



invest
PUERTO RICO

ANNUAL
FISCAL YEAR 2021
REPORT







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Message from the CEO

The past year was anything but business as usual. The pandemic profoundly impacted all aspects of life and its effects will be felt for years to come. At Invest Puerto Rico (InvestPR) we leveraged the worldwide reset to redefine and demonstrate our value in positioning the Island globally for investment attraction, establish and cultivate important relationships, and elevate our role as a high-performing economic development organization.

Our team responded by quickly shifting to a virtual strategy and reassessing how we could provide solutions to recover better and stronger. In FY2021 we built on that approach by demonstrating strategic clarity and exploiting the unique space the pandemic created for the Island to pivot, position, and leverage people, partners, and technology in new ways to compete and lead in the changing economic landscape.

We continued to staff the organization with experienced **people** who embrace InvestPR's mandate of bringing quality jobs and investment to Puerto Rico. Furthermore, the integration of new members to our Board of Directors with deep experience in myriad sectors provided the global perspective needed to navigate the uncertain economic terrain. Ultimately, the launch of an East Coast Business Advisory Council catalyzed a high-level unit of connected and committed executives to support lead generation. This human capital has been instrumental in amplifying InvestPR's impact by providing insight, tools, and perspective to drive the project pipeline.

Partnerships also played a key role in InvestPR's activities this fiscal year, with multisectoral collaboration being essential to completing transactions. Collaborations with the Department of Economic Development and Commerce, the Puerto Rico Industrial Development Company, and organizations such as the Puerto Rico Manufacturers Association, the Pharmaceutical Industry Association, Puerto Rico IT Cluster and many others have been instrumental for InvestPR to move forward in its mission. Our achievements this fiscal year were also possible thanks to the continued support of partners in the business ecosystem, such as

local legal and accounting firms, real estate brokers, consultants, and others we call on to gain meaningful perspective.

Also, InvestPR tapped into a range of **technology** tools to increase awareness, boost lead generation, and drive competitiveness, including optimizing our performance in core operational areas such as Customer Relationship Management (CRM) tools, marketing, communications, business procurement, and others. These powerful resources not only drove InvestPR to do more with less, but also expanded our reach among new groups of stakeholders and prospects. Technology notwithstanding, the value of InvestPR's face-to-face activities cannot be stressed enough. As the Island continues to make great strides in its mass inoculation efforts, InvestPR engaged in more in-person meetings and activities such as conferences and professional events, both on- and off-Island. The positive effects of increased travel flexibility are reflected in our results.

As you will see in this report, with the passing of each day Invest Puerto Rico becomes better positioned to address what's in store for FY2022, continuously increasing our capabilities with new partnerships and resources. InvestPR is actively pursuing ongoing efforts that include an updated InvestPR brand and website, innovative lead generation activities targeted at new national and international destinations, sponsorship and participation in global industry events, as well as the introduction of a new investment platform that connects issuers with investors.

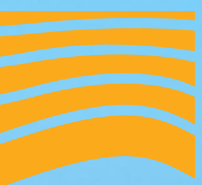
We are excited about what comes next and look forward to updating you soon.

Ganando juntos,



Rodrick T. Miller
Chief Executive Officer
Invest Puerto Rico





Mission & Vision

VISION

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

MISSION

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



FY2020-2021 Key Achievements

Results by the Numbers

Awareness

11.2 MILLION
advertising impressions

81,900
website visits

955 MILLION
earned media
impressions

Sales

4,700
leads generated

2,000
prospect opportunities

1,914
incentive applications
submitted¹

Outcomes

555
new businesses²

4,998
jobs committed³

270 MILLION
in capital investment
committed⁴

\$66,000
in avg payroll⁵

¹Based on applicants new to the Island for select Act 60 Chapters (formally Acts 20/22/73/273). ²Includes only new businesses that did not have prior nexus to Puerto Rico - any local companies were excluded. ³Based on jobs projected reported by decree applicants in Single Business Portal (Act 20) or in the DEDC's internal databases (Acts 73/273 & cash grants). ⁴Based on new investment committed reported by decree applicants in Single Business Portal (Act 20) or in DEDC internal databases (Acts 73/273 & cash grants). ⁵Based on the average annual reported wage for the employees of all the applicants that report that information in their decree applications.



Increasing Awareness

At InvestPR, marketing efforts have continued with a fast-paced forward momentum to elevate Puerto Rico as a competitive business and investment destination. During FY2021, we worked with a local team at creative marketing agency Wunderman Thompson San Juan to launch a successful sector-specific Bioscience campaign. On the communications front, we added a new local partner for on-island public relations, Burson Cohn & Wolfe Puerto Rico (BCW), and continued to work hand in hand with our national communications agency, MCCi, to develop and amplify messaging to generate media coverage for maximum awareness. Moreover, advances to the website and participation at key events furthered opportunities to deliver on InvestPR's value proposition.



Launched an advertising campaign titled "Accelerate Success", with a focus on BioSciences across digital channels, generating over 9 million impressions for the duration of the campaign.



Puerto Rico

playing key role in U.S. plans for reshoring vital supply lines

Deals showcase investment opportunities in life sciences and real estate in the U.S. territory

Real Assets Magazine, January 2021

fDi Intelligence

FDI Diaries: 'It's really an opportunity to highlight our resilience'

Invest Puerto Rico's Rodrigo Miller discusses the island's resilience and spreading FDI more evenly

fDi Intelligence, August 2020

CONTACT PHARMA

Puerto Rico is Primed to Take Over the Biosciences World Stage – Here's Why

Is Puerto Rico the solution to reshoring pharmaceutical and medical equipment manufacturing stateside?

Contact Pharma, September 2020

WHY PUERTO RICO HAS A UNIQUE POSITION IN THE OPPORTUNITY ZONE SPACE

Opportunity Zones Magazine, February 2021

WORLD FINANCE

The steps taken to improve healthcare supply chains

World Finance, August 2020

Elevated awareness of InvestPR and Puerto Rico locally and nationally via increased media coverage, new company announcements and thought leadership articles with nearly 900 media placements.

ACCELERATE SUCCESS

THE FUTURE OF BIOSCIENCE IS IN PUERTO RICO



- Completed groundwork for InvestPR brand refresh, including logo and brand look and feel.
- Implemented revisions to the current website with new content, including website pages and collateral for the BioScience, Professional Services, Energy, and Finance and Insurance sectors, among others.

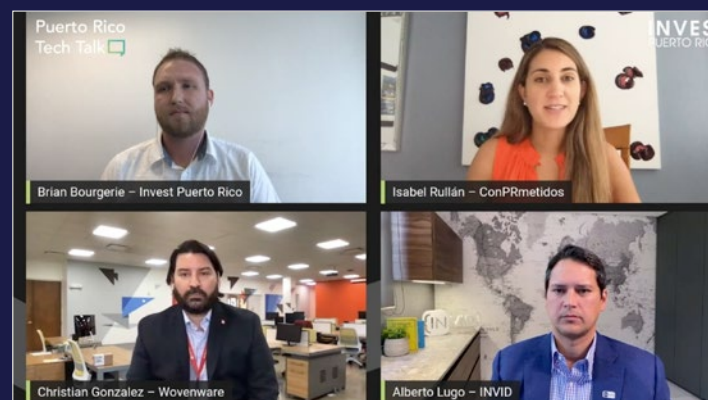


Puerto Rico BioSciences Industry Capabilities Tour, August 2020

Hosted 8 virtual webinars highlighting the Island's value proposition in the BioScience industry, technology and innovation & entrepreneurship space, creative industries, and more.



