COMPAÑÍA PARA EL DESARROLLO INTEGRAL
DE LA PENÍNSULA DE CANTERA
(A Component Unit of the
Commonwealth of Puerto Rico)

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

JLC

COMPAÑÍA PARA EL DESARROLLO INTEGRAL DE LA PENÍNSULA DE CANTERA

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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JLC José L. Cardona & Co. P.S.C.
Certified Public Accountants & Consultants
Member of the Puerto Rico Society of Certified Public Accountants and the American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Compañía para el Desarrollo Integral de la Península de Cantera
San Juan, Puerto Rico

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Compañía para el Desarrollo Integral de la Península de Cantera (the Company) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Company as of June 30, 2025, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company, 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.

Emphasis of Matters – Reporting Entity

As discussed in Note 1 to the financial statements, the Company is a component unit of the Commonwealth of Puerto Rico, and the accompanying basic financial statements are intended to present the financial position and changes in financial position of only that portion of the governmental activities attributable to the transactions of the Company. Accordingly, these financial statements do not purport to, and do not, present fairly the financial position of the Commonwealth of Puerto Rico as of June 30, 2025, or the changes in its financial position, or, where applicable, its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matters – Receivable from the Commonwealth of Puerto Rico

As discussed in Notes 5 and 10 to the financial statements, the Company reported a receivable from the Government of the Commonwealth of Puerto Rico totaling $66,316,418 as of June 30, 2025. This balance represents appropriations receivable from the Public Improvement Fund and the General Expenditures Budget of the Commonwealth, intended to repay outstanding balances on lines of credit with the Government Development Bank (GDB). The receivable consists of principal of $37,791,088 and accrued interest of $28,525,330.

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Emphasis of Matters – Receivable from the Commonwealth of Puerto Rico (Continued)

During the year ended June 30, 2025, no additional contributions were received from the Commonwealth; however, interest on the debt to the GDB continued to accrue. Due to the absence of budgeted appropriations by the Commonwealth to repay these obligations and the uncertainty surrounding future legislative appropriations, management recorded a full allowance for doubtful accounts in the amount of $66,316,418, in accordance with accounting principles generally accepted in the United States of America. No additional transactions related to defaults by the Commonwealth have been recognized by the Company through June 30, 2025. Our opinion is not modified with respect to this matter.

Uncertainty Regarding Legislative Appropriations

As discussed in Note 1 to the financial statements, a significant portion of the Company's revenues is derived from legislative appropriations from the Commonwealth of Puerto Rico. Accordingly, the Company's operations are highly dependent on the Commonwealth's ability to continue providing such appropriations. For several years, the Commonwealth has experienced fiscal, economic, and liquidity challenges, including recurring deficits, prolonged economic contraction, limited cash flows, and substantial debt and pension obligations.

The Financial Oversight and Management Board for Puerto Rico has approved and certified a fiscal plan for the Commonwealth that includes structural and fiscal reforms intended to improve financial stability. The ultimate impact of these measures on the Company's future operations and funding remains uncertain. Our opinion is not modified with respect to this matter.

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 the Compañía para el Desarrollo Integral de la Península de Cantera's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 auditor's 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 generally accepted 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with generally accepted 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 the Compañía para el Desarrollo Integral de la Península de Cantera'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 the Compañía para el Desarrollo Integral de la Península de Cantera'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 management's discussion and analysis (MD&A) on pages 4 through 8 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 and is intended to provide an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, and conditions.

We have applied certain limited procedures to the MD&A in accordance with auditing standards generally accepted in the United States of America. These procedures consisted of inquiries of management regarding the methods of preparation and comparing the information for consistency with management's responses, the basic financial statements, and other knowledge obtained during our audit. We do not express an opinion or provide any assurance on the MD&A because the limited procedures do not provide sufficient evidence to do so.

José L. Cardona & Co.

JOSÉ L. CARDONA & CO. P.S.C.
License number 31 which expires on
December 1, 2028

San Juan, Puerto Rico
April 14, 2026

DPSC31-20
Compañía para el Desarrollo Integral de la
Península de Cantera

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2025

Management's Discussion and Analysis (MD&A) presents an overview and analysis of the financial performance and position of the Compañía para el Desarrollo Integral de la Península de Cantera (the Company) for the fiscal year ended June 30, 2025. This discussion should be read in conjunction with the Company's audited basic financial statements and the accompanying notes.

