansion strategy, Carelon chose Puerto Rico as the location for a new call center that is projected to generate over 400 jobs in the next two years. This new addition to the organization will be its first Caribbean hub, dedicated to serving U.S. health insurance clients for the processing of commercial claims and customer support. Puerto Rico's rich pool of bilingual talent and strategic location made it the preferred choice. It is worth noting that Elevance Health, formerly Anthem Inc., recently acquired MMM Holdings, the largest medical plan on the Island, symbolizing a significant commitment to improving health services not only in Puerto Rico but across the U.S.

Research & Competitiveness Levers

InvestPR's Strategy and Research team remains at the forefront of the organization's competitiveness efforts, diligently collaborating with key stakeholders and proactively driving initiatives focused on enhancing competitiveness in vital sectors. These include workforce development, real estate availability, logistics, and energy. The team offers valuable insights into economic development drivers and public policy decisions by supplying necessary data about future needs.

Research & Competitiveness Levers

"Understanding how Puerto Rico compares with other jurisdictions in terms of competitiveness metrics is indispensable for public and private sector decision-makers."

-John Bozek, Director of Strategy & Research

World Competitiveness Rankings

To provide easy access to critical data, InvestPR aided in gathering datasets to incorporate Puerto Rico into the IMD World Competitiveness rankings, the leading reference point on the competitiveness of countries around the world. For the first time IMD will feature Puerto Rico in its annual rankings, assessing numerous factors influencing competitiveness. This is a collaborative project with the Department of Economic Development and Commerce (DEDC) and academia.

Workforce Dashboard

We joined forces with Estudios Técnicos, a leading research and consulting firm on the Island, the team has crafted workforce data dashboards to populate a microsite dedicated to Puerto Rico's workforce. This information-rich platform will be embedded within the InvestPR webpage, and will offer timely, searchable, and relevant data to companies and investors interested in Puerto Rico's promising business landscape.

Puerto Rico Life Sciences Air Cargo Community

InvestPR participated in launching the Puerto Rico Life Sciences Air Cargo Community, aimed at enhancing quality and capacity to back the U.S. premier bioscience manufacturing hub. This new board will consist of pharmaceutical and medical device manufacturers, along with representatives from InvestPR, DEDC, airlines, airports, ground handlers, haulers, forwarders, and integrators. The community plans to conduct training meetings on the International Air Transport Association (IATA) Center of Excellence for Independent Validators (CEIV) certification in the upcoming months, forming a part of ongoing education programs for the workforce and the wider community.

Industry Research

At InvestPR, industry research serves as the core of our strategy and we strive to better understand how to leverage sectors that could represent economic opportunities for the Island. Puerto Rico's creative and cultural industries are recognized worldwide as one of its richest assets. They represent a sector with the potential to expand and drive economic growth. Recognizing this, InvestPR embarked on a project to map a segment of the creative industries on the Island.

This initiative creates research and data detailing the advantages of investing in Puerto Rico's music, entertainment, and cultural economies. Armed with compelling data and a well-defined action plan, InvestPR and its partners aim to enhance their global leadership in this domain, transforming the sector into a dynamic job creator and talent magnet.

Panoramica

Another pivotal partnership was the collaboration with Dealroom, a trusted source for intelligence on high-growth companies and entrepreneurship ecosystems, to develop a digital platform that will serve as an interactive map of Puerto Rico's comprehensive startup and entrepreneurship ecosystem, spanning companies, accelerators, venture capitalists, and more.

This bird's eye view of the Island's entrepreneurial community will also provide benchmark data, enabling comparisons between our innovation and entrepreneurship ecosystems and those globally.

Newlab

Lastly, innovation and entrepreneurship are key forces driving a dynamic economy. To this effect, in collaboration with Newlab, a tech entrepreneurship incubation center based in Brooklyn, New York, InvestPR is developing an innovation studio to attract high-impact global companies and investment to Puerto Rico in the burgeoning circular economy.

This project aims to convert land or marine waste and under into high-value products, serving as an innovative solution to Puerto Rico's waste crisis and potentially catalyzing a new economic sector.

Newlab + InvestPR: New Industries in the Making

Newlab was established with a mission to address pressing societal needs by amplifying and commercializing emerging technologies and businesses. Their extensive network boasts over 900 entrepreneurs, strategic collaborations with forward-thinking corporate and civic entities, and the invaluable support of domain experts – all dedicated to the widespread adoption of cutting-edge technologies.

The partnership with InvestPR for the 'Waste-to-X Studio' project is a strategic move aimed at facilitating the transformation of land and marine waste into high-value sustainable products. This endeavor seeks to position Puerto Rico as a hub for research, development, and manufacturing within the circular economy.

The initiative's primary goal is to collaboratively design and implement a series of pilot projects that serve as showcases for innovative solutions to address Puerto Rico's waste challenges. It also aims to catalyze new Waste-to-X markets in Puerto Rico, converting previously unmanaged or landfilled materials like sargassum seaweed, plastics, and tires into valuable products.

Together, Newlab and InvestPR are actively seeking out innovative companies developing technologies to facilitate the conversion of underutilized waste and resources into new products. This effort holds significant potential to stimulate economic development opportunities in Puerto Rico. It is estimated that Waste-to-X products could contribute an additional \$4.5 billion to the global economy and create approximately six million jobs worldwide by 2030.

Considerable progress on the project has been made during the Fiscal Year 2022-2023, via a scoping research phase to map Puerto Rico's waste streams, followed by a second phase focused on synthesizing research findings and strengthening stakeholder relationships and partnerships.

A crucial 'Prioritization Workshop' was convened, engaging a wide spectrum of local leaders and stakeholders in the solid waste management ecosystem, including corporations, public entities, government and regulatory agencies, institutions, NGOs, and experts. This collaborative effort culminated in the selection of three waste streams—Tires, Plastics, and Sargassum—for the 'Pilot' phase.

Newlab

Looking ahead, the collaboration between InvestPR and Newlab seeks to forge enduring partnerships with local and global stakeholders beyond waste-to-x industries. These will underpin the establishment of scalable new industries on the Island, fostering the growth and dissemination of frontier technologies.

With this initiative, our goal is to establish Puerto Rico as a blueprint for other communities world wide that are facing similar challenges.



Fostering Stakeholder Engagement

Our focus on bolstering stakeholder engagement led to participation in more than 25 significant local and national events, including the International Economic Development Council Leadership Conference, the Pharmaceutical Industry Association Annual Conference, the Puerto Rico Chamber of Commerce Financing Forum, and PRNOW, showcasing our organization's vision and impact.

To spread awareness about InvestPR and its mission, we continued with our stakeholder roadshow, forging stronger relationships with over 25 government bodies, municipalities, legislature, and key local organizations. Our outreach extended beyond local borders as we continued our national stakeholder roadshow in New York, Washington DC, and Florida. In particular, we strengthened ties with federal agencies such as the U.S. Department of Commerce, the Department of Energy, and the Economic Development Administration to gain further support for Puerto Rico's economic development efforts. All these endeavors heightened awareness of InvestPR and served to continue building alliances with Hispanic and Puerto Rican leaders.

Further strengthening our communication, we introduced "Currents," a new newsletter aimed at keeping our stakeholders informed about our latest endeavors and initiatives. This continued engagement seeks to cultivate a robust network of partners who share our commitment to Puerto Rico's economic development.



Stakeholder Engagement Events

Q1

- Governor's Roundtable at Molecular Sciences & Research Center - San Juan, PR
- Roundtable with U.S. Department of Commerce Deputy Secretary Don Graves - San Juan, PR
- AIESEC Alumni Leadership Summit - San Juan, PR
- Puerto Rico Non-Profit Summit - San Juan, PR
- Mechanical Contractors Association (MCA) Monthly Meeting - San Juan, PR
- CIO & IT Leadership Conference - San Juan, PR
- Manufacturing Week - Primex Roundtable - San Juan, PR
- InvestPR Webinar: Invest Puerto Rico Community Update - Virtual
- We Mean Business: Women's Empowerment Summit - San Juan, PR

Q2

- Creativity LACademy, Entrepreneurs Organization - San Juan, PR
- MCA - 19th Trade & Learn Mechanical Show - San Juan, PR
- UPR-Mayagüez Job Fair - Mayagüez, PR
- Business Advisory Council Annual Meeting - New York City, NY
- Woman's Economic Forum - San Juan, PR
- Puerto Rico Manufacturers Association "Metamorphosis of Women's Leadership" - San Juan, PR
- Expo Business and Trade Puerto Rico - Orlando, FL
- White House Puerto Rico Economic Dialogue - Washington, DC
- UnidosUS Workforce Development Summit - San Juan, PR

Q3

- International Economic Development Council Leadership Summit - Tucson, AZ
- 2nd Roundtable with U.S. Department of Commerce Deputy Secretary Don Graves - San Juan, PR
- Puerto Rico Chamber of Commerce Financing Forum - San Juan, PR
- Mechanical Contractor Association (MCA) - Monthly Meeting - San Juan, PR
- Inspiring Innovation 33rd Pharmaceutical Industry Association (PIA) Annual Meeting - San Juan, PR

Q4

- Puerto Rico Chamber of Commerce Innovation Expo - San Juan, PR
- Puerto Rico Manufacturers Association Annual Conference - Fajardo, PR
- PRNOW Forum - New York City, NY
- InvestPR Hosted Dinner with the Governor of Puerto Rico & Stakeholders - New York City, NY
- Newlab Workshop - San Juan, PR





Puerto Rico Chamber of Commerce Financing Forum - San Juan, PR



Inspiring Innovation 33rd PIA Annual Meeting - San Juan, PR



PRNOW Forum - New York City, NY



Roundtable with U.S. Deputy Secretary of Commerce, Don Graves - San Juan, PR



Puerto Rico Open Golf Tournament on PGA Tour - San Juan, PR

Finance & Administration.

FUNDING

InvestPR operates with a \$5M annual assignment from the Puerto Rico Department of Economic Development and Commerce. In addition to those funds, during the previous Fiscal Year, InvestPR was allocated \$10M as part of the American Rescue Plan Act funds assigned to the Island under the Promote Puerto Rico Program. The initial disbursement of \$4M, received in Fiscal Year 2023, covered activities during Fiscal Years 2022 and 2023. The remaining \$6M was received in June 2023 and will be used during Fiscal Years 2024 and 2025.

In addition to these funds, during Fiscal Year 2023, we started a series of initiatives to secure recurrent funds for the organization. These initiatives included actively seeking public and private grants, a second annual end-of-the-year funding campaign, and participation in the 2022 Giving Tuesday not-for profit campaign.

For Fiscal Year 2024, InvestPR was granted an additional \$5.4M in government funds through the Puerto Rico Office of Management and Budget. These funds will catapult Puerto Rico's awareness efforts and will allow InvestPR to engage in programs and initiatives that will continue to elevate the Island as world-class business destination.