SxSW/ Puerto Rico Caribbean Crypto Capital, March 2021



Puerto Rico Tech Talk, December 2020



The Experience/ Remote Working from Puerto Rico, September 2020

Bolstering Lead Generation and Pipeline

There is no question that the pandemic has changed the business landscape for the foreseeable future. Staffed with experienced professionals, InvestPR's Business Development team overcame obstacles and continued its goal of pursuing opportunities for the Island by coordinating and engaging in a number of value-centric activities. In addition to acquiring capacity building tools and resources to empower business development efforts, the Business Development team also worked closely with our Marketing & Communications and Strategy & Research teams, pooling resources to fill a pipeline with deals and close on impactful transactions. These efforts have resulted in promising negotiations with prospects as well as raising Puerto Rico's value proposition.

Engaged over
4,700
leads

2,000
project opportunities

Commitments of nearly
5,000
jobs

Commitments of
\$270M
in capital investment



Engaged in over 45 tradeshows, conferences, and events with sponsorships, attendance, speaking engagements, and/or hosting; including major conferences such as SelectUSA, Bio International, and South by Southwest.

- Launched direct outreach program targeting major multinational companies, connecting with over 20 select organizations in key sectors, resulting in follow-up communications with and interest from AWS, Fujifilm, Deloitte, Facebook, Merrill Lynch, and FedEx.
- Processed seven Requests for Information from site selectors and facilitated 32 site searches for major companies, of which Puerto Rico is still in the running for over 10 projects.
- Created, tested, and soft-launched an investment platform to match investment opportunities on the Island with potential investors - the first of its kind ever on the Island. Initial accounts created on the platform represent high net worth individuals, private equity, opportunity zone and venture capital investors.

Acquired additional lead generation tools, such as Pitchbook and LinkedIn Sales Navigator, and built-out internal systems to maximize their use and continue leveraging technology to strengthen the leads pipeline.



- Began exploration with potential partners to facilitate the creation of the first Multiple Listing Service (MLS) platform serving commercial and industrial real estate integrated with Geographic Information System (GIS) mapping on the Island.



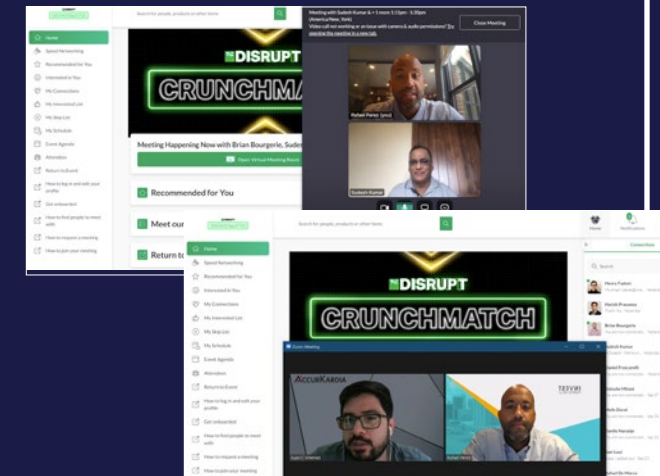
Lead Generation Events

- VB Transform 2020
- BIO Asia Taiwan
- Aerospace Cluster Annual Meeting + Virtual Networking
- Black Hat USA 2020
- Running Remote
- Shared Services and Outsourcing Week
- Tech Crunch Disrupt
- Finovate Fall Digital
- 2020 Horasis Extraordinary Meeting
- ELITE Independent RIA & Family Office Global Leaders Conference
- CDVCA Monthly Meeting
- Cultivating a Startup Founder-Friendly Innovation Ecosystem
- SignalFire Startup Roundtable
- Accounting & Finance Show
- CoreNet Global
- CoinAgenda Global
- Tech Day New York
- National Economic Development Conference - EDA Australia
- Finovate West Digital
- MAEDC Annual Conference
- The Virtual AI Summit New York
- InvestPR / Select USA (Brazil) - Virtual FDI Webinar
- SxSW
- Emergence 2021
- PR MSDX Annual Meeting
- Collision
- IMN Life Sciences Real Estate Virtual Forum
- Novogradac 2021 Investing in Puerto Rico & USVI Virtual Conference
- Goldfingr - Deal Club
- Select USA
- Horasis Global Meeting
- BIO Digital



Opportunity Zones Tour, June 2021

September 2020



TechCrunch Disrupt, September 2020



Accounting & Finance Show, September 2020



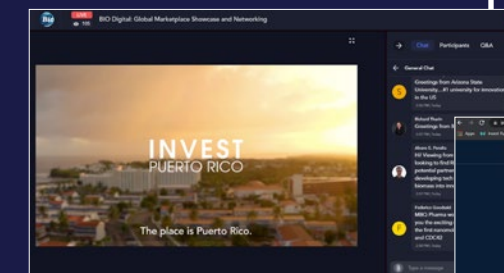
Finovate, September 2020

November 2020

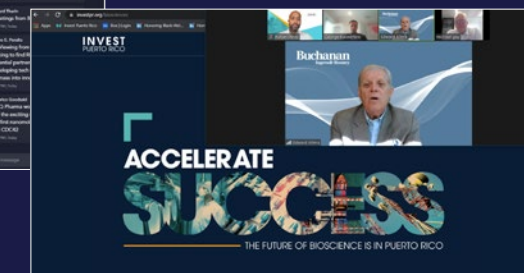


Techday, November 2020

June 2021



BIO Digital Convention, June 2021



March 2021



SxSW/ 5G & IoT in Puerto Rico, March 2021

Invest Puerto Rico Case Studies

CytoImmune Therapeutics Puerto Rico

Core business: Development of cell therapy which utilizes a patient's own immune system to treat cancer, the first cell therapy development in Puerto Rico.

Signature product: CytoImmune currently develops natural killer (NK) cell immunotherapy that involves a CAR NK cell. There is potential to use NK cells to create off-the-shelf cell therapies that are safe and effective in a wide range of cancers, including solid tumors. This technology enables the cell to recognize specific proteins or antigens present on the surface of tumor cells.

Location: A 37,000 sq. ft. facility in Toa Baja, a municipality on the Island's north coast.

Investment: \$28 million in machinery and equipment.

Economic impact: 100 direct jobs with an estimated total payroll of \$7 million per year.

Business footprint: With over 570 publications and many patents between them, company founders have achieved many firsts in human NK cell development, survival, activation, in vivo modulation, and preclinical models of human NK CAR therapy cancer. The Company has completed its first phase of manufacturing and is able to make up to 4000 doses per year.