The Company is a public corporation and a governmental instrumentality of the Commonwealth of Puerto Rico, created by Law No. 20 of July 10, 1992, as amended. The Company's primary purpose is to establish and implement a comprehensive development plan for the Peninsula of Cantera area, including the coordination of governmental efforts and the promotion and management of private-sector initiatives.

FINANCIAL HIGHLIGHTS:

1) Total assets as of June 30, 2025 amounted to $9,801,459, representing a decrease of $118,433 compared to June 30, 2024.

2) The Company's major assets consisted of $1,691,992 in cash, $690,877 in federal grants receivable, $5,564,399 in notes receivable, $185,418 in capital assets, and $1,559,000 in property held for development and rehabilitation, including donated land.

3) The Company's major liabilities were composed of $1,355,336 of accounts payable and accrued expenses, and $66,316,418 of lines of credit agreements with GDB.

4) Total liabilities increased by $2,435,999, primarily due to the continued accumulation of interest on lines of credit with the Government Development Bank (GDB).

5) As a result, the Company's net position further decreased by $2,554,432, resulting in a deficit of $(57,930,721) as of June 30, 2025.

6) Legislative and municipal appropriations totaled $799,000, representing a slight increase of $1,000 compared to the prior year.

7) Federal funds recognized during the year amounted to $402,780, supporting administrative operations, improvement projects, and program expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A is required supplementary information intended to serve as an introduction to the Company's basic financial statements. The basic financial statements consist of the following components:

1) Government-wide financial statements
2) Fund financial statements
3) Notes to the basic financial statements

The notes provide essential additional information that is necessary for a full understanding of the data presented.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED):

Government-Wide Financial Statements

The government-wide financial statements provide a broad overview of the Company's finances, presenting all assets, liabilities, revenues, and expenses using the accrual basis of accounting. These statements include the Statement of Net Position and the Statement of Activities and report on the Company as a single governmental entity. All activities of the Company are considered governmental-type activities.

Statement of Net Position - The Statement of Net Position presents the difference between assets, deferred outflow of resources (if any), liabilities and deferred inflow of resources (if any) in government-wide statements. Net position is reported in three (3) components:

- Net investment in capital assets
- Restricted net position
- Unrestricted net position

Statement of Activities

The Statement of Activity demonstrates the degree to which the direct expenses of a given function are offset by program revenues. The Statement of Activities reports revenues and expenses in a format that focuses on the net cost of each function or program of the Company. Both the gross and net cost of the function / program, which is otherwise being supported by the general government revenues, is compared to the revenues generated directly by the function. This Statement reduces gross expenses, including depreciation, by related program revenues, operating grants and contributions.

Governmental Funds Financial Statements

The fund financial statements focus on individual parts of the Company's operations. The following are the major governmental fund types presented in the financial statements as of and for the year ended June 30, 2025:

General Fund **-** This fund includes the financial resources which relate to the general operations of the Company. These operations consist of the general administration and other activities not accounted for in other funds.

Federal Fund - The Company participates in a number of Federal Financial Assistance Programs funded by the Federal Government that are legally restricted to expenditures for specific purposes in accordance with grant agreements. Expenditures financed by these programs are subject to financial and compliance audits by the appropriate grantors.

Notes to the financial statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS (GOVERNMENTAL-WIDE FINANCIAL STATEMENTS)

The following is an analysis of the financial position and changes in the financial position of the Company's Governmental Activities for fiscal year 2024.

Net Position

Condensed financial information from the Statement of Net Position as of June 30, 2025 and 2024, as restated, is shown below:

	2025	2024	Change
Assets:			
Cash	$ 1,691,992	$ 1,860,807	$ (168,815)
Accounts and notes receivable	6,309,239	6,237,049	72,190
Capital assets	185,418	217,235	(31,817)
Other properties and other assets	1,614,810	1,604,801	10,009
Total assets	9,801,459	9,919,892	(118,433)
Liabilities:			
Liabilities payable within one year	1,415,762	1,625,139	(209,377)
Liabilities payable after one year	66,316,418	63,671,042	2,645,376
Total liabilities	67,732,180	65,296,181	2,435,999
Net Position	$ (57,930,721)	$ (55,376,289)	$ (2,554,432)

Governmental entities are required by U.S. Generally Accepted Accounting Principles (U.S. GAAP), as prescribed by the Governmental Accounting Standards Board (GASB), to report net position in three components: net investment in capital assets, restricted net position, and unrestricted net position.