Fiscal Year 2023 Statement of Financial Position (Unaudited)

ASSETS	TOTAL
Cash and Cash Equivalents	\$10,513,077
Accounts Receivable	\$185,704
Prepaid Expenses	\$77,162
Total Current Assets	\$10,775,943
Other Assets/Deposits	\$535,751
Property and Equipment Net	\$798,155
TOTAL ASSETS	\$12,109,849
LIABILITIES	
Accounts Payable	\$527,444
Accrued Expenses	\$378,168
Total Current Liabilities	\$905,612
Long Term Liabilities	\$616,057
Deferred Revenues	\$6,936,833
TOTAL LIABILITIES	\$8,458,502
NET ASSETS	
Restricted Assets - Board Designated Contingency Reserve Funds	\$2,100,000
Unrestricted Net Assets	\$1,551,347
TOTAL NET LIABILITIES AND ASSETS	\$12,109,849

Fiscal Year 2023 Statement of Activities (Unaudited)

REVENUES	
Local Funds, DEDC Contract	\$5,000,000
Federal Funds	\$3,020,176
Other Revenues	\$55,624
Total Revenues	\$8,075,800
EXPENSES	
Operational Expenses by Area:	
Marketing	\$3,455,427
Business Development	\$1,481,418
Strategy and Research	\$1,387,322
Community/Industry Engagement	\$345,896
Total Operational Expenses	\$6,670,063
Administrative Expenses/Depreciation	\$1,643,753
Total Expenses	\$8,313,816
INCREASE (DECREASE) IN NET ASSETS	(\$238,016)

Fiscal Year 2024 Budget

REVENUES	TOTAL
Grant from Dept. of Economic Development & Commerce	\$5,000,000
Grant from the Office Management and Budget	\$5,400,000
Other from the American Rescue Plan Act	\$5,800,426
Other Income	\$48,000
Total Revenues	\$16,248,426
EXPENSES	
Salaries and Benefits	\$3,281,677
SALES / MARKETING / PROMOTION	
Advertising / Promotion	\$7,200,164
Strategy Support	\$1,923,004
Lead Generation Support	\$1,044,800
Trade Shows / Events / Meetings	\$921,262
Community / Industry Engagement	\$505,780
Communications and Public Relations	\$364,000
OPERATIONS	
Facilities Expenses	\$251,343
Legal / Accounting / Audit	\$220,550
Human Resources / Organizational Development	\$182,900
Licenses / IT Services / Equipment	\$81,707
Insurance	\$46,427
Others	\$11,495
TOTAL EXPENSES	\$16,190,109

Looking Ahead.



Our Strategy for FY2024

A set of strategic principles will guide where InvestPR places its focus, resources, and business development and marketing efforts by industry sector in three tiers:



Strategic Approach by Target Sector

Hunt	Nurture & Grow	Capture & Monitor
<p>Puerto Rico is well-positioned to play and win:</p> <ul style="list-style-type: none"> • Bioscience (pharma, med-devices, cell & gene therapy, agbio, etc.) • Advanced Manufacturing (filling local supply chain gaps, such as 3D printing, electronics, etc.) • Aerospace (design and engineering services) 	<p>Puerto Rico can leverage existing and build additional capacity to continue strengthening its value proposition and ecosystem across these sectors:</p> <ul style="list-style-type: none"> • Technology and ICT (IT support services, software development and SaaS, blockchain, AI, cybersecurity, etc.) • Aerospace Manufacturing (small-scale components) • Energy Transformation & Solutions (utility-scale developers, financiers & tech providers) • Creative Industries (film & music pre/post-production, digital animation/gaming) 	<p>Management of organic sector growth and emerging opportunities:</p> <ul style="list-style-type: none"> • Professional Services • Finance & Insurance • Emerging Sectors (circular economy, blue economy, etc.) • Tourism Investment

Promotional Approach

Play the Funnel

Marketing and lead generation efforts will continue to see a combination of channels/tactics across the marketing funnel to generate awareness, foster and maintain consideration, and drive conversion. As the product offering is highly varied in Puerto Rico, the channel mix will depend on sector, message & objectives.

Paid Media

- We will continue to invest heavily in digital media to maximize budgets and allow for more direct targeting and attribution of dollars (ROI).

Earned Media

- Drive message amplification and positively impact the Island's narrative as a business destination via media pitches, press tours, announcements, and InvestPR-owned events.

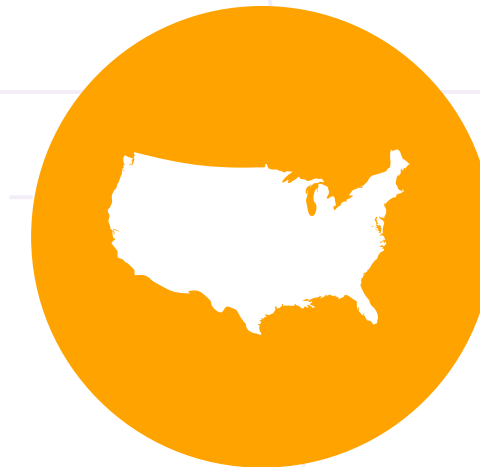
Events

- Shift event strategy to engagement in high-touch events to drive higher-quality outreach, interactions, and follow-through. We will increase the frequency of sales missions and familiarization tours and engage in 2-3 major conferences within key target sectors.

Lead Generation

- Leverage lead generation contracts in North America and Europe/Asia to foster pipeline.
- Targeted mid-market company outreach within target sectors.
- Further target site selectors to better position Puerto Rico for RFIs.
- Leverage local industry to identify and attract supply chain prospects.

Geographic Focus



U.S. Primary Markets

Focus outreach on primary markets (NY, NJ, PA, CA, TX, FL, MA, and IL) & target sector efforts on mid-size operations in markets where there is industry sector concentration and/or Puerto Rico's value proposition makes it relevant.

Europe & Asia

Target relevant markets in sectors where companies would find an advantage in Puerto Rico. (Examples of markets where we have seen traction so far: Germany & India)



Latin America

Monitor political and economic shifts across the region to identify business attraction opportunities.

Workplan

Building Awareness

Build the Puerto Rico brand as a business destination across target markets.

Elevate the Island's competitive position across key target industry sectors.

Identify, enhance, and strengthen or debunk destination perception-driving attributes.

Position InvestPR as an enabler and active participant in fostering the local economy's future.



Lead Generation

Engage in key tradeshows, conferences, familiarization tours, and sales missions to spotlight Puerto Rico as an investment destination.

Employ lead generation contracts, site selectors, and targeted company outreach to strengthen the pipeline.

Leverage local industry to better understand supply chain needs and fill in gaps with prospects.

Maximize Impeller platform to increase investment on the Island.

Continue optimizing partnership with DEDC to better enable transactions.

Product Improvement

Develop a strategy, alongside the Puerto Rico Industrial Development Company (PRIDCO) and industry stakeholders, on how to best strengthen Puerto Rico's industrial real estate assets.

Develop talent retention/attraction initiatives in collaboration with key industry stakeholders, academia, and public and private sector partners.

Continue Newlab innovation studio incubation to support pilot initiatives around Waste-to-X.

Pursue federal programs and other key partnerships to expand Federal Department of Defense dollar spending opportunities.

Work with DEDC to create a successful proposal for the Tech Hubs program under the CHIPS and Science Act.



Stakeholder Engagement

Continue building awareness of InvestPR's mission and initiatives with on- and off-island stakeholder groups as a trusted authority on economic development.

Strengthen economic development knowledge at a municipal level to increase readiness to receive & support incoming business.

Leverage the local investor community to grow InvestPR's network and position the entity as an active enabler/facilitator for capital flow and entrepreneurship.

Organizational Excellence

Optimize organizational reporting and communication.

Ensure the organization's financial compliance and a strong environment of internal controls.

Develop and execute a funding strategy, with a particular focus on identifying and securing long-term funding sources.

Ensure InvestPR has the right resources, expertise, and organizational culture to accomplish our mission.

Continue honing InvestPR's standing among the global economic development community.



Our FY2024 KPI Targets

The following Key Performance targets for Fiscal Year 2023-2024 were approved by the Board of Directors on August 30, 2023. These targets were developed based on prior year results and taking into account global, national and local market considerations.

SALES

4,500
new leads

1,800
qualified prospects
opportunities

OUTCOMES

600
new businesses

5,000
jobs committed

\$425M
in investment
committed

\$65K
average payroll



INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

Basic Financial Statements and Required Supplementary Information
Fiscal Year Ended June 30, 2023



RSM Puerto Rico
PO Box 10528
San Juan, PR 00922-0528

T 787-751-6164
F 787-759-7479
www.rsm.pr

INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
Invest Puerto Rico Inc.

Opinions

We have audited the financial statements of the governmental activities and each major fund of Invest Puerto Rico Inc., a Component Unit of the Commonwealth of Puerto Rico, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Invest Puerto Rico Inc.'s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Invest Puerto Rico Inc. as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Invest Puerto Rico Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Invest Puerto Rico Inc.'s ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

THE POWER OF BEING UNDERSTOOD
ASSURANCE | TAX | CONSULTING

RSM Puerto Rico is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any Jurisdiction.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Invest Puerto Rico Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate that raise substantial doubt about Invest Puerto Rico Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 supplementary 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
December 19, 2023.

Stamp No. E556760 was affixed to
the original of this report.

A handwritten signature in blue ink, appearing to read "RSM Puerto Rico".

INVEST PUERTO RICO INC.

Management Discussion & Analysis (Unaudited)
Fiscal Year Ended June 30, 2023

As the management of Invest Puerto Rico Inc. (the "Organization"), we offer readers of these basic financial statements our discussion and analysis of the Organization's financial performance during the fiscal year ended on June 30, 2023. Please read the information presented in this section and the Organization's basic financial statements, including the notes which follow this section.

This discussion and analysis are intended to serve as an introduction to the Organization's basic financial statements, which comprise the following components: (1) statement of net position; (2) statement of activities and (3) notes to basic financial statements.

Industry Highlights

This year, the Organization proudly celebrates its 5th anniversary, a testament of resilience and unwavering commitment to Puerto Rico's prosperity and economic development. Throughout this journey, the Organization has achieved elevating Puerto Rico as a prime global destination for business and investment despite the external challenges and uncertainties it navigated in the last five (5) years.

By orchestrating multiple successful marketing, lead generation, competitiveness, and stakeholder initiatives, the Organization has successfully bolstered the island's recognition as a global hub for innovation, entrepreneurship, and growth, resulting in increased interest from companies worldwide to do business in Puerto Rico and heightened the Organization's credibility among its stakeholders. The Organization has emerged as a beacon of excellence in advancing Puerto Rico's stature as an eminent business destination.

The fiscal year 2023 witnessed the realization of commitments from companies to create nearly 6,000 jobs and infuse over \$416 million in capital investment into the island, a feat unprecedented in magnitude and significance. This year's results underscore the Organization's pivotal role in Puerto Rico's economic transformation and reflect the combined efforts of not only the Organization but of all the Organization's invaluable partners, including the Department of Economic Development and Commerce (DEDIC), with whom the Organization collectively showcased Puerto Rico's value proposition and helped facilitate the arrival of companies to the island.