"Puerto Rico was the obvious choice for expanding our operations. The Island, with its proven history in the life science sector, has what it takes to support our research and development, including a deep talent pool, supportive business climate and many other high-value intangibles."

Will Rosellini, Co-Founder and President of CytoImmune.

Biosimilar Solutions Inc.

Core business: Research, development, and manufacturing of biosimilar therapies, including a COVID-19 vaccine, new cell and gene therapy, biologics, R&D to support clinical studies, and others.

Signature products: Biosimilar Solutions portfolio of products include biosimilar versions of Neupogen, Neulasta, Humira, Orencia and Aranesp and a COVID-19 virus-like particle vaccine. This last product works by attacking COVID-19 and inhibiting the virus' ability to adhere to cells in the human body. The manufacturing uses unique and patent pending nanotechnology that will allow the final product to be produced in powder and nasal form and will not require temperature control. The company recently formed a partnership with Ocyonbio with a plan to bring new Gene and Cell Therapy companies to Puerto Rico with their offering of cGMP.

Location: PRIDCO facilities in the northwestern municipality of Aguadilla.

Investment: \$200 million in machinery and equipment.

Economic impact: 328 direct jobs with a payroll estimated at \$37.2 million.

Business footprint: Through its Island operations, the company envisions bringing new technology gene and recombinant biotechnology manufacturing to Puerto Rico. Biosimilar is focused on enabling Puerto Rico talent through high science and new technologies. The company has invested \$15 million and hired more than 30 direct employees and over 100 construction workers in 2021. The company plans to submit two BLA in 2022 and launch two biosimilars from Puerto Rico in 2023. Their mission is provide affordable medicine to everyone where Puerto Rico is fundamental to make it a reality.

"Puerto Rico supports our mission to make biologics affordable, accessible, with uncompromising quality. There is no doubt as to the Island's capabilities in the bioscience sector and we look forward to doing great things that help save lives. Partnering with Puerto Rico's DDEC and InvestPR allowed us to recognize the economic incentives and most importantly the scientific talent available on the Island."

Robert Salcedo, Co-Founder and CEO of BioSimilar Solutions.





Strengthening Research and Competitiveness Levers

At the core of InvestPR's mission lies the task of increasing Puerto Rico's "product," or its competitiveness as an investment destination. To that end, monitoring the global shifts brought on by the pandemic was a key function of the Strategy & Research team, resulting in the refinement of the organization's promotion plan with exhaustive research on how changes to global tax law, the effects of COVID-19, and opportunities for reshoring manufacturing change our approaches. The team also supported the organization with research of competitive assets to better highlight the Island's business landscape as well as the advantages of Puerto Rico for business attraction.

- Developed exhaustive mapping, value propositions and industry profiles on 25 sectors and competitive assets and produced 35+ custom-researched pitch decks



- Led the planning and organization of the Pharma Industry Capabilities Tour which showcased the Island's strengths as a global life sciences manufacturing hub to accelerate new investment opportunities in partnership with the federal government.



In conjunction with the Pharmaceutical Industry Association of Puerto Rico, completed a comprehensive competitiveness report, "Benchmarking Puerto Rico's Pharmaceutical Sector," which will be used to guide strategic planning of the sector and will serve as a blueprint for future sector competitiveness analysis.

- Began developing real estate sell sheets and maintaining a database of qualified sites; working towards having an accurate and comprehensive searchable database for specific real estate needs.



- Created and led three committees to aggregate the voice of the industry for three critical areas of competitiveness for Puerto Rico: Air Logistics, 5G & IoT and Energy; held weekly meetings of local and national experts to support messaging, marketing material, and strategic initiatives regarding the transformation of these assets.
- In conjunction with the DEDC, held weekly meetings of local, national, and global logistics experts and relevant government agencies to maximize the U.S. Department of Transportation Transshipment Waiver and support with messaging, marketing material, outreach, and strategic initiatives, including liaison with outside consultants.

inbound logistics
A THOMAS COMPANY

ARTICLES LOGISTICS PLANNER SEND REPORT FIND SOLUTIONS WEB, CITY CITY MODES & SERVICES PODCASTS STAY CONNECTED ADVERTISE DIGITAL EDITIONS

February 2021 | Feature Stories
Puerto Rico: Go with the Flow
February 28, 2021 | By Richard Osborne

Tags: Air Cargo, Ports, Manufacturing

The "Made in America" initiative, a highly skilled workforce, and transshipment capabilities are beckoning shippers to take advantage of the flow of commerce to the island—a sometimes-overlooked domestic market for U.S. manufacturers.

It has been said there are no harmless misconceptions. Puerto Ricans—U.S. citizens all—can attest to that statement when it comes to their island home. For manufacturers and shippers, the most harmful misconceptions about Puerto Rico may cause them to ignore a potentially important market for their products.

Related Articles

Global Logistics—December 2014
Trends—October 2014
Trends—June 2014
Global—February 2014
Scrutinizing Supply Chain Security
Memphis: America's Aerotropolis
3 Underreported Trends That Will Accelerate Reshoring

ECONOMÍA
Hacienda distribuye \$960 millones en fondos del estímulo económico
PÁGINA 24

VIERNES
NEGOCIOS

A Washington con una sola voz para atraer manufactura

Invest PR, DDEC y el sector privado procuran mantener relevante a la isla en la discusión de repatriar operaciones

SWAN MIRELLI PEREZ
Directora y asesora privada "traduciendo" el idioma como una sola voz a Washington DC para maximizar el valor de Puerto Rico en el plan federal de incentivos manufactureros de vuelta a Estados Unidos y que se convierta para Puerto Rico en un punto de partida para atraer inversión y crear empleos en la isla.

Milker aseguró que en el mundo de biofarmas y ciencias más allá de la biotecnología, el sector privado puede contribuir con la capacidad de Puerto Rico. "El potencial de la isla es enorme y permanente, así que 'hacerlo digno' requiere, incluso logística, servicios de mantenimiento, centros de distribución e infraestructura".

Planteó que uno de los retos es el costo de la dependencia de China en un mundo para ser más resiliente de Europa. En este sentido, se reunió con la junta de gobierno de Biden. Por el momento, explicó que se encuentran en un momento de transición de la Casa Blanca y espera a ver cómo se va a desarrollar la política de manufactura desde Washington hasta el nivel de la isla.

A su vez, Milker aseguró que a nivel de transacción se ha observado el interés de la isla en atraer inversión para los sectores de biofarmas y ciencias más allá de la biotecnología. En este sentido, se reunió con la junta de gobierno de Biden. Por el momento, explicó que se encuentran en un momento de transición de la Casa Blanca y espera a ver cómo se va a desarrollar la política de manufactura desde Washington hasta el nivel de la isla.