As of June 30, 2025, the Company reported a total net position (deficit) of $(57,930,721), compared to $(55,376,289) as of June 30, 2024. The composition of net position is summarized as follows:

- Net investment in capital assets amounted to $185,418 as of June 30, 2025, reflecting a decrease of $31,817 from $217,235 in the prior year. This decrease is primarily attributable to annual depreciation expense exceeding capital asset additions during the fiscal year.

- Restricted net position totaled $497,338 at both June 30, 2025 and June 30, 2024. These amounts represent resources subject to externally imposed restrictions and remained unchanged year over year.

- Unrestricted net position (deficit) amounted to $(58,613,477) as of June 30, 2025, compared to $(56,090,862) as of June 30, 2024, representing an increase in the unrestricted deficit of $2,522,615.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS (GOVERNMENTAL-WIDE FINANCIAL STATEMENTS) (CONTINUED):

The unrestricted deficit continues to be driven primarily by the accumulation of interest on long-term obligations, including lines of credit with the Government Development Bank (GDB), and by operating costs that are not fully offset by recurring revenue sources. Although restricted and capital asset balances remain relatively stable, the growth in unrestricted liabilities continues to exert significant pressure on the Company's overall financial position.

Statement of Activities and Results of Operations

Condensed financial information from the Statement of Activities for the years ended June 30, 2025 and 2024, is shown below:

	2025	2024	Change
Revenues	$ 1,336,154	$ 2,026,816	$ (690,662)
Expenses	3,890,586	4,919,609	1,029,023
Change in net position	(2,554,432)	(2,892,793)	338,361
Net position, beginning	(55,376,289)	(52,483,496)	(2,892,793)
Net position, ending	$ (57,930,721)	$ (55,376,289)	$ (2,554,432)

For the year ended June 30, 2025, total revenues amounted to $1,336,154, compared to $2,026,816 in the prior year, representing a decrease of $690,662. Total expenses for the year were $3,890,586, compared to $4,919,609 in fiscal year 2024, reflecting a decrease of $1,029,023.

The resulting change in net position was a decrease of $2,554,432 for fiscal year 2025, compared to a decrease of $2,892,793 in fiscal year 2024.

Significant factors affecting the change in net position include:

- A decrease in federal grant revenues of approximately $691,000, primarily due to reduced program funding levels.
- A decrease in improvement and development costs of approximately $533,000.
- A decrease in depreciation expense of approximately $452,000.
- An increase in interest expense of $2,645,376, primarily related to the continued accrual of interest on outstanding long-term obligations.

Despite reductions in certain expense categories, the accumulation of interest expense continues to be the primary driver of the annual decrease in net position.

CONTACTING THE ADMINISTRATION AND FINANCE DEPARTMENT

This financial report is designed to provide a general overview of the Company's finances for all those with an interest in its financial condition. Questions concerning this report or requests for additional information may be directed to the Administration and Finance Director at (787) 753-3200.

Management acknowledges the continuing decline in the Company's unrestricted net position, which is primarily attributable to the long-term accumulation of interest on obligations incurred in prior fiscal periods and to operating costs that exceed recurring revenue sources. The Company remains dependent on legislative appropriations and federal funding to support its operations and programmatic objectives. Management continues to monitor its financial condition, pursue available funding opportunities, and coordinate with governmental stakeholders to support the Company's mission while addressing long-term financial sustainability within the constraints of its statutory mandate.

COMPAÑÍA PARA EL DESARROLLO INTEGRAL DE LA PENÍNSULA DE CANTERA

STATEMENT OF NET POSITION

JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash	$ 1,691,992
Accounts receivable:	
Due from grantors	50,000
Federal grants	690,877
Other	3,963
Notes receivable	5,564,399
Other assets	56,310
Capital assets, net	185,418
Properties held for development and rehabilitation	1,061,162
Other assets – donated land	497,338
Total assets	9,801,459
LIABILITIES	
Accounts payable and accrued liabilities	1,355,336
Unearned revenues	9,333
Liabilities payable within one year	51,093
Liabilities payable after one year	66,316,418
Total liabilities	67,732,180
NET POSITION	
Invested in capital assets	185,418
Restricted	497,338
Unrestricted (Deficit)	(58,613,477)
Total net position	$ (57,930,721)

The accompanying notes are an integral part of this financial statement.