Lead generation:

- 3,165 leads generated
- 1,407 prospect opportunities

Outcomes:

- 564 new businesses
- 5,921 jobs committed
- \$416 million in investment committed

The Organization's commitment to excellence extended to its marketing and communications efforts, which reached new heights in the past fiscal year. The Organization enhanced its brand presence at more than 90 industry events, garnered increased coverage in key media publications, and revamped its website with rich content to showcase Puerto Rico as a world-class business destination. These endeavors were complemented by the robust relationships the Organization's business development team forged with site selectors and lead generation firms, further enhancing the quality of the Organization's business pipeline.

INVEST PUERTO RICO INC.

Management Discussion & Analysis (Unaudited)
Fiscal Year Ended June 30, 2023

Awareness:

- Over 638 million advertising and earned media impressions
- 312,499 website visits
- Over 39 thousand website conversions

Invest Puerto Rico's journey through Puerto Rico's economic development landscape is characterized not only by success and progress but also by resiliency. In the face of external challenges and uncertainties, the Organization has consistently demonstrated its ability to adapt and thrive.

The Organization's resiliency serves as a foundation upon which it builds a brighter future for the island. The Organization is poised to weather any challenge, emerging stronger and more determined to fulfill its mission of driving sustainable economic growth and investment opportunities in Puerto Rico.

Invest Puerto Rico's unwavering commitment to elevating Puerto Rico as an ideal destination for investment remains at the forefront of its mission. In a world marked by economic uncertainties and challenges, Puerto Rico continues to be a beacon of opportunity, and the Organization plays a pivotal role in leveraging the island's advantages, facilitating investments, and fostering economic prosperity. By leveraging the momentum that the island has gained, the Organization continues driving progress and solidifying its reputation as a global industry leader.

Financial Highlights

- To carry out its sales and promotion activities, the Organization combined the assignments provided in the contract with the DEDC and the initial allocation from the American Rescue Plan Act Fund (ARPA) of \$4 million for the promotion of Puerto Rico as a business investment destination. Approximately \$3 million was utilized in fiscal year ended June 30, 2023. At the end of the fiscal year ended June 30, 2023, the Organization received the second and last allocation of \$6 million for a total of \$10 million. Most of such funds, that expire on December 31, 2024, will be utilized during the fiscal year ended June 30, 2024.
- The Organization decreased its revenues by approximately \$4.3 million or 35% from the previous fiscal year, mainly driven by the Disaster Recovery Funds (CBDG-DR) from the Federal Government (HUD) managed by the Puerto Rico Department of Housing (PRDOH) received in prior year.
- The Organization decreased its expenses by approximately \$5.4 million or 39% from the previous fiscal year. This decrease was primarily concentrated in marketing and promotional expenses.
- The Organization spent approximately 80% of the 2023-2024 fiscal year total expenditures on marketing, promotion, business development, community engagement and research activities, continuing its efficient use of funds.

Overview of the Financial Statements

The primary financial statements of the Organization 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 Organization.

INVEST PUERTO RICO INC.

Management Discussion & Analysis (Unaudited) Fiscal Year Ended June 30, 2023

The first two statements are the government-wide financial statements that provide both short and long-term information about the Organization'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 the fund financial statements focused on individual parts of the Organization's government, thus reporting the Organization's operations in more detail than government-wide financial statements. The governmental funds' statements show how promotional activities were financed in the short term and what remains for future spending.

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

Financial Analysis

Condensed financial information of governmental activities in the statements of net position as of June 30, 2023, and 2022, is as follows:

Description	June 30		Change	
	2023	2022	Amount	Percent
Assets:				
Current assets	\$ 10,689,356	\$ 8,062,616	\$ 2,626,740	33%
Non-current assets	4,256	4,256	-	0%
Capital assets, net	<u>1,329,652</u>	<u>1,547,007</u>	<u>(217,355)</u>	<u>(14%)</u>
	<u>12,023,264</u>	<u>9,613,879</u>	<u>2,409,385</u>	<u>25%</u>
Liabilities:				
Current liabilities	821,880	1,092,421	(270,541)	(25%)
Non-current liabilities	<u>7,550,035</u>	<u>4,632,095</u>	<u>2,917,940</u>	<u>63%</u>
	<u>8,371,915</u>	<u>5,724,516</u>	<u>2,647,399</u>	<u>46%</u>
Net position:				
Net investment in capital assets	716,450	873,921	(157,471)	(18%)
Unrestricted	<u>2,934,899</u>	<u>3,015,442</u>	<u>(80,543)</u>	<u>(3%)</u>
	<u>\$ 3,651,349</u>	<u>\$ 3,889,363</u>	<u>\$ (238,014)</u>	<u>(6%)</u>

As of June 30, 2023, the Organization's total assets consist mainly of cash of approximately \$10.5 million, accounts receivable of approximately \$99 thousand and capital assets of approximately \$1.3 million. The increase in total assets of approximately \$2.4 million was mainly due to (i) the increase of approximately \$6 million in cash received from ARPA funds, not available in the previous year, (ii) the decrease in accounts receivable by approximately \$400 thousand for CDBG-DR expenses reimbursed by the PRDOH, (iii) the decrease in capital assets of approximately \$217 thousand, and (iv) the decrease of approximately \$3 million in cash in the operational account.

Total liabilities increased by approximately \$2.6 million, mainly due to (i) the deferred revenues for the funds received from ARPA funds of approximately \$3 million, that are still subject to use restrictions and (ii) the decrease in accounts payable and accrued expenses of approximately \$270 thousand, mainly for marketing and general service providers.

INVEST PUERTO RICO INC.

Management Discussion & Analysis (Unaudited) Fiscal Year Ended June 30, 2023

Condensed financial information of governmental activities in the statements of activities for the years ended June 30, 2023, and 2022, is presented below:

Description	June 30		Change	
	2023	2022	Amount	Percent
Operating revenues	\$ 8,062,964	\$ 12,404,219	\$ (4,341,255)	(35%)
Operating expenses	<u>8,315,551</u>	<u>13,694,096</u>	<u>(5,378,545)</u>	<u>(39%)</u>
Operating income (loss)	(252,587)	(1,289,877)	1,037,290	(80%)
Non-operating revenues:				
Interest income	<u>14,573</u>	<u>9,160</u>	<u>5,413</u>	<u>59%</u>
Change in net position	(238,014)	(1,280,717)	1,042,703	(81%)
Net position, beginning of year	<u>3,889,363</u>	<u>5,170,080</u>	<u>(1,280,717)</u>	<u>(25%)</u>
Net position, end of year	<u>\$ 3,651,349</u>	<u>\$ 3,889,363</u>	<u>\$ (238,014)</u>	<u>\$ (6%)</u>

Total operating revenues decreased by approximately \$4.3 million, from \$12.4 million on June 30, 2022, to \$8.1 million on June 30, 2023. The decrease was mainly driven by the CDBG-DR funds received in the fiscal year 2021-2022, of approximately \$8 million, offset by ARPA and regular funds.

Total operating expenses decreased by approximately \$5.4 million during the year ended June 30, 2023, due to expenses related to the CDBG-DR fund and carryovers from prior years.

Capital Assets

Capital assets activity for the fiscal year ended June 30, 2023, is as follows:

Description	Balance as of June 30, 2022	Additions	Reclassifications /Adjustments	Balance as of June 30, 2023	Accumulated Depreciation/ Amortization	Net Ending Balance
Capital assets-being depreciated:						
Office equipment	\$ 113,012	\$ -	\$ -	\$ 113,012	\$ (38,653)	\$ 74,359
Leasehold improvements	756,913	-	40,070	796,983	(169,915)	627,068
Furniture and fixtures	150,192	-	(1,516)	148,676	(51,946)	96,730
Right-to-use leased asset:						
Leased building (intangible asset)	<u>741,622</u>	<u>-</u>	<u>-</u>	<u>741,622</u>	<u>(210,127)</u>	<u>531,495</u>
	1,761,739	-	38,554	1,800,293	(470,641)	1,329,652
Non-depreciable capital assets:						
Construction in progress	<u>30,319</u>	<u>9,751</u>	<u>(40,070)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,792,058</u>	<u>\$ 9,751</u>	<u>\$ (1,516)</u>	<u>\$ 1,800,293</u>	<u>\$ (470,641)</u>	<u>\$ 1,329,652</u>

INVEST PUERTO RICO INC.

Management Discussion & Analysis (Unaudited)
Fiscal Year Ended June 30, 2023

For the year ended June 30, 2023, capital assets additions were approximately \$10 thousand. As of June 30, 2023, capital assets amounted to approximately \$1.3 million, net of accumulated depreciation and amortization of approximately \$471 thousand.

Request for Information:

This financial report is designed to provide a general overview of Invest Puerto Rico, Inc.'s operation's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer at 200 Convention Boulevard, The HUB, Suite 301, San Juan, PR, 00907-4905.



INVEST PUERTO RICO INC.

(A Component Unit of the Commonwealth of Puerto Rico)

STATEMENT OF NET POSITION Fiscal Year Ended June 30, 2023

	<u>Governmental Activities</u>
ASSETS:	
Cash	\$ 10,513,077
Accounts receivable-	
Due from governmental entity	99,100
Other accounts receivable	17
Prepaid expenses and deposits	81,418
Capital assets, net	<u>1,329,652</u>
	<u>12,023,264</u>
LIABILITIES:	
Accounts payable	459,521
Accrued expenses	362,359
Deferred revenues	6,936,833
Lease liability	<u>613,202</u>
	<u>8,371,915</u>
NET POSITION:	
Net investment in capital assets	716,450
Unrestricted	<u>2,934,899</u>
	<u>\$ 3,651,349</u>

See accompanying notes to basic financial statements.



INVEST PUERTO RICO INC.

(A Component Unit of the Commonwealth of Puerto Rico)

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net Revenues/ (Expenses) and Change in Net Position
GOVERNMENTAL ACTIVITIES:			
General government	\$ 1,606,724	\$ 8,020,176	\$ 6,413,452
Marketing/Promotion	3,455,423	42,788	(3,412,635)
Business development	1,402,820	-	(1,402,820)
Local industry/Community engagement	345,896	-	(345,896)
Strategy and research	1,465,922	-	(1,465,922)
Interest expense	38,766	-	(38,766)
	\$ 8,315,551	\$ 8,062,964	(252,587)
GENERAL REVENUES:			
Interest income			14,573
CHANGE IN NET POSITION			(238,014)
NET POSITION – Beginning of year			3,889,363
NET POSITION – End of year			\$ 3,651,349

See accompanying notes to basic financial statements.



INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

BALANCE SHEET — GOVERNMENTAL FUNDS
Fiscal Year Ended June 30, 2023

	General Fund	Fund for the Promotion of Puerto Rico as an Investment Destination	American Rescue Plan Act Fund	Total Governmental Funds
ASSETS:				
Cash	\$ -	\$ 3,127,295	\$ 7,385,782	\$ 10,513,077
Due from governmental entity	-	99,100	-	99,100
Other accounts receivable	-	17	-	17
Due from other funds	108,986	86,587	-	195,573
Prepaid expenses	-	97,524	-	97,524
	<u>\$ 108,986</u>	<u>\$ 3,410,523</u>	<u>\$ 7,385,782</u>	<u>\$ 10,905,291</u>
LIABILITIES:				
Accounts payable	\$ -	\$ 131,003	\$ 328,518	\$ 459,521
Accrued expenses	-	343,087	19,272	362,359
Due to other funds	-	108,986	86,587	195,573
Deferred revenues	-	-	6,936,833	6,936,833
	<u>-</u>	<u>583,076</u>	<u>7,371,210</u>	<u>7,954,286</u>
FUND BALANCES:				
Nonspendable	-	97,524	-	97,524
Committed	-	2,100,000	-	2,100,000
Unassigned	108,986	629,923	14,572	753,481
	<u>108,986</u>	<u>2,827,447</u>	<u>14,572</u>	<u>2,951,005</u>
	<u>\$ 108,986</u>	<u>\$ 3,410,523</u>	<u>\$ 7,385,782</u>	<u>\$ 10,905,291</u>

See accompanying notes to basic financial statements.



INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

**RECONCILIATION OF THE BALANCE SHEET- GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION**
For the Fiscal Year Ended June 30, 2023

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 2,951,005
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES ARE DIFFERENT IN THE STATEMENT OF NET POSITION BECAUSE:	
Capital assets, including the right-to-use leased asset, are not capitalized in the governmental fund financial statement. Such expenditures are considered expense when they are paid and consequently no capital assets neither depreciation or amortization expense are recognized in the fund financial statements.	1,329,652
Lease liability is not recognized in the governmental fund financial statements. Such liability is not due and payable in the current period and, therefore, is not reported in the fund financial statements.	(613,202)
Prepaid deposit under lease agreement is recognized as an asset in the governmental fund financial statements.	<u>(16,106)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 3,651,349</u></u>

See accompanying notes to basic financial statements.



INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES — GOVERNMENTAL FUNDS**
For the Fiscal Year Ended June 30, 2023

	General Fund	Fund for the Promotion of Puerto Rico as an Investment destination	American Rescue Plan Act Fund	Total Governmental Funds
REVENUES:				
Grants and contributions	\$ 42,788	\$ 5,000,000	\$ 3,020,176	\$ 8,062,964
Interest income	-	-	14,573	14,573
	<u>42,788</u>	<u>5,000,000</u>	<u>3,034,749</u>	<u>8,077,537</u>
EXPENDITURES:				
General government	-	1,120,550	268,819	1,389,369
Marketing/Promotion	-	2,198,634	1,256,789	3,455,423
Business development	-	1,067,337	335,483	1,402,820
Local industry/Community engagement	-	345,896	-	345,896
Strategy and research	-	306,836	1,159,086	1,465,922
Debt service:				
Lease principal payments	-	59,884	-	59,884
Interest expense	-	38,766	-	38,766
	<u>-</u>	<u>5,137,903</u>	<u>3,020,177</u>	<u>8,158,080</u>
NET CHANGES IN FUND BALANCES	42,788	(137,903)	14,572	(80,543)
FUND BALANCES – Beginning of year	66,198	2,965,350	-	3,031,548
FUND BALANCES – End of year	<u>\$ 108,986</u>	<u>\$ 2,827,447</u>	<u>\$ 14,572</u>	<u>\$ 2,951,005</u>

See accompanying notes to basic financial statements.



INVEST PUERTO RICO INC.

(A Component Unit of the Commonwealth of Puerto Rico)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Fiscal Year Ended June 30, 2023

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS	\$ (80,543)
--	-------------

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES ARE DIFFERENT IN THE STATEMENT OF ACTIVITIES BECAUSE:

Capital assets, including the right-to-use leased asset, are not capitalized in the governmental fund financial statement. Such expenditures are considered expense when they are paid and consequently no capital assets neither depreciation or amortization expense are recognized in the fund financial statements.	(217,355)
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Lease principal payments are considered expenditures in the governmental fund financial statements.	<u>59,884</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (238,014)</u></u>
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See accompanying notes to basic financial statements.

INVEST PUERTO RICO INC. *(A Component Unit of the Commonwealth of Puerto Rico)*

NOTES TO BASIC FINANCIAL STATEMENTS **Fiscal Year Ended June 30, 2023**

1) Reporting entity:

Invest Puerto Rico Inc. (the Organization) was organized as a not-for-profit organization pursuant to the provisions of Act No. 13 of 2017, known as “Enterprise Puerto Rico” and organized under the laws of the Commonwealth of Puerto Rico, on August 23, 2017, pursuant to the General Law of Corporations of 1995, as amended. The mission of the Organization is to promote Puerto Rico as a competitive investment jurisdiction to attract new business and capital investment to the island.

The Organization is reported as component unit of the Commonwealth of Puerto Rico (the Commonwealth), in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

To accomplish its objectives, the Organization established the following programs:

- *Marketing/Promotion* – Refers to all the activity related to raising awareness of the Organization and perception of Puerto Rico as an investment jurisdiction, including public relations efforts, media efforts (traditional and digital), website development, tradeshow/conference fees and production and development of promotional aids such as banners, brochures, etc.
- *Business development* – Refers to all the activity related to lead generation and investor support efforts, including participation in trade shows and conferences, hosting investor events and setting up customer relationship management tools.
- *Local industry/Community engagement* – Refers to efforts related to engaging the community in the collaborative effort of promoting Puerto Rico as a destination for investment. It includes efforts to communicate the work that the Organization does and how all communities can work alongside with of the Organization, providing a unified message and branding.
- *Strategy and research* – Refers to all activity related to conducting research on the economy, industry sectors and business trends and drivers to provide context and insight to support marketing and business development efforts.

2) Basis of presentation and summary of significant accounting policies:

The accounting and reporting policies of the Organization conform to U.S. GAAP, for governments as prescribed by the Governmental Accounting Standards Board (GASB).

Following is a description of the Organization’s financial statements presentation; measurement focus and basis of presentation and summary of most significant accounting policies:

Government-Wide and Fund Presentation

Government-Wide Financial Statements – The statement of net position and the statement of activities report information on all balances and activities of the Organization. Governmental activities are financed through contributions from the Puerto Rico Department of Economic Development and Commerce (DEDCC), federal grants and donations.

INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

NOTES TO BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2023

The statement of net position presents the Organization's assets and liabilities with the difference reported as net position.

Net position is 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.
- *Restricted* – This component of net position results when constraints placed on net position use are either externally imposed by creditors, contributors, and other external sources, or imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* – This component of net position consists of net position that does not meet the definition of the two preceding categories. An unrestricted net position is often designated to indicate that management does not consider it to be available for general operations. An unrestricted net position often has constraints on resources, which are imposed by management, but can be removed or modified.

When both restricted and unrestricted resources are available for use, it is the Organization'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 are offset by program revenues. 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 reported as general revenues.

Fund 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. All of the financial activities of the Organization are reported in the accompanying basic financial statements and have been classified as governmental. All funds of the Organization are considered as major funds.

Fund balances for each governmental fund are displayed, when applicable, in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable* – Represents amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.
- *Restricted* – Represents amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation.
- *Committed* – Represents amounts that can be spent only for specific purposes determined by a formal action of the Organization's highest level of decision-making authority (the Board of Directors).
- *Assigned* – Represents amounts the Organization intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.
- *Unassigned* – Represents amounts not contained in other classifications.

INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

NOTES TO BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2023

Measurement Focus and Basis of Accounting

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 of the eligibility requirements imposed by the provider have been met.

Governmental Fund's Financial Statements – The governmental fund's financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Organization considers revenues to be available if they are to be collected within 120 days after the end of the current fiscal year-end. Expenditures are recorded when the related liability is incurred.

The financial activities of the Organization that are reported in the accompanying basic financial statements have been classified into the following major governmental funds:

- *General Fund* – The general fund is the general operating fund of the Organization and is used to account for all financial resources, except those to be required to be accounted for in another fund.
- *Fund for the Promotion of Puerto Rico as an Investment Destination* – This special revenue fund is used to account for proceeds from DEDC as part of the Second Collaboration Agreement pursuant to Article 4 of Act No. 13 of 2017 dated as of March 30, 2020.
- *American Rescue Plan Act Fund* – This special revenue fund is used to account for proceeds from the allocation of the American Rescue Plan Act, signed on March 11, 2021 by the President Joseph R. Biden. The Commonwealth received an allocation of these funds. Resolution 2021-142 made by the Coronavirus Relief Fund Disbursement Oversight Committee, provided authorization and allocation of \$10,000,000 from the Promote Puerto Rico Program to the Organization. Through this resolution an initial disbursement of \$4,002,000 was authorized to the Organization in February 2022 for the promotion of Puerto Rico as a business investment destination. A second and final disbursement of \$5,998,000 was received in June 2023.

Summary of Significant Accounting Policies

Budgetary Accounting – The Organization is not required by the Act No. 13 to submit a budget for approval by the Legislature of the Commonwealth; consequently, no formal budgetary accounting procedures are followed.

Use of Estimates – The preparation of the basic financial statements in conformity U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and 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.

Prepaid Expenses – Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items.

INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

NOTES TO BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2023

Accounts Receivable – Accounts receivable are stated net of estimated allowance for uncollectible accounts. The allowance is based on the evaluation of the risk characteristics of the receivable, including past collection experience and current economic conditions. Write-offs are recorded against the allowance when management believes that collectability is unlikely. Recoveries of amounts previously charged off are credited to the allowance. Because of uncertainties inherent in the estimation process, management's estimate may change in the future. The Organization considers revenues available if they are collected within 120 days after the end of the current fiscal year.

Capital Assets – Capital assets are defined by the Organization as assets with a cost of \$5,000 or more at the date of acquisition and an expected useful life of three or more years. Purchased and constructed capital assets are valued at historical cost or estimated historical cost. Donated fixed assets are recorded at their fair value at the date of donation. Intangible right-to-use leased assets associated with leases are defined by the Organization as leased assets whose future leased payments through the lease term are \$10,000 or greater. The right-to-use leased assets are measured as the sum of the initial lease liability plus prepayments made at or before the commencement of the lease term less lease incentives received plus initial direct costs that are ancillary charges necessary to place the leased asset in service. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are expensed.

Capital asset additions in governmental activities are recorded as expenditures in the governmental fund financial statements.

Depreciation and amortization expense is recorded on a straight-line basis over the useful life of the related assets in the government-wide financial statements.

Estimated useful lives are as follows:

Description	Estimated Useful Life
Office equipment	3 years
Leasehold improvements	10 years or lease term, whichever is less
Furniture and fixtures	5 years
Leased building (intangible asset)	30 years or lease term, whichever is less

Deferred Revenue – Deferred revenue at the governmental fund level arises when potential revenue does not meet the “available” criteria for revenue recognition in the current period. Deferred revenue also arises when resources are received before the Organization has a legal claim to them, as when grant money is received prior to incurring the qualifying expenditures. In subsequent periods, when the revenue recognition criteria are met, or when the Organization has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet, and the revenue is recognized. Deferred revenue at the government wide level arises only when the Organization receives resources before it has a legal claim to them.

Interfund Activities – The Organization has interfund transactions representing reimbursements, which consists of 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.

INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

NOTES TO BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2023

Future Accounting Pronouncements – The GASB has issued the following accounting pronouncements that will have future impact on the accounting and financial practices of the Organization:

- *GASB Statement No. 99 – Omnibus 2022.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.
- *GASB Statement No. 100 – Accounting Changes and Error Corrections.* The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.
- *GASB Statement No. 101 – Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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

3) Cash:

The Organization is authorized to deposit funds in the custody of financial institutions approved by the Commonwealth. Commonwealth's regulations require domestic commercial banks to maintain collateral securities pledged for the security of public deposits at an amount 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, the Organization may not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

As of June 30, 2023, the Organization's cash in commercial banks consists of the following:

Description	Carrying Amount	Depository Bank Balance
Deposits accounts	\$ 8,513,077	\$ 8,513,077
Certificates of deposits	2,000,000	2,000,000
	<u>\$ 10,513,077</u>	<u>\$ 10,513,077</u>

INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

NOTES TO BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2023

4) Due from governmental entities:

As of June 30, 2023, due from governmental entity consists of the following:

Description	Amount
Puerto Rico Department of Economic Development and Commerce (DEDC)	\$ 99,100

5) Interfund balances:

The summary of the amounts due from/to other funds as of June 30, 2023, is as follows:

Receivable By	Payable By	Amount
General Fund	Fund for the Promotion of Puerto Rico as an Investment Destination	\$ 108,986
Fund for the Promotion of Puerto Rico as an Investment Destination	American Rescue Plan Act Fund	86,587
		<u>\$ 195,573</u>

6) Capital assets:

Capital assets activity for the year ended June 30, 2023, is as follows:

Description	Balance as of June 30, 2022	Additions	Reclassifications /Adjustments	Balance as of June 30, 2023	Accumulated Depreciation/ Amortization	Net Ending Balance
Capital assets-being depreciated:						
Office equipment	\$ 113,012	\$ -	\$ -	\$ 113,012	\$ (38,653)	\$ 74,359
Leasehold improvements	756,913	-	40,070	796,983	(169,915)	627,068
Furniture and fixtures	150,192	-	(1,516)	148,676	(51,946)	96,730
Right-to-use leased asset:						
Leased building (intangible asset)	<u>741,622</u>	-	-	<u>741,622</u>	<u>(210,127)</u>	<u>531,495</u>
	1,761,739	-	38,554	1,800,293	(470,641)	1,329,652
Non-depreciable capital assets:						
Construction in progress	<u>30,319</u>	<u>9,751</u>	<u>(40,070)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,792,058</u>	<u>\$ 9,751</u>	<u>\$ (1,516)</u>	<u>\$ 1,800,293</u>	<u>\$ (470,641)</u>	<u>\$ 1,329,652</u>

The Organization has recorded a right-to-use leased asset for a leased building. The related lease is discussed in Note 7.

Depreciation and amortization expense for the year ended June 30, 2023, amounted to \$225,591 and was recognized as part of the governmental activities.

INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

NOTES TO BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2023

7) Lease liability:

The Organization is leasing its office facilities under a five (5) year lease agreement (initial term), which has an option to extend for an additional five (5) year period. The lease agreement calls for escalating monthly rental payments from \$7,857 during the first year to \$8,672 during the last year of the initial term. In addition to the base rent, the lease agreement includes a monthly operating cost charge of \$1,964, with a 2.5% increment per year during the initial term. The Organization commenced making the rental payments in March 2021.

The lease agreement qualifies as other than short-term lease under GASB No. 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. It is reasonably certain that the Organization will exercise the option to extend the lease and calculated the liability based on a ten (10) year lease term. The lease liability is measured at a discount rate of 6%, which is the stated rate in the lease agreement. Measurement of the liability excluded any variable payments that are based on usage of the asset. As a result of the lease, the Organization has recorded a right-to-use asset with a net book value of \$531,495 as of June 30, 2023.

The future principal and interest lease payments as of June 30, 2023, are as follows:

Year ending June 30,	Principal	Interest	Total payment
2024	\$ 66,112	\$ 35,004	\$ 101,116
2025	72,789	30,856	103,645
2026	78,611	26,324	104,935
2027	84,538	21,446	105,984
2028	90,841	16,202	107,043
2029-2031	<u>220,311</u>	<u>15,229</u>	<u>235,540</u>
	<u>\$ 613,202</u>	<u>\$ 145,061</u>	<u>\$ 758,263</u>

This liability activity for the year ended June 30, 2023, is as follows:

Description	Balance as of July 1, 2022	Increases	Decreases	Balance as of June 30, 2023	Due within one year
Lease liability	\$ 673,086	\$ -	\$ (59,884)	\$ 613,202	\$ 66,112

8) Employee benefit plans:

The Organization has two (2) defined contribution plans (the Plans), which cover substantially all of its employees that have completed three (3) months of service. Under the provisions of these Plans, employees may elect to contribute up to 6% of their annual salary. The Organization matches up to 50% of the amount contributed by the employees. The employer's contribution to these Plans for the year ended June 30, 2023, amounted to approximately \$37,000.



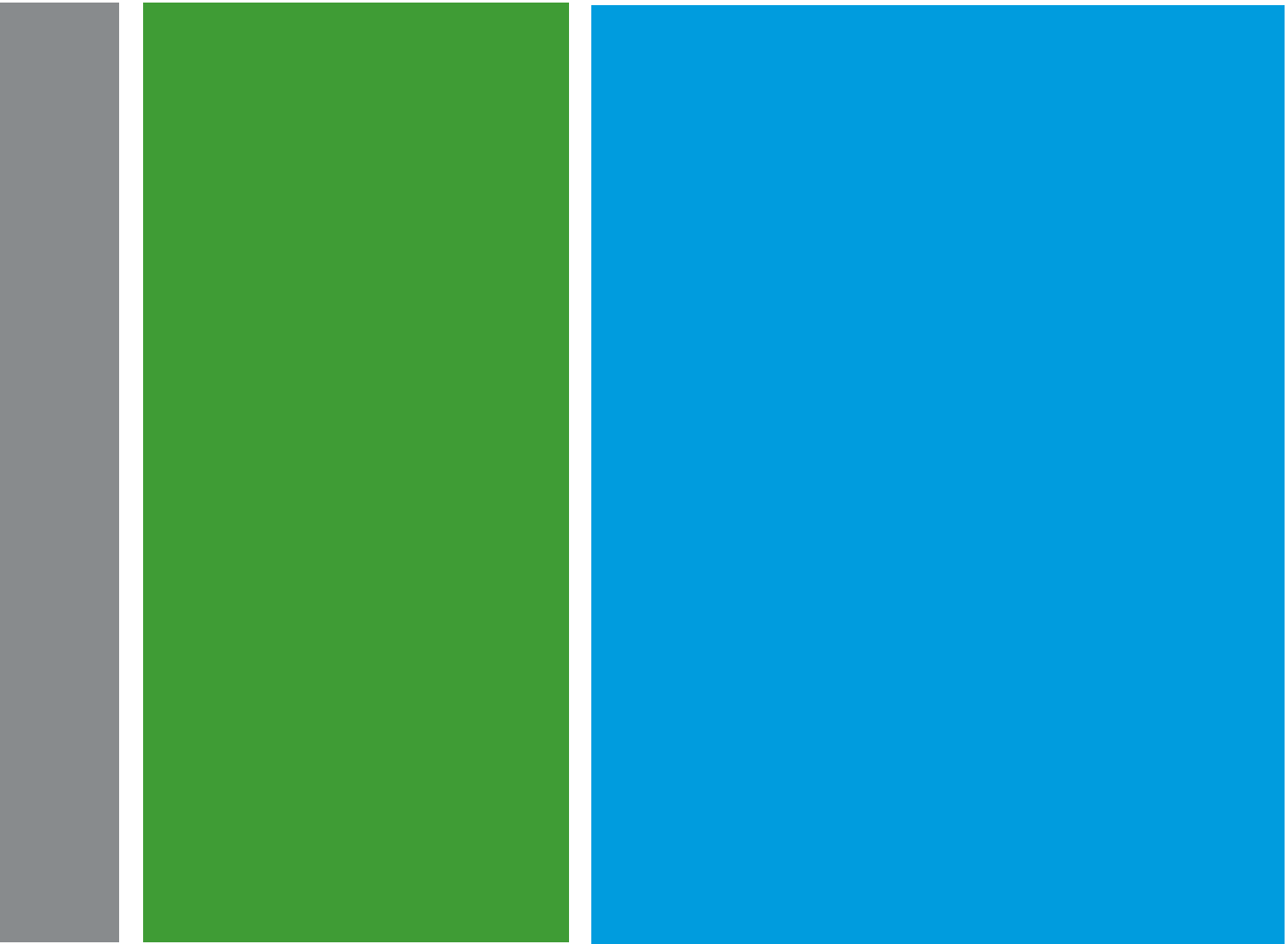
INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

NOTES TO BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2023

9) Subsequent events:

On September 1, 2023, the Organization received \$5,400,000 from the funds under the custody of the Puerto Rico Office of Management and Budget to support the operating expenses of Invest Puerto Rico Inc.

Management evaluated subsequent events through December 19, 2023, the date on which the financial statements were available to be issued.



INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

Uniform Guidance Report
Fiscal Year Ended June 30, 2023



INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

UNIFORM GUIDANCE REPORT
Fiscal Year Ended June 30, 2023

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RSM Puerto Rico
PO Box 10528
San Juan, PR 00922-0528

T 787-751-6164
F 787-759-7479
www.rsm.pr

INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
Invest Puerto Rico Inc.

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Invest Puerto Rico Inc., a component unit of the Commonwealth of Puerto Rico, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Invest Puerto Rico Inc.'s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Invest Puerto Rico Inc., as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Invest Puerto Rico Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Invest Puerto Rico Inc.'s ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

THE POWER OF BEING UNDERSTOOD

ASSURANCE | TAX | CONSULTING

RSM Puerto Rico is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any Jurisdiction.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Invest Puerto Rico Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Invest Puerto Rico Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 supplementary information in accordance with GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Invest Puerto Rico, Inc.'s basic financial statements. The *schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2023, on our consideration of Invest Puerto Rico Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Invest Puerto Rico Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Invest Puerto Rico Inc.'s internal control over financial reporting and compliance.

San Juan, Puerto Rico
December 19, 2023.

Stamp No. E556761 was affixed to
the original of this report.



INVEST PUERTO RICO INC.

Management Discussion & Analysis (Unaudited)
Fiscal Year Ended June 30, 2023

As the management of Invest Puerto Rico Inc. (the “Organization”), we offer readers of these basic financial statements our discussion and analysis of the Organization’s financial performance during the fiscal year ended on June 30, 2023. Please read the information presented in this section and the Organization’s basic financial statements, including the notes which follow this section.

This discussion and analysis are intended to serve as an introduction to the Organization’s basic financial statements, which comprise the following components: (1) statement of net position; (2) statement of activities and (3) notes to basic financial statements.

Industry Highlights

This year, the Organization proudly celebrates its 5th anniversary, a testament of resilience and unwavering commitment to Puerto Rico's prosperity and economic development. Throughout this journey, the Organization has achieved elevating Puerto Rico as a prime global destination for business and investment despite the external challenges and uncertainties it navigated in the last five (5) years.