46%
DEL PIB de Puerto Rico se le atribuye a actividades de manufactura

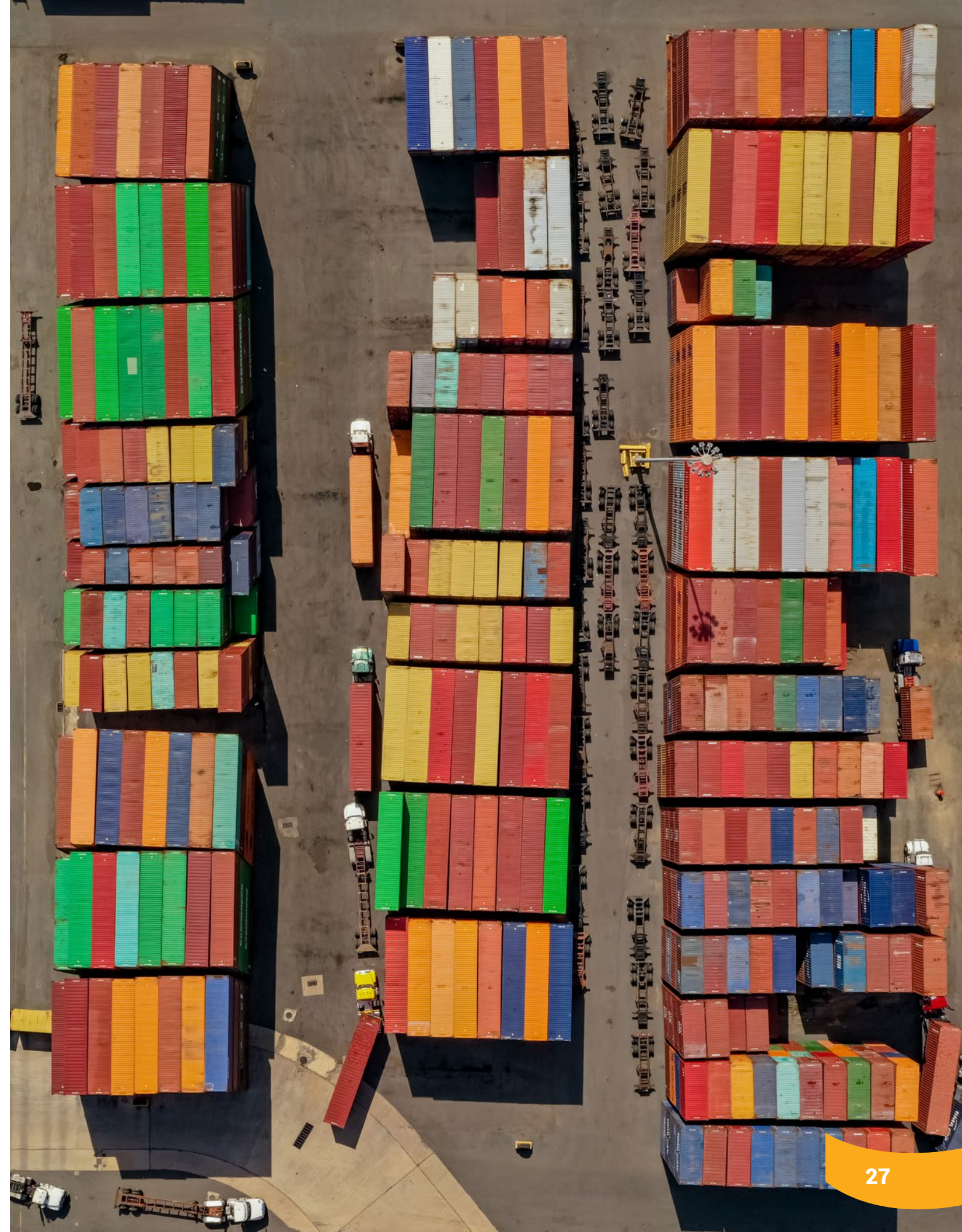
Una firma investigadora especializada y prestigiosa, agregó Citin.

Por su parte, en una entrevista separada, Carlos Rodríguez, presidente de la Asociación de Industrias, comentó que la agenda continúa en el sistema local con el apoyo de administraciones para que "hacerlo digno" sea un reto.

Por ejemplo, "si bien está previsto aumentar los impuestos a las empresas biotecnológicas, lo que es una gran pérdida para Puerto Rico, también está previsto aumentar el impuesto a los seguros de salud, lo que también es una gran pérdida para Puerto Rico".

De la parte, el secretario designado del DDEC, Manuel Cidre, mencionó el trabajo conjunto "entre el sector privado y el gobierno de Puerto Rico para atraer inversión y crear empleos en la isla".

"Una sola voz" se refiere a la capacidad de Puerto Rico como un destino industrial y de servicios de biofarmas, ciencias más allá de la biotecnología.



Fostering Stakeholder Engagement

Every initiative that InvestPR undertakes, every step forward, every achievement is the result of collaboration. No one organization can act alone to accomplish its mission. This year, we made a concerted effort to harness the power of collaboration with partners across a wide range of sectors, including federal, state and municipal governments, the private sector, NGOs and nonprofits, academia, professional organizations, and others. In our capacity as an economic development organization, we cannot understate the importance of having the foresight to leverage the expertise and input of partners that share our goal.



- Developed a Stakeholder Engagement and Communications Plan and deployed introductory meetings with municipalities and key business organizations on- and off-island.
- Established relationships and collaboration partnerships with over 70 government and business entities for shared initiatives on talent attraction, opportunity-based industry development, and investment promotion for Puerto Rico.



Connected with local industry organizations actively participating in events such as the PR CIO & IT Conference, Foundation for PR Visitor Economy roundtable, COR3 industry roundtables on Tourism and Medical Devices, the DEDC's First Energy Roundtable, PR SBTDC Annual Meeting, and PRiMEX end of year event.



Launched the East Coast Business Advisory Council with key professionals and entrepreneurs with expertise in their current markets to provide advice and counsel InvestPR in support of business development initiatives and lead generation.





Governance



Board of Directors

InvestPR is governed by an eleven-member Board of Directors appointed by the Governor of Puerto Rico and comprised of three public sector representatives and eight private sector representatives. FY2021 saw the appointment of three new members to the Invest Puerto Rico Board of Directors, Jennifer Storipan, Esq., Brenda Marrero, and Christian G. González-Ortiz. In their new roles, Storipan, Marrero and González-Ortiz joined the other eight directors of the Board to in guiding the organization's mission of promoting Puerto Rico in key national and global markets.

With their intellectual leadership, market experience and professional networks, the InvestPR Board of Directors contributes to our process of sparking vital business conversations at the national and local levels with key stakeholders, to consolidate Puerto Rico as a global powerhouse of opportunities.

The following public and private sector representatives comprised the Board of Directors during FY2020-2021.