COMPAÑÍA PARA EL DESARROLLO INTEGRAL DE LA PENÍNSULA DE CANTERA, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position Net (Expenses) Governmental Activities
Governmental activities:			
Management and support	$ 822,981	$ 835,452	$ 12,471
Improvements and development costs	105,644	105,644	-
Other program expenses	316,585	316,585	-
Interests on notes payable	2,645,376	-	(2,645,376)
Total operating expenses	$ 3,890,586	$ 1,257,681	(2,632,905)
Other general revenues:			
Interest income			78,473
Total other general revenues			78,473
Change in net position			(2,554,432)
Net position, at beginning of year			(55,376,289)
Net position, at end of year			$ (57,930,721)

The accompanying notes are an integral part of this financial statement.

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COMPAÑÍA PARA EL DESARROLLO INTEGRAL
DE LA PENÍNSULA DE CANTERA, INC.

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2025

	General Fund	Federal Programs	Total Governmental Funds
ASSETS			
Cash	$ 1,674,527	$ 17,465	$ 1,691,992
Accounts receivable:			
Due from grantors	50,000	-	50,000
Federal grants	-	721,257	721,257
Other	3,963	-	3,963
Due from other fund	682,708	-	682,708
Other assets	56,310	-	56,310
Total assets	$ 2,467,508	$ 738,722	$ 3,206,230
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	$ 1,308,655	$ 46,681	$ 1,355,336
Unearned revenues	-	9,333	9,333
Due to other fund	-	682,708	682,708
Total liabilities	1,308,655	738,722	2,047,377
FUND BALANCES			
Unassigned	1,158,853	-	1,158,853
Total fund balances	1,158,853	-	1,158,853
Total liabilities and fund balances	$ 2,467,508	$ 738,722	$ 3,206,230

The accompanying notes are an integral part of this financial statement.

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COMPAÑÍA PARA EL DESARROLLO INTEGRAL
DE LA PENÍNSULA DE CANTERA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

JUNE 30, 2025

TOTAL FUND BALANCES OF GOVERNMENTAL FUND		$ 1,158,853
Amounts reported for governments activities in the Statement of Net Position are different than amounts reported in the Balance Sheet – Governmental Funds because:		
Notes Receivables are not available soon enough to pay for the current period's expenditures and therefore are unavailable in the General Funds.		5,564,399
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, In the current period, these amounts are:		
Non Depreciable Capital Assets	$ 80,300	
Depreciable Capital Assets	6,807,789	
Accumulated Depreciation	(6,702,671)	185,418
Certain net changes in other assets that are not reported in governmental funds are reported in the statement of net position		(30,380)
Other assets held for development and rehabilitation, and donated land, are not financial Resources and therefore, are not reported in the funds. In the current period, these amounts are:		
Properties held for development and rehabilitation	$ 1,061,162	
Donated land	497,338	1,558,500
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Notes Payable – Principal	$ 37,791,088	
Notes Payable – Accrued Interests	28,525,330	
Liability of accrued compensated absences	51,093	(66,367,511)
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		$ (57,930,721)

The accompanying notes are an integral part of this financial statement.

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COMPAÑÍA PARA EL DESARROLLO INTEGRAL
DE LA PENÍNSULA DE CANTERA, INC.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Federal Programs	Total Governmental Funds
REVENUES			
Legislative appropriations	$ 599,000	$ -	$ 599,000
Municipal appropriations	200,000	-	200,000
Other grants and contributions	55,902	402,780	458,682
Interest income	78,473	-	78,473
Total revenues	933,375	402,780	1,336,155
EXPENDITURES			
Management and support	415,879	354,068	769,947
Improvements and development costs	89,108	16,536	105,644
Other program expenses	284,409	32,176	316,585
Capital outlays	6,963	-	6,963
Total expenditures	796,359	402,780	1,199,139
Net change in fund balances	137,016	-	137,016
Fund balances, at beginning of year	1,021,837	-	1,021,837
FUND BALANCES, AT END OF YEAR	$ 1,158,853	$ -	$ 1,158,853

The accompanying notes are an integral part of this financial statement.

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9OMPAÑÍA PARA EL DESARROLLO INTEGRAL
DE LA PENÍNSULA DE CANTERA

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2025

NET CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND	$ 137,016
Amounts reported for governments activities in the Statement of Activities and Changes in Net Position are different because:	
Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense.	6,963
Interests on notes payable that are reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(2,645,376)
Depreciation expense on capital assets is reported in the Statement of Activities, but not required the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.	(38,780)
Other assets, because the due date is not current, are recorded in the Statement of Net Position. In the current period the net change in other assets was	(15,211)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:	
Decrease in accrued vacations and sick leave	956
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ (2,554,432)

The accompanying notes are an integral part of this financial statement.