By orchestrating multiple successful marketing, lead generation, competitiveness, and stakeholder initiatives, the Organization has successfully bolstered the island’s recognition as a global hub for innovation, entrepreneurship, and growth, resulting in increased interest from companies worldwide to do business in Puerto Rico and heightened the Organization’s credibility among its stakeholders. The Organization has emerged as a beacon of excellence in advancing Puerto Rico's stature as an eminent business destination.

The fiscal year 2023 witnessed the realization of commitments from companies to create nearly 6,000 jobs and infuse over \$416 million in capital investment into the island, a feat unprecedented in magnitude and significance. This year's results underscore the Organization’s pivotal role in Puerto Rico's economic transformation and reflect the combined efforts of not only the Organization but of all the Organization’s invaluable partners, including the Department of Economic Development and Commerce (DEDC), with whom the Organization collectively showcased Puerto Rico’s value proposition and helped facilitate the arrival of companies to the island.

Lead generation:

- 3,165 leads generated
- 1,407 prospect opportunities

Outcomes:

- 564 new businesses
- 5,921 jobs committed
- \$416 million in investment committed

The Organization’s commitment to excellence extended to its marketing and communications efforts, which reached new heights in the past fiscal year. The Organization enhanced its brand presence at more than 90 industry events, garnered increased coverage in key media publications, and revamped its website with rich content to showcase Puerto Rico as a world-class business destination. These endeavors were complemented by the robust relationships the Organization’s business development team forged with site selectors and lead generation firms, further enhancing the quality of the Organization’s business pipeline.

INVEST PUERTO RICO INC.

Management Discussion & Analysis (Unaudited)
Fiscal Year Ended June 30, 2023

Awareness:

- Over 638 million advertising and earned media impressions
- 312,499 website visits
- Over 39 thousand website conversions

Invest Puerto Rico's journey through Puerto Rico's economic development landscape is characterized not only by success and progress but also by resiliency. In the face of external challenges and uncertainties, the Organization has consistently demonstrated its ability to adapt and thrive.

The Organization's resiliency serves as a foundation upon which it builds a brighter future for the island. The Organization is poised to weather any challenge, emerging stronger and more determined to fulfill its mission of driving sustainable economic growth and investment opportunities in Puerto Rico.

Invest Puerto Rico's unwavering commitment to elevating Puerto Rico as an ideal destination for investment remains at the forefront of its mission. In a world marked by economic uncertainties and challenges, Puerto Rico continues to be a beacon of opportunity, and the Organization plays a pivotal role in leveraging the island's advantages, facilitating investments, and fostering economic prosperity. By leveraging the momentum that the island has gained, the Organization continues driving progress and solidifying its reputation as a global industry leader.

Financial Highlights

- To carry out its sales and promotion activities, the Organization combined the assignments provided in the contract with the DEDC and the initial allocation from the American Rescue Plan Act Fund (ARPA) of \$4 million for the promotion of Puerto Rico as a business investment destination. Approximately \$3 million was utilized in fiscal year ended June 30, 2023. At the end of the fiscal year ended June 30, 2023, the Organization received the second and last allocation of \$6 million for a total of \$10 million. Most of such funds, that expire on December 31, 2024, will be utilized during the fiscal year ended June 30, 2024.
- The Organization decreased its revenues by approximately \$4.3 million or 35% from the previous fiscal year, mainly driven by the Disaster Recovery Funds (CBDG-DR) from the Federal Government (HUD) managed by the Puerto Rico Department of Housing (PRDOH) received in prior year.
- The Organization decreased its expenses by approximately \$5.4 million or 39% from the previous fiscal year. This decrease was primarily concentrated in marketing and promotional expenses.
- The Organization spent approximately 80% of the 2023-2024 fiscal year total expenditures on marketing, promotion, business development, community engagement and research activities, continuing its efficient use of funds.

Overview of the Financial Statements

The primary financial statements of the Organization 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 Organization.

INVEST PUERTO RICO INC.

Management Discussion & Analysis (Unaudited)
Fiscal Year Ended June 30, 2023

The first two statements are the government-wide financial statements that provide both short and long-term information about the Organization'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 the fund financial statements focused on individual parts of the Organization's government, thus reporting the Organization's operations in more detail than government-wide financial statements. The governmental funds' statements show how promotional activities were financed in the short term and what remains for future spending.

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

Financial Analysis

Condensed financial information of governmental activities in the statements of net position as of June 30, 2023, and 2022, is as follows:

Description	June 30		Change	
	2023	2022	Amount	Percent
Assets:				
Current assets	\$ 10,689,356	\$ 8,062,616	\$ 2,626,740	33%
Non-current assets	4,256	4,256	-	0%
Capital assets, net	<u>1,329,652</u>	<u>1,547,007</u>	<u>(217,355)</u>	<u>(14%)</u>
	<u>12,023,264</u>	<u>9,613,879</u>	<u>2,409,385</u>	<u>25%</u>
Liabilities:				
Current liabilities	821,880	1,092,421	(270,541)	(25%)
Non-current liabilities	<u>7,550,035</u>	<u>4,632,095</u>	<u>2,917,940</u>	<u>63%</u>
	<u>8,371,915</u>	<u>5,724,516</u>	<u>2,647,399</u>	<u>46%</u>
Net position:				
Net investment in capital assets	716,450	873,921	(157,471)	(18%)
Unrestricted	<u>2,934,899</u>	<u>3,015,442</u>	<u>(80,543)</u>	<u>(3%)</u>
	<u>\$ 3,651,349</u>	<u>\$ 3,889,363</u>	<u>\$ (238,014)</u>	<u>(6%)</u>

As of June 30, 2023, the Organization's total assets consist mainly of cash of approximately \$10.5 million, accounts receivable of approximately \$99 thousand and capital assets of approximately \$1.3 million. The increase in total assets of approximately \$2.4 million was mainly due to (i) the increase of approximately \$6 million in cash received from ARPA funds, not available in the previous year, (ii) the decrease in accounts receivable by approximately \$400 thousand for CDBG-DR expenses reimbursed by the PRDOH, (iii) the decrease in capital assets of approximately \$217 thousand, and (iv) the decrease of approximately \$3 million in cash in the operational account.

Total liabilities increased by approximately \$2.6 million, mainly due to (i) the deferred revenues for the funds received from ARPA funds of approximately \$3 million, that are still subject to use restrictions and (ii) the decrease in accounts payable and accrued expenses of approximately \$270 thousand, mainly for marketing and general service providers.

INVEST PUERTO RICO INC.

Management Discussion & Analysis (Unaudited) Fiscal Year Ended June 30, 2023

Condensed financial information of governmental activities in the statements of activities for the years ended June 30, 2023, and 2022, is presented below:

Description	June 30		Change	
	2023	2022	Amount	Percent
Operating revenues	\$ 8,062,964	\$ 12,404,219	\$ (4,341,255)	(35%)
Operating expenses	<u>8,315,551</u>	<u>13,694,096</u>	<u>(5,378,545)</u>	<u>(39%)</u>
Operating income (loss)	(252,587)	(1,289,877)	1,037,290	(80%)
Non-operating revenues:				
Interest income	<u>14,573</u>	<u>9,160</u>	<u>5,413</u>	<u>59%</u>
Change in net position	(238,014)	(1,280,717)	1,042,703	(81%)
Net position, beginning of year	<u>3,889,363</u>	<u>5,170,080</u>	<u>(1,280,717)</u>	<u>(25%)</u>
Net position, end of year	<u>\$ 3,651,349</u>	<u>\$ 3,889,363</u>	<u>\$ (238,014)</u>	<u>\$ (6%)</u>

Total operating revenues decreased by approximately \$4.3 million, from \$12.4 million on June 30, 2022, to \$8.1 million on June 30, 2023. The decrease was mainly driven by the CDBG-DR funds received in the fiscal year 2021-2022, of approximately \$8 million, offset by ARPA and regular funds.

Total operating expenses decreased by approximately \$5.4 million during the year ended June 30, 2023, due to expenses related to the CDBG-DR fund and carryovers from prior years.

Capital Assets

Capital assets activity for the fiscal year ended June 30, 2023, is as follows:

Description	Balance as of June 30, 2022	Additions	Reclassifications /Adjustments	Balance as of June 30, 2023	Accumulated Depreciation/ Amortization	Net Ending Balance
Capital assets-being depreciated:						
Office equipment	\$ 113,012	\$ -	\$ -	\$ 113,012	\$ (38,653)	\$ 74,359
Leasehold improvements	756,913	-	40,070	796,983	(169,915)	627,068
Furniture and fixtures	150,192	-	(1,516)	148,676	(51,946)	96,730
Right-to-use leased asset:						
Leased building (intangible asset)	<u>741,622</u>	<u>-</u>	<u>-</u>	<u>741,622</u>	<u>(210,127)</u>	<u>531,495</u>
	1,761,739	-	38,554	1,800,293	(470,641)	1,329,652
Non-depreciable capital assets:						
Construction in progress	<u>30,319</u>	<u>9,751</u>	<u>(40,070)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,792,058</u>	<u>\$ 9,751</u>	<u>\$ (1,516)</u>	<u>\$ 1,800,293</u>	<u>\$ (470,641)</u>	<u>\$ 1,329,652</u>

INVEST PUERTO RICO INC.

Management Discussion & Analysis (Unaudited)
Fiscal Year Ended June 30, 2023

For the year ended June 30, 2023, capital assets additions were approximately \$10 thousand. As of June 30, 2023, capital assets amounted to approximately \$1.3 million, net of accumulated depreciation and amortization of approximately \$471 thousand.

Request for Information:

This financial report is designed to provide a general overview of Invest Puerto Rico, Inc.'s operation's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer at 200 Convention Boulevard, The HUB, Suite 301, San Juan, PR, 00907-4905.



INVEST PUERTO RICO INC.

(A Component Unit of the Commonwealth of Puerto Rico)

STATEMENT OF NET POSITION Fiscal Year Ended June 30, 2023

	<u>Governmental Activities</u>
ASSETS:	
Cash	\$ 10,513,077
Accounts receivable-	
Due from governmental entity	99,100
Other accounts receivable	17
Prepaid expenses and deposits	81,418
Capital assets, net	<u>1,329,652</u>
	<u>12,023,264</u>
LIABILITIES:	
Accounts payable	459,521
Accrued expenses	362,359
Deferred revenues	6,936,833
Lease liability	<u>613,202</u>
	<u>8,371,915</u>
NET POSITION:	
Net investment in capital assets	716,450
Unrestricted	<u>2,934,899</u>
	<u>\$ 3,651,349</u>

See accompanying notes to basic financial statements.



INVEST PUERTO RICO INC.