2020	2021
Hon. Manuel Laboy Rivera Secretary, Department of Economic Development & Commerce Chair of the Board 2020	Hon. Manuel Cidre Miranda Secretary, Department of Economic Development & Commerce Chair of the Board 2021
Hon. Raúl Márquez Hernández Secretary of State	Hon. Omar Marrero Díaz Secretary of State
Julio Benítez Torres, Esq. Executive Director, Puerto Rico Industrial Development Company	Humberto Mercader Deputy Secretary of Strategic Projects, Department of Economic Development & Commerce

PUBLIC SECTOR

PRIVATE SECTOR

Lisa Nadal
 Tax Attorney and Consultant, Tax Credits International, Inc.
 Vice-Chair of the Board
 Professional Services

Adriana Ramírez
 Chief Legal and Compliance Officer, Abarca Health
 Secretary of the Board
 Healthcare and Technology

James Robert Collins
 Chair and CEO, Mercantile Global Holdings
 Treasurer of the Board
 Fintech

Christopher Cardaci
 Deputy General Counsel, SpaceX
 Aerospace

Kathryn Wylde
 President and CEO, Partnership for New York City
 Non-Profit / Economic Development

Jennifer Storipan
 Vice-President, Lot Sixteen
 Policy

Christian González
 Co-Founder and CEO, Wovenware
 Information Technology

Brenda Marrero
 Founder and President, BMA Group
 Human Resources and Talent Development



East Coast Business Advisory Council

To strengthen InvestPR lead pipeline, the organization launched the East Coast Business Advisory Council in June 2021. The group represents investment professionals, business influencers, and entrepreneurs with expertise in their current markets as well as the business landscape in Puerto Rico. The Council supports InvestPR's business development initiatives and lead generation leveraging networks and expertise. Each member is a distinguished professional with proven experience in diverse areas that strengthen InvestPR's endeavors.

The Council members for FY2021 are:

Angelique Sina
President & Chair
of Friends of Puerto Rico

Carlos Cortés
Executive Director of Chocobar
Cortés

Javier Rodríguez
Portfolio Manager
at Aberdeen, Inc.

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

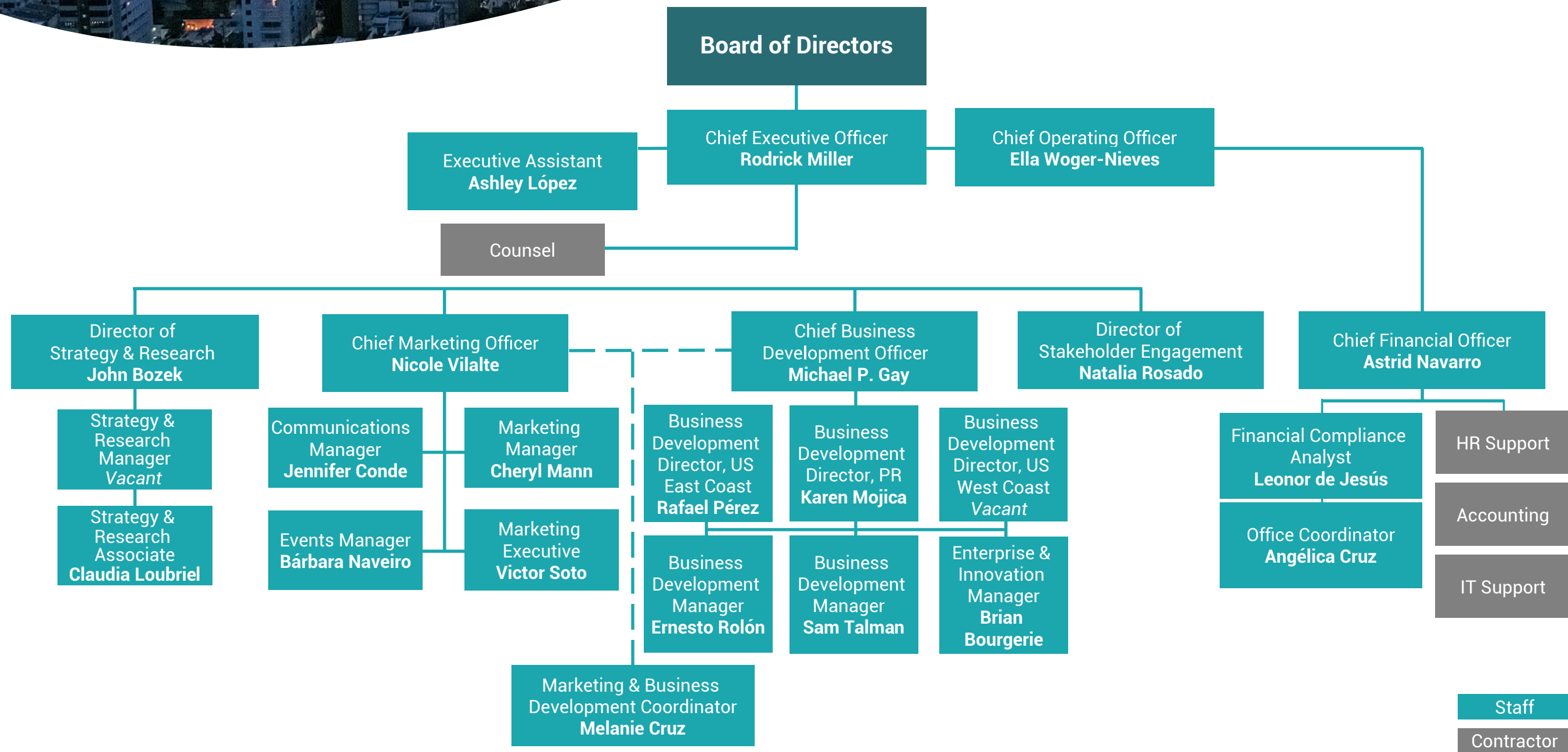
Rogelio Carrasquillo
Managing Shareholder at
Carrasquillo Law Group P.C.

Thomas King
Managing Partner of CrossRiver
Capital, LLC and Founding Director
of Fundación Borincana

Ramphis Castro
Co-founder of ScienceVest

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

Organization





Finance and Administration



FY2020-2021 Statements of Financial Position

REVENUES:	
Grant From Dept Of Economic Development & Commerce	\$5,000,000
Other Income	\$11,500
TOTAL REVENUES	\$5,011,500
EXPENSES:	
Salaries and Benefits	\$3,052,736
SALES /MARKETING/PROMOTION	
Trade Shows/Events/Meetings	\$347,400
Advertising/Promotion	\$323,800
Lead Generation Support	\$395,540
Communications And Public Relations	\$270,000
Strategy Support	\$63,196
OPERATIONS	
Licenses/It Services/Equipment	\$42,854
Facilities Expenses	\$208,300
Legal/Accounting/Audit	\$165,935
Human Resources/Organizational Development	\$94,880
Insurance	\$34,039
Others	\$1,320
TOTAL EXPENSES	\$5,000,000

Funding

InvestPR operates with a \$5 million annual assignment from the Department of Economic Development and Commerce that ensures the organization's long-term sustainability.

In addition to those funds, on July 3, 2020, the organization signed a Sub-Recipient Agreement with the Puerto Rico Department of Housing to receive Community Development Block Grant-Disaster Recovery (CDBG-DR) funds in the amount of \$5.755 million to augment its promotion efforts and marketing activities aligned to its strategy. The performance period of this agreement was eight (8) months from the date of its execution, ending in February 7, 2021. However, in response to the COVID-19 pandemic, on February 5, 2021, an amendment of the Agreement was executed to provide a one-year extension of the previously established expiration deadline. On June 29, 2021, a second amendment of the Agreement was executed to grant an additional \$2,284,900, for a total authorized amount of \$8,039,900. The funds are received on a reimbursement basis.