(A Component Unit of the Commonwealth of Puerto Rico)

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net Revenues/ (Expenses) and Change in Net Position
GOVERNMENTAL ACTIVITIES:			
General government	\$ 1,606,724	\$ 8,020,176	\$ 6,413,452
Marketing/Promotion	3,455,423	42,788	(3,412,635)
Business development	1,402,820	-	(1,402,820)
Local industry/Community engagement	345,896	-	(345,896)
Strategy and research	1,465,922	-	(1,465,922)
Interest expense	38,766	-	(38,766)
	\$ 8,315,551	\$ 8,062,964	(252,587)
GENERAL REVENUES:			
Interest income			14,573
CHANGE IN NET POSITION			(238,014)
NET POSITION – Beginning of year			3,889,363
NET POSITION – End of year			\$ 3,651,349

See accompanying notes to basic financial statements.



INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

BALANCE SHEET — GOVERNMENTAL FUNDS
Fiscal Year Ended June 30, 2023

	General Fund	Fund for the Promotion of Puerto Rico as an Investment Destination	American Rescue Plan Act Fund	Total Governmental Funds
ASSETS:				
Cash	\$ -	\$ 3,127,295	\$ 7,385,782	\$ 10,513,077
Due from governmental entity	-	99,100	-	99,100
Other accounts receivable	-	17	-	17
Due from other funds	108,986	86,587	-	195,573
Prepaid expenses	-	97,524	-	97,524
	<u>\$ 108,986</u>	<u>\$ 3,410,523</u>	<u>\$ 7,385,782</u>	<u>\$ 10,905,291</u>
LIABILITIES:				
Accounts payable	\$ -	\$ 131,003	\$ 328,518	\$ 459,521
Accrued expenses	-	343,087	19,272	362,359
Due to other funds	-	108,986	86,587	195,573
Deferred revenues	-	-	6,936,833	6,936,833
	<u>-</u>	<u>583,076</u>	<u>7,371,210</u>	<u>7,954,286</u>
FUND BALANCES:				
Nonspendable	-	97,524	-	97,524
Committed	-	2,100,000	-	2,100,000
Unassigned	108,986	629,923	14,572	753,481
	<u>108,986</u>	<u>2,827,447</u>	<u>14,572</u>	<u>2,951,005</u>
	<u>\$ 108,986</u>	<u>\$ 3,410,523</u>	<u>\$ 7,385,782</u>	<u>\$ 10,905,291</u>

See accompanying notes to basic financial statements.



INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

**RECONCILIATION OF THE BALANCE SHEET- GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION**
For the Fiscal Year Ended June 30, 2023

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 2,951,005
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES ARE DIFFERENT IN THE STATEMENT OF NET POSITION BECAUSE:	
Capital assets, including the right-to-use leased asset, are not capitalized in the governmental fund financial statement. Such expenditures are considered expense when they are paid and consequently no capital assets neither depreciation or amortization expense are recognized in the fund financial statements.	1,329,652
Lease liability is not recognized in the governmental fund financial statements. Such liability is not due and payable in the current period and, therefore, is not reported in the fund financial statements.	(613,202)
Prepaid deposit under lease agreement is recognized as an asset in the governmental fund financial statements.	<u>(16,106)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 3,651,349</u></u>

See accompanying notes to basic financial statements.



INVEST PUERTO RICO INC.

(A Component Unit of the Commonwealth of Puerto Rico)

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES — GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023**

	General Fund	Fund for the Promotion of Puerto Rico as an Investment destination	American Rescue Plan Act Fund	Total Governmental Funds
REVENUES:				
Grants and contributions	\$ 42,788	\$ 5,000,000	\$ 3,020,176	\$ 8,062,964
Interest income	-	-	14,573	14,573
	<u>42,788</u>	<u>5,000,000</u>	<u>3,034,749</u>	<u>8,077,537</u>
EXPENDITURES:				
General government	-	1,120,550	268,819	1,389,369
Marketing/Promotion	-	2,198,634	1,256,789	3,455,423
Business development	-	1,067,337	335,483	1,402,820
Local industry/Community engagement	-	345,896	-	345,896
Strategy and research	-	306,836	1,159,086	1,465,922
Debt service:				
Lease principal payments	-	59,884	-	59,884
Interest expense	-	38,766	-	38,766
	<u>-</u>	<u>5,137,903</u>	<u>3,020,177</u>	<u>8,158,080</u>
NET CHANGES IN FUND BALANCES	42,788	(137,903)	14,572	(80,543)
FUND BALANCES – Beginning of year	66,198	2,965,350	-	3,031,548
FUND BALANCES – End of year	<u>\$ 108,986</u>	<u>\$ 2,827,447</u>	<u>\$ 14,572</u>	<u>\$ 2,951,005</u>

See accompanying notes to basic financial statements.



INVEST PUERTO RICO INC.

(A Component Unit of the Commonwealth of Puerto Rico)

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023**

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS \$ (80,543)

**AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES ARE
DIFFERENT IN THE STATEMENT OF ACTIVITIES BECAUSE:**

Capital assets, including the right-to-use leased asset, are not capitalized in the governmental fund financial statement. Such expenditures are considered expense when they are paid and consequently no capital assets neither depreciation or amortization expense are recognized in the fund financial statements. (217,355)

Lease principal payments are considered expenditures in the governmental fund financial statements. 59,884

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (238,014)

See accompanying notes to basic financial statements.

INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

NOTES TO BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2023

1) Reporting entity:

Invest Puerto Rico Inc. (the Organization) was organized as a not-for-profit organization pursuant to the provisions of Act No. 13 of 2017, known as “Enterprise Puerto Rico” and organized under the laws of the Commonwealth of Puerto Rico, on August 23, 2017, pursuant to the General Law of Corporations of 1995, as amended. The mission of the Organization is to promote Puerto Rico as a competitive investment jurisdiction to attract new business and capital investment to the island.

The Organization is reported as component unit of the Commonwealth of Puerto Rico (the Commonwealth), in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

To accomplish its objectives, the Organization established the following programs:

- *Marketing/Promotion* – Refers to all the activity related to raising awareness of the Organization and perception of Puerto Rico as an investment jurisdiction, including public relations efforts, media efforts (traditional and digital), website development, tradeshow/conference fees and production and development of promotional aids such as banners, brochures, etc.
- *Business development* – Refers to all the activity related to lead generation and investor support efforts, including participation in trade shows and conferences, hosting investor events and setting up customer relationship management tools.
- *Local industry/Community engagement* – Refers to efforts related to engaging the community in the collaborative effort of promoting Puerto Rico as a destination for investment. It includes efforts to communicate the work that the Organization does and how all communities can work alongside with of the Organization, providing a unified message and branding.
- *Strategy and research* – Refers to all activity related to conducting research on the economy, industry sectors and business trends and drivers to provide context and insight to support marketing and business development efforts.

2) Basis of presentation and summary of significant accounting policies:

The accounting and reporting policies of the Organization conform to U.S. GAAP, for governments as prescribed by the Governmental Accounting Standards Board (GASB).

Following is a description of the Organization’s financial statements presentation; measurement focus and basis of presentation and summary of most significant accounting policies:

Government-Wide and Fund Presentation

Government-Wide Financial Statements – The statement of net position and the statement of activities report information on all balances and activities of the Organization. Governmental activities are financed through contributions from the Puerto Rico Department of Economic Development and Commerce (DEDC), federal grants and donations.

INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

NOTES TO BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2023

The statement of net position presents the Organization's assets and liabilities with the difference reported as net position.

Net position is 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.
- *Restricted* – This component of net position results when constraints placed on net position use are either externally imposed by creditors, contributors, and other external sources, or imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* – This component of net position consists of net position that does not meet the definition of the two preceding categories. An unrestricted net position is often designated to indicate that management does not consider it to be available for general operations. An unrestricted net position often has constraints on resources, which are imposed by management, but can be removed or modified.

When both restricted and unrestricted resources are available for use, it is the Organization'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 are offset by program revenues. 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 reported as general revenues.

Fund 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. All of the financial activities of the Organization are reported in the accompanying basic financial statements and have been classified as governmental. All funds of the Organization are considered as major funds.

Fund balances for each governmental fund are displayed, when applicable, in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable* – Represents amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.
- *Restricted* – Represents amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation.
- *Committed* – Represents amounts that can be spent only for specific purposes determined by a formal action of the Organization's highest level of decision-making authority (the Board of Directors).
- *Assigned* – Represents amounts the Organization intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.
- *Unassigned* – Represents amounts not contained in other classifications.

INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

NOTES TO BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2023

Measurement Focus and Basis of Accounting

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 of the eligibility requirements imposed by the provider have been met.

Governmental Fund's Financial Statements – The governmental fund's financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Organization considers revenues to be available if they are to be collected within 120 days after the end of the current fiscal year-end. Expenditures are recorded when the related liability is incurred.

The financial activities of the Organization that are reported in the accompanying basic financial statements have been classified into the following major governmental funds:

- *General Fund* – The general fund is the general operating fund of the Organization and is used to account for all financial resources, except those to be required to be accounted for in another fund.
- *Fund for the Promotion of Puerto Rico as an Investment Destination* – This special revenue fund is used to account for proceeds from DEDC as part of the Second Collaboration Agreement pursuant to Article 4 of Act No. 13 of 2017 dated as of March 30, 2020.
- *American Rescue Plan Act Fund* – This special revenue fund is used to account for proceeds from the allocation of the American Rescue Plan Act, signed on March 11, 2021 by the President Joseph R. Biden. The Commonwealth received an allocation of these funds. Resolution 2021-142 made by the Coronavirus Relief Fund Disbursement Oversight Committee, provided authorization and allocation of \$10,000,000 from the Promote Puerto Rico Program to the Organization. Through this resolution an initial disbursement of \$4,002,000 was authorized to the Organization in February 2022 for the promotion of Puerto Rico as a business investment destination. A second and final disbursement of \$5,998,000 was received in June 2023.

Summary of Significant Accounting Policies

Budgetary Accounting – The Organization is not required by the Act No. 13 to submit a budget for approval by the Legislature of the Commonwealth; consequently, no formal budgetary accounting procedures are followed.

Use of Estimates – The preparation of the basic financial statements in conformity U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and 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.

Prepaid Expenses – Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items.

INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

NOTES TO BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2023

Accounts Receivable – Accounts receivable are stated net of estimated allowance for uncollectible accounts. The allowance is based on the evaluation of the risk characteristics of the receivable, including past collection experience and current economic conditions. Write-offs are recorded against the allowance when management believes that collectability is unlikely. Recoveries of amounts previously charged off are credited to the allowance. Because of uncertainties inherent in the estimation process, management's estimate may change in the future. The Organization considers revenues available if they are collected within 120 days after the end of the current fiscal year.

Capital Assets – Capital assets are defined by the Organization as assets with a cost of \$5,000 or more at the date of acquisition and an expected useful life of three or more years. Purchased and constructed capital assets are valued at historical cost or estimated historical cost. Donated fixed assets are recorded at their fair value at the date of donation. Intangible right-to-use leased assets associated with leases are defined by the Organization as leased assets whose future leased payments through the lease term are \$10,000 or greater. The right-to-use leased assets are measured as the sum of the initial lease liability plus prepayments made at or before the commencement of the lease term less lease incentives received plus initial direct costs that are ancillary charges necessary to place the leased asset in service. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are expensed.