Operational Excellence

InvestPR recognizes the importance of continuously solidifying the organization's operations. During FY2020-2021, existing back-office and administrative processes were streamlined, automated and rolled out to the organization. Project management tools were also deployed to facilitate the tracking of projects and initiatives. A learning platform, Talent LMS, was implemented so staff can stay up to speed on the organization's policies and procedures. Finally, during the second semester of the fiscal year, the build-out of the new InvestPR facilities commenced, with the goal of opening new doors in the fall of 2021. All these operational improvements continue to position InvestPR as a world-class organization.



Moving Forward

FY2021-2022 Priorities





AWARENESS BUILDING

Build awareness of Puerto Rico's main value proposition and competitive assets across key target sectors.

Conduct marketing and brand research studies to better inform communication strategies, media planning and go-to-market approach.

Continue to enhance InvestPR's digital presence – Website and Social.

Foster a culture of advocacy among local population and create awareness of InvestPR's role & impact in Puerto Rico's economic development story.

Leverage tradeshows, conferences, fam tours and sales missions to spotlight Puerto Rico as an investment destination, solidify InvestPR's position as the primary point of contact in bringing in new companies, generate a solid pipeline of leads, and connect our Innovation & Entrepreneurship ecosystem globally.

Deepen site selector and investor relationships to establish Puerto Rico's position as "go-to" market for projects in InvestPR targeted sectors.

Strengthen the pipeline via lead generation tools, InvestPR investor platform, targeted pitch programs, and other channels.

Streamline real estate protocols, partnerships, and information sharing to encourage and facilitate higher quality transactions and enable more turnkey corporate expansion.

Enable transactions in partnership with DEDC and other strategic partners to lessen bureaucracy, streamline information, and support integrated project management.



LEAD GENERATION



PRODUCT IMPROVEMENT

Maximize the InvestPR inventory of target sector assets to include mapping of new key sectors that emerge and updating existing sector profiles.

Work with DEDC, other government agencies and partner organizations on improvements on data and research collection, sharing, and validation.

Support industry-focused transshipment efforts in coordination with other Island partners.

Define a talent attraction strategy that resolves key issues in quantifying and qualifying appropriate talent to fill new business prospect needs.

Provide research, analysis, and optimized industry value propositions for specific projects that have significant capacity to influence island competitiveness.

Strengthen economic development and specific sector knowledge throughout the Island.



STAKEHOLDER ENGAGEMENT

Enhance InvestPR's visibility and reputation within key stakeholder groups and influencers to grow industry and public awareness about the organization's role and mission.

Increase capacity and education of the local community on economic development planning and readiness to receive and support incoming businesses.

Maintain an ongoing flow of tailored information about InvestPR's initiatives and progress, addressed to targeted stakeholders.

Establish and report metrics for InvestPR's engagement activities.

Foster industry and stakeholder input to gain insights and advice on Puerto Rico's business and political landscape.



ORGANIZATIONAL EXCELLENCE



FY2022 KPI Targets

The following Key Performance targets for FY2021-2022 were approved by the Board of Directors on September 1, 2021. These targets were developed based on prior year results and taking into account global, national and local market considerations.

	KPI	FY22 Target Goal
AWARENESS	Impressions	76M
	Website Visits	132k
	Earned Media Impressions	120M
SALES	New Leads	5,125
	New Opportunities	2,000
	Decree Applications Submitted	1,500
OUTCOMES	New Businesses	667
	New Jobs Committed	6,000
	New Investment Committed	\$320M
	Avg Payroll	\$45,000

FY2022 Budget

REVENUES:	
Grant From Dept Of Economic Development & Commerce	\$5,000,000
Other Income	\$11,500
TOTAL REVENUES	\$5,011,500
EXPENSES:	
Salaries and Benefits	\$3,052,736
SALES /MARKETING/PROMOTION	
Trade Shows/Events/Meetings	\$347,400
Advertising/Promotion	\$323,800
Lead Generation Support	\$395,540
Communications And Public Relations	\$270,000
Strategy Support	\$63,196
OPERATIONS	
Licenses/It Services/Equipment	\$42,854
Facilities Expenses	\$208,300
Legal/Accounting/Audit	\$165,935
Human Resources/Organizational Development	\$94,880
Insurance	\$34,039
Others	\$1,320
TOTAL EXPENSES	\$5,000,000



Appendix: FY2020-2021

Audited Financial Statements



INVEST PUERTO RICO INC.
(A Puerto Rico Not-for-Profit Organization)

Financial Statements
June 30, 2021 and 2020

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INVEST PUERTO RICO INC.

FINANCIAL STATEMENTS
June 30, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Invest Puerto Rico Inc., a Puerto Rico not-for-profit organization, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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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.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Invest Puerto Rico Inc. as of June 30, 2021 and 2020, and the changes in its nets assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

San Juan, Puerto Rico
October 25, 2021.

Stamp No. E471524 was affixed to
the original of this report.

INVEST PUERTO RICO INC.



STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash	\$ 5,194,741	\$ 2,182,975
Accounts receivable:		
Governmental entities	55,664	2,500,000
Related parties	5,000	5,000
Prepaid expenses	85,925	131,950
	<u>5,341,330</u>	<u>4,819,925</u>
DEPOSITS	28,333	28,333
CONSTRUCTION IN PROGRESS	695,396	42,454
	<u>\$ 6,065,059</u>	<u>\$ 4,890,712</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 398,977	\$ 307,076
Accrued liabilities	432,554	372,431
	<u>831,531</u>	<u>679,507</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>5,233,528</u>	<u>4,211,205</u>
	<u>\$ 6,065,059</u>	<u>\$ 4,890,712</u>

The accompanying notes are an integral part of these statements of financial position.

INVEST PUERTO RICO INC.



STATEMENTS OF ACTIVITIES
For the years ended June 30, 2021 and 2020

	2021	2020
REVENUES AND OTHER SUPPORT:		
Grant from Puerto Rico Department of Economic Development and Commerce	\$ 5,000,000	\$ 5,000,000
Grant under Subrecipient Agreement	164,672	-
Contributions from Directors	7,500	5,000
Other income	79,096	5,000
	<u>5,251,268</u>	<u>5,010,000</u>
OPERATING EXPENSES:		
Program services:		
Business development	927,379	616,230
Marketing and communications	1,481,192	1,345,974
Strategy and research	757,490	693,634
Stakeholder engagement	151,844	-
	<u>3,317,905</u>	<u>2,655,838</u>
Support services:		
Management and administrative	911,040	982,098
	<u>4,228,945</u>	<u>3,637,936</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>1,022,323</u>	<u>1,372,064</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS, beginning of year	<u>4,211,205</u>	<u>2,839,141</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS, end of year	<u>\$ 5,233,528</u>	<u>\$ 4,211,205</u>

The accompanying notes are an integral part of these statements.

INVEST PUERTO RICO INC.
STATEMENTS OF FUNCTIONAL EXPENSES
 For the years ended June 30, 2021 and 2020


	2021						
	Program Services				Support Services		
	Business Development	Marketing and Communications	Strategy and Research	Stakeholder Engagement	Total	Management and administrative	Total
Salaries	\$ 764,859	\$ 541,422	\$ 718,559	\$ 150,473	\$ 2,175,313	\$ 305,952	\$ 2,481,265
Professional services	49,778	138,117	12,000	1,371	201,266	244,335	445,601
Events and promotion	26,905	791,067	1,833	-	819,805	-	819,805
Other expenses	85,837	10,586	25,098	-	121,521	360,753	482,274
	<u>\$ 927,379</u>	<u>\$ 1,481,192</u>	<u>\$ 757,490</u>	<u>\$ 151,844</u>	<u>\$ 3,317,905</u>	<u>\$ 911,040</u>	<u>\$ 4,228,945</u>
	2020						
	Program Services				Support Services		
	Business Development	Marketing and Communications	Strategy and Research	Stakeholder Engagement	Total	Management and Administrative	Total
Salaries	\$ 484,534	\$ 502,076	\$ 572,304	\$ -	\$ 1,558,914	\$ 328,880	\$ 1,887,794
Start-up costs	59,640	4,074	11,212	-	74,926	105,749	180,675
Professional services	-	108,039	-	-	108,039	236,553	344,592
Events and promotion	4,265	719,756	3,341	-	727,362	10,764	738,126
Other expenses	67,791	12,029	106,777	-	186,597	300,152	486,749
	<u>\$ 616,230</u>	<u>\$ 1,345,974</u>	<u>\$ 693,634</u>	<u>\$ -</u>	<u>\$ 2,655,838</u>	<u>\$ 982,098</u>	<u>\$ 3,637,936</u>

The accompanying notes are an integral part of these statements.


INVEST PUERTO RICO INC.
STATEMENTS OF CASH FLOWS

For the years ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets without donor restrictions	\$ 1,022,323	\$ 1,372,064
Changes in operating assets and liabilities-		
(Increase) decrease in assets:		
Accounts receivable	2,444,336	(1,300,000)
Prepaid expenses	46,025	(118,292)
Deposits	-	(20,133)
Increase (decrease) in liabilities:		
Accounts payable	91,901	(277,448)
Accrued liabilities	60,123	296,386
Net cash provided by (used in) operating activities	<u>3,664,708</u>	<u>(47,423)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to construction in progress	<u>(652,942)</u>	<u>(42,454)</u>
NET INCREASE (DECREASE) IN CASH	<u>3,011,766</u>	<u>(89,877)</u>
CASH, beginning of year	<u>2,182,975</u>	<u>2,272,852</u>
CASH, end of year	<u>\$ 5,194,741</u>	<u>\$ 2,182,975</u>

The accompanying notes are an integral part of these statements.

INVEST PUERTO RICO INC.



NOTES TO FINANCIAL STATEMENTS June 30, 2021 and 2020

1) Organization and summary of significant accounting policies:

- A) **Organization** – Invest Puerto Rico Inc. (the Organization) is a not-for-profit organization created 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, in 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.
- B) **Summary of significant accounting policies** – The accounting policies used by the Organization conform to predominant industry practices, which are in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for not-for-profit organizations. The most significant accounting policies followed by the Organization are summarized below:

Basis of presentation – The financial statements of the Organization report information regarding its financial position and activities according to the following net asset classifications:

- **Net assets without donor restrictions** – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at discretion of the Organization's management and the Board of Directors.
- **Net assets with donor restrictions** – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reported as net assets released from restrictions in the statements of activities.

As of June 30, 2021 and 2020, the Organization does not have net assets with donor restrictions.

Accounting estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Allowance for doubtful accounts – The Organization provides an allowance for doubtful accounts equal to the amount of estimated uncollectible amounts. The estimate is based on review of the current status of balances. As of June 30, 2021 and 2020, there is no allowance for doubtful accounts.

Deferred rent – All rental payments, including fixed rent increases, are recognized on a straight-line basis over the term of the lease. The difference between rent expense and the actual lease payments is reflected as deferred rent. As June 30, 2021 and 2020, the straight-line rent expense approximates the actual lease payments and no deferred rent was recognized.

INVEST PUERTO RICO INC.



NOTES TO FINANCIAL STATEMENTS June 30, 2021 and 2020

Revenue recognition – The Organization recognizes revenues from grants received from the government and contributions received from the members of the Board of Directors. The Organization recognizes contributions when cash, an unconditional promise to give or a notification of a beneficial interest is received. Conditional promises to give with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met. A portion of the Organization's revenue is derived from cost-reimbursable grant, which are conditioned upon certain performance requirements. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with the specific grant provision. All contributions are considered to be available for unrestricted use, unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restrictions support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as without donor restrictions.

Contributed services – Contributions of services are only recognized if services received: (a) create or enhance non-financial assets or would typically need to be purchased if not provided by donation, (b) require specialized skills and are provided by individuals possessing those skills. The contribution revenue for services received is recognized at the fair value of those services. There were no contributed services during the years ended June 30, 2021 and 2020.

Income taxes – The Organization is exempt from Puerto Rico income taxes under the provisions of Chapter 10, Subchapter A of the Commonwealth of Puerto Rico Internal Revenue Code of 2011, as amended, and from federal taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Organization follows the guidance for uncertainty in income taxes issued by the Financial Accounting Standards Board. Management evaluated the Organization's tax position and concluded that the Organization had taken no uncertain tax positions that would require adjustment or disclosure in the financial statements.

All applicable tax returns have been appropriately filed by the Organization. The Organization's open audit periods are fiscal years ended June 30, 2018 to 2021.

Functional allocation of operating expenses – The cost of programs and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and professional services, which are allocated on the basis of estimates of time and effort.

During the years ended June 30, 2021 and 2020, certain costs have been allocated among the following programs and support activities:

- **Business development** – Expenses 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.
- **Marketing and communications** – Expenses 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.

INVEST PUERTO RICO INC.



NOTES TO FINANCIAL STATEMENTS June 30, 2021 and 2020

- **Strategy and research** – Expenses 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.
- **Stakeholder engagement** – Expenses related to the development of relationships with support organizations, US and PR government, advisory councils in selected markets and other parties involved in the economic development ecosystem.
- **Management and administrative** – Includes all administrative expenses incurred to support all functional areas, as described above, which are not directly allocable to any of them. Example of these expenses include administrative staff salaries, legal and accounting fees, utilities, etc.

Adoption of accounting standards – During the year ended June 30, 2021, the Organization adopted the FASB ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

During the year ended June 30, 2021, the Organization adopted the FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This new accounting standard that requires recognition of revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. The FASB has also issued several updates to ASU 2014-09. The new standard supersedes U.S. GAAP guidance on revenue recognition and requires the use of more estimates and judgments than the present standards. It also requires additional disclosures.