Capital asset additions in governmental activities are recorded as expenditures in the governmental fund financial statements.

Depreciation and amortization expense is recorded on a straight-line basis over the useful life of the related assets in the government-wide financial statements.

Estimated useful lives are as follows:

Description	Estimated Useful Life
Office equipment	3 years
Leasehold improvements	10 years or lease term, whichever is less
Furniture and fixtures	5 years
Leased building (intangible asset)	30 years or lease term, whichever is less

Deferred Revenue – Deferred revenue at the governmental fund level arises when potential revenue does not meet the “available” criteria for revenue recognition in the current period. Deferred revenue also arises when resources are received before the Organization has a legal claim to them, as when grant money is received prior to incurring the qualifying expenditures. In subsequent periods, when the revenue recognition criteria are met, or when the Organization has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet, and the revenue is recognized. Deferred revenue at the government wide level arises only when the Organization receives resources before it has a legal claim to them.

Interfund Activities – The Organization has interfund transactions representing reimbursements, which consists of 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.



INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

NOTES TO BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2023

Future Accounting Pronouncements – The GASB has issued the following accounting pronouncements that will have future impact on the accounting and financial practices of the Organization:

- *GASB Statement No. 99 – Omnibus 2022.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.
- *GASB Statement No. 100 – Accounting Changes and Error Corrections.* The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.
- *GASB Statement No. 101 – Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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

3) Cash:

The Organization is authorized to deposit funds in the custody of financial institutions approved by the Commonwealth. Commonwealth's regulations require domestic commercial banks to maintain collateral securities pledged for the security of public deposits at an amount 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, the Organization may not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

As of June 30, 2023, the Organization's cash in commercial banks consists of the following:

Description	Carrying Amount	Depository Bank Balance
Deposits accounts	\$ 8,513,077	\$ 8,513,077
Certificates of deposits	2,000,000	2,000,000
	<u>\$ 10,513,077</u>	<u>\$ 10,513,077</u>

INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

NOTES TO BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2023

4) Due from governmental entities:

As of June 30, 2023, due from governmental entity consists of the following:

Description	Amount
Puerto Rico Department of Economic Development and Commerce (DEDC)	\$ 99,100

5) Interfund balances:

The summary of the amounts due from/to other funds as of June 30, 2023, is as follows:

Receivable By	Payable By	Amount
General Fund	Fund for the Promotion of Puerto Rico as an Investment Destination	\$ 108,986
Fund for the Promotion of Puerto Rico as an Investment Destination	American Rescue Plan Act Fund	86,587
		<u>\$ 195,573</u>

6) Capital assets:

Capital assets activity for the year ended June 30, 2023, is as follows:

Description	Balance as of June 30, 2022	Additions	Reclassifications /Adjustments	Balance as of June 30, 2023	Accumulated Depreciation/ Amortization	Net Ending Balance
Capital assets-being depreciated:						
Office equipment	\$ 113,012	\$ -	\$ -	\$ 113,012	\$ (38,653)	\$ 74,359
Leasehold improvements	756,913	-	40,070	796,983	(169,915)	627,068
Furniture and fixtures	150,192	-	(1,516)	148,676	(51,946)	96,730
Right-to-use leased asset:						
Leased building (intangible asset)	<u>741,622</u>	-	-	<u>741,622</u>	<u>(210,127)</u>	<u>531,495</u>
	1,761,739	-	38,554	1,800,293	(470,641)	1,329,652
Non-depreciable capital assets:						
Construction in progress	<u>30,319</u>	<u>9,751</u>	<u>(40,070)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,792,058</u>	<u>\$ 9,751</u>	<u>\$ (1,516)</u>	<u>\$ 1,800,293</u>	<u>\$ (470,641)</u>	<u>\$ 1,329,652</u>

The Organization has recorded a right-to-use leased asset for a leased building. The related lease is discussed in Note 7.

Depreciation and amortization expense for the year ended June 30, 2023, amounted to \$225,591 and was recognized as part of the governmental activities.

INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

NOTES TO BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2023

7) Lease liability:

The Organization is leasing its office facilities under a five (5) year lease agreement (initial term), which has an option to extend for an additional five (5) year period. The lease agreement calls for escalating monthly rental payments from \$7,857 during the first year to \$8,672 during the last year of the initial term. In addition to the base rent, the lease agreement includes a monthly operating cost charge of \$1,964, with a 2.5% increment per year during the initial term. The Organization commenced making the rental payments in March 2021.

The lease agreement qualifies as other than short-term lease under GASB No. 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. It is reasonably certain that the Organization will exercise the option to extend the lease and calculated the liability based on a ten (10) year lease term. The lease liability is measured at a discount rate of 6%, which is the stated rate in the lease agreement. Measurement of the liability excluded any variable payments that are based on usage of the asset. As a result of the lease, the Organization has recorded a right-to-use asset with a net book value of \$531,495 as of June 30, 2023.

The future principal and interest lease payments as of June 30, 2023, are as follows:

Year ending June 30,	Principal	Interest	Total payment
2024	\$ 66,112	\$ 35,004	\$ 101,116
2025	72,789	30,856	103,645
2026	78,611	26,324	104,935
2027	84,538	21,446	105,984
2028	90,841	16,202	107,043
2029-2031	<u>220,311</u>	<u>15,229</u>	<u>235,540</u>
	<u>\$ 613,202</u>	<u>\$ 145,061</u>	<u>\$ 758,263</u>

This liability activity for the year ended June 30, 2023, is as follows:

Description	Balance as of July 1, 2022	Increases	Decreases	Balance as of June 30, 2023	Due within one year
Lease liability	\$ 673,086	\$ -	\$ (59,884)	\$ 613,202	\$ 66,112

8) Employee benefit plans:

The Organization has two (2) defined contribution plans (the Plans), which cover substantially all of its employees that have completed three (3) months of service. Under the provisions of these Plans, employees may elect to contribute up to 6% of their annual salary. The Organization matches up to 50% of the amount contributed by the employees. The employer's contribution to these Plans for the year ended June 30, 2023, amounted to approximately \$37,000.



INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

NOTES TO BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2023

9) Subsequent events:

On September 1, 2023, the Organization received \$5,400,000 from the funds under the custody of the Puerto Rico Office of Management and Budget to support the operating expenses of Invest Puerto Rico Inc.

Management evaluated subsequent events through December 19, 2023, the date on which the financial statements were available to be issued.



INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Treasury: Pass-Through Program from: Coronavirus Relief Fund Disbursement Oversight Committee- Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>\$ 3,020,177</u>

The accompanying notes are an integral part of this schedule.



INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2023

1) Basis of presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Invest Puerto Rico Inc. (the Organization) under programs of the federal government for the fiscal year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position and changes in net position of the Organization. Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the financial statements. All federal awards received directly from federal agencies as well as federal awards passed through from other local government agencies are included in the Schedule.

2) Summary of significant accounting policies:

The Schedule has been prepared using the accrual basis of accounting. Such expenses are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.



RSM Puerto Rico
PO Box 10528
San Juan, PR 00922-0528

T 787-751-6164
F 787-759-7479
www.rsm.pr

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
Invest Puerto Rico Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities and each major fund of Invest Puerto Rico Inc., a component unit of the Commonwealth of Puerto Rico, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Invest Puerto Rico Inc.'s basic financial statements, and have issued our report thereon dated December 19, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Invest Puerto Rico Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Invest Puerto Rico Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Invest Puerto Rico Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Invest Puerto Rico Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

San Juan, Puerto Rico
December 19, 2023.

Stamp No. E556762 was affixed to
the original of this report.



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PO Box 10528
San Juan, PR 00922-0528

T 787-751-6164
F 787-759-7479
www.rsm.pr

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
Invest Puerto Rico Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Invest Puerto Rico Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Invest Puerto Rico Inc.'s major federal programs for the year ended June 30, 2023. Invest Puerto Rico Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Invest Puerto Rico Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Invest Puerto Rico Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Invest Puerto Rico Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Invest Puerto Rico Inc.'s federal programs.

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Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Invest Puerto Rico Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Invest Puerto Rico Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Invest Puerto Rico Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Invest Puerto Rico Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Invest Puerto Rico Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Invest Puerto Rico, Inc.'s response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Invest Puerto Rico, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

San Juan, Puerto Rico
December 19, 2023.

Stamp No. E556763 was affixed to
the original of this report.



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INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2023

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditors’ report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) yes no

Identification of Major Federal Programs

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
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Coronavirus State and Local Fiscal Recovery Funds	21.027
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Dollar threshold used to distinguish between type A and type B programs:	<u>\$750,000</u>
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Auditee qualified as low-risk auditee? yes no

SECTION II – FINANCIAL STATEMENTS FINDINGS

No matters were reported.

INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2023

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding Number: 2023-001

Federal Program:

Assistance Listing
21.027 Coronavirus State and Local Fiscal Recovery Funds

Category:

Compliance

Compliance Requirement:

I. Procurement and Suspension and Debarment

Criteria:

2 CFR §200.327 Contract provisions establish that the non-Federal entity's contracts must contain the applicable provisions described in Appendix II to Part 200 – Contract Provisions for Non-Federal Entity Contracts Under Federal Awards, as applicable.

Condition:

From a sample of twenty (20) disbursements, Invest Puerto Rico, Inc. did not include the following contract provisions in two (2) supplier contracts as required:

- (G) Clean Air Act (42 U.S.C. 7401–7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251–1387), as amended – Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401–7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251–1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).
- (I) Byrd Anti-Lobbying Amendment (31 U.S.C. 1352) – Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

Cause:

Contracts were over a monetary threshold (provision (G) \$150,000 and provision (I) \$100,000) including these additional required provisions.



INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2023

Effects:

Condition may result in noncompliance with the requirements of procurement and suspension and debarment.

Questioned Costs:

None.

Recommendation:

We recommend management to implement a checklist to ascertain the established requirements for procurement are met.

Management's Response:

Finding accepted.

Management is committed to comply with all federal and state laws and regulations applicable to federal awards managed by Invest Puerto Rico, Inc.



INVEST PUERTO RICO INC.
(A Component Unit of the Commonwealth of Puerto Rico)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2023

Finding No. 2022-001

Federal Program:

Assistance Listing
14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii

Category:

Compliance

Compliance Requirement:

L. Reporting

Condition:

Invest Puerto Rico Inc. did not submit the required data collection form and reporting package for the year ended June 30, 2022, within the required period.

Current Status:

On June 2, 2023, management completed the submission of the data collection form and reporting package for the year ended June 30, 2022. Management emphasized that data collection form and reporting package be submitted on or before the reporting due date for further years.

EXHIBIT A
Corrective Action Plan
Single Audit 2023



Finding Number: 2023-001

Management response:

Management agrees with the finding. We will ascertain the contracts are complete.

Corrective action plan:

We will review and include an amendment to all FY2023 and FY2024 contracts as follows:

- Contracts of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401–7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251–1387).
- Contractors that applied to bids in excess of \$100,000 must contain a certification pursuant to the Byrd Anti-Lobbying Amendment (31 U.S.C. 1352). Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352.

Contact person:

Astrid Navarro, Chief Financial Officer

Expected completion date: January 31, 2024.