Accounting standards with future applicability – In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in ASU 2016-02 supersedes the leasing guidance in Topic 840, *Leases*. Under ASU 2016-02, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. Expanded disclosures with additional qualitative and quantitative information will also be required. The FASB has also issued several updates to ASU 2016-02. The ASU 2016-02 is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958) – Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The objective of the amendments in ASU 2020-07 is to increase transparency of contributed nonfinancial assets for not-for-profit entities through enhancements in presentation and disclosure requirements. Not-for-profit entities will now be required to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial contributions. Not-for-profit entities will also be required to disclose various information related to contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The amendments in ASU 2020-07 should be applied on a retrospective basis and are effective for fiscal years beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted.

The Organization is currently evaluating the effect that implementation of the new standards will have on its financial position, change in net assets, and cash flows.

INVEST PUERTO RICO INC.



NOTES TO FINANCIAL STATEMENTS June 30, 2021 and 2020

2) Concentration risks:

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash deposits. As of June 30, 2021 and 2020, the Organization maintained its cash deposits with one (1) financial institution. The Organization's cash deposits are fully insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2021 and 2020, the Organization exceeded the FDIC's insured limit by approximately \$4,945,000 and \$1,933,000, respectively.

During the year ended June 30, 2021, 95% of the revenues were received from the Puerto Rico Department of Economic Development and Commerce (DEDC) as part of the Second Collaboration Agreement pursuant to Article 4 of Act No. 13 of 2017 dated as of March 30, 2020. During the year ended June 30, 2020, almost 100% of the revenues were received from DEDC. As of June 30, 2021, there is no balance due from this governmental entity. As of June 30, 2020, the balance due from this governmental entity was \$2,500,000.

3) Liquidity and availability:

As of June 30, 2021 and 2020, financial assets available for general expenses, that is, without donor restrictions or other limiting their use, within one year of the financial position date, comprises the following:

Description	2021	2020
Cash	\$ 5,194,741	\$ 2,182,975
Accounts receivable	60,664	2,505,000
	<u>\$ 5,255,405</u>	<u>\$ 4,687,975</u>

4) Construction in progress:

Construction in progress consists of costs incurred by the Organization for the construction of its new leased office facilities, located in Sheraton Puerto Rico Hotel & Casino in San Juan. Total estimated costs amount to approximately \$900,000. The Organization moved to the new facilities during the third quarter of 2021.

5) Net assets without donor restrictions:

Net assets without donor restrictions as of June 30, 2021, include a cash reserve of \$2,130,000 that was designated by the Board of Directors to secure six (6) months of operations in case of a financial emergency.

6) Subrecipient agreement with the Puerto Rico Department of Housing:

On July 3, 2020, the Organization signed a Subrecipient Agreement (the Agreement) with the Puerto Rico Department of Housing (PRDH), a public agency of the Government of Puerto Rico. PRDH was granted a federal award of \$25 million under the Tourism and Business Marketing Program (the Program) with the United States Housing and Urban Department (HUD). The focus of the Program is to undertake promotional activities outside the Island in order to attract visitors and businesses, to bring external capital that can contribute to Puerto Rico's economy, encourage external investments, promote economic development, and create new jobs, allowing the Island to re-emerge as a highly competitive destination in the Caribbean. Pursuant to the Agreement, the Organization serves as administrator and servicer for the Program and the amount granted was \$5,755,000. The performance period of this agreement was eight (8) months from the date of its execution, ending in February 7, 2021. However, in response to the COVID-19 pandemic, on February 5, 2021, an amendment of the Agreement was executed to provide a one-year extension of the previously established expiration deadline. On June 29, 2021, a second amendment of the Agreement was executed to grant an additional \$2,284,900, for a total authorized amount of \$8,039,900. The funds are received on a reimbursement basis.

For the period ended June 30, 2021, the Organization received approximately \$165,000.

INVEST PUERTO RICO INC.



**NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020**

7) Operating lease agreements:

The Organization leases its former office facilities under an operating lease agreement that expired in November 2020. The agreement required monthly rental payments of approximately \$11,000. After the expiration date, the agreement was maintained on a month-to-month basis with a reduced rental payment of \$8,200.

On October 8, 2019, the Organization signed a five (5) year operating lease agreement for new office facilities that consist of approximately 4,700 square feet, located in Sheraton Puerto Rico Hotel & Casino in San Juan. 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 lease term. In addition to the base rent, the lease agreement include a monthly operating cost charge of \$1,964, with a 2.5% increment per year during the lease term. The Organization commenced making the rental payments in March 2021.

Rent expense for the years ended June 30, 2021 and 2020, in connection with these agreements amounted to approximately \$202,000 and \$131,000, respectively.

Expected future minimum lease payments under its operating lease agreements are as follows:

Year ending June 30,	Amount
2022	\$ 140,060
2023	123,061
2024	126,138
2025	129,291
2026	32,521
	<u>\$ 551,071</u>

8) Employee benefit plan:

Effective June 1, 2021, the Organization adopted a defined contribution plan (the Plan), which cover substantially all of its employees in Puerto Rico who have completed three consecutive (3) months of service and attained the age of 18. Under the provisions of the Plan, employees may elect to contribute up to \$15,000 or the maximum amount allowed by law. During the year ended June 30, 2021, there were no contributions to the Plan.

On September 27, 2021, the Puerto Rico Treasury Department qualified the Plan under Section 1081.01(a) of the Puerto Rico Internal Revenue Code of 2011, as amended.

9) Risk and uncertainty:

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the entity, to date, the Organization is not experiencing any financial negative impact. On the contrary, the Organization refocused its marketing and business and development efforts through virtual and digital tools, which generated savings that will be used in new initiatives during the next year.



INVEST PUERTO RICO INC.

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020**

10) Subsequent events:

On October 15, 2021, the Organization entered into a Credit Agreement (the Agreement) with a financial institution for a revolving line of credit facility in an aggregate principal amount not to exceed at any time the lesser of \$8,039,900 and the Borrowing Base, as defined in the Agreement. The proceeds of the advances shall be used by the Organization only to pay for costs and expenses incurred by the Organization in providing the marketing services and implementing the marketing program approved under the Subrecipient agreement described in Note 6. Unpaid principal balance bears interest at Prime Rate in effect in such date, commencing on November 1, 2021 up to the earlier of May 31, 2022 or the expiration date of the Subrecipient agreement. Pursuant to the Agreement, the Organization shall deposit with the financial institution, an amount of no less than \$100,000 in an Interest Reserve Account and open a Collection Account into which all amounts paid to the Organization under the Subrecipient agreement shall be deposited. The Collection Account shall be under the exclusive control and domain of the financial institution and the Organization shall not have the right to make any withdrawals from, exercise any control or authority over, or originate instructions with respect to such account. The Interest Reserve Account, the Collection Account, the Subrecipient agreement and the Organization's right thereunder, serve as collaterals under the Agreement.

Management has evaluated subsequent events through October 25, 2021, the date the financial statements were available to be issued.





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