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1. THE ORGANIZATION AND GOVERNMENTAL ENVIRONMENT

Nature of the Organization

Compañía para el Desarrollo Integral de la Península de Cantera (the Company) is a public corporation and governmental instrumentality of the Commonwealth of Puerto Rico (the Commonwealth) created on July 10, 1992 pursuant to Act. No. 20. The Company will exist during a period of 20 years with, if granted by an executive order of the Governor of Puerto Rico, an extension of 5 additional years. The Company was created to establish and implement a comprehensive development plan for the Península de Cantera area. Its main function is to supervise and coordinate governmental efforts and also promote and manage private sector initiatives for the improvements and rehabilitation of the aforementioned area. Under the entity concept, the Company is a component unit of the Commonwealth's financial statements. On April 4, 2013, effective and from July 10, 2013, the Governor of Puerto Rico issued an executive order extending the life of the Company for three years. On July 5, 2013 was signed Law No. 53-2013 which amends Act No. 20 of 1992. This Law extends the life of the Company for a period of 20 years until 2033.

Significant Funding Sources

Governmental Funds – The Company derives the majority of its revenues from legislative appropriations, other agencies and departments of the Commonwealth of Puerto Rico, the Municipality of San Juan, federal grants, and contributions from other organizations. For the fiscal year ended June 30, 2025, approximately 45% of total revenues were generated from legislative appropriations ($599,000), approximately 15% ($200,000) from municipal appropriation from the Municipality of San Juan, and approximately 34% ($459,000) from federal grants.

Functions and Programs Description

Management and Support - The management and support program are used to account for resources and expenditures related to providing the coordination and execution of the overall administration. These are mainly composed of expenditures related to salaries, wages, and fringe benefits.

Improvement and Development Costs - This program is used to account for resources and expenditures related to the implementation and development plans for the improvements and rehabilitation of Península de Cantera area.

Other Program Expenses - This program is used to account for resources and expenditures related to community and educational activities, consultants administrative fees, utilities, supplies and printing, storage costs, trainings and seminars, repairs and maintenance, and other general and administrative expenses.

Depreciation - This program is used to account for depreciation expense of capital assets.

Interest on Notes Payable - This program is used to account for resources and expenditures related to accrued interest during the year on Notes Payable.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functions and Programs Description (Continued)

The accompanying basic financial statements of the Company have been prepared in conformity with accounting principles generally accepted (GAAP) in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999, the GASB issued Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (GASB No. 34). This statement establishes financial reporting requirements for state and local government. The Company adopted the provisions of GASB No. 34 as well as other statements referred to below as of July 1, 2020. They require information and restructure much of the information that governmental entities have presented in the past. Comparability with reports issued in prior years is affected. With the implementation of GASB No. 34 the Company has prepared the required supplemental information titled Management Discussion and Analysis, which precedes the basic financial statements.

Basis of Presentation

Government-Wide Financial Statements

The Government-Wide financial statements include the Statement of Net Position and the Statement of Activities and display information of all the activities of the Company as a whole. The Administration's activities are considered governmental-type

Statement of Net Position - The Statement of Net Position presents the difference between assets, deferred outflow of resources (if any), liabilities and deferred inflow of resources (if any) in government-wide statements. Net position is reported in three (3) categories:

Invested in Capital Assets – This consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of debt that are attributed to the acquisition, construction, or improvement of those assets, if any.

Restricted net position – Results when constraints placed on net position use are externally imposed by grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of amounts which do not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management but can be removed or modified.

Statement of Activities

The Statement of Activity demonstrates the degree to which the direct expenses of a given function are offset by program revenues. The Statement of Activities reports revenues and expenses in a format that focuses on the net cost of each function or program of the Company. Both the gross and net cost of the function / program, which is otherwise being supported by the general government revenues, is compared to the revenues generated directly by the function. This Statement reduces gross expenses, including depreciation, by related program revenues, operating grants and contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

The accounts of the Company are organized on the basis of governmental funds. Each fund is accounted for by a separate set of self-balancing accounts that comprises its assets, liabilities, fund balance, revenues and expenditures. Fund financial statements report detailed information about the Company's current financial resources. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Major funds are determined based on a minimum criterion, that is, a percentage of the assets and deferred outflows; liabilities and deferred inflows; revenues or expenditures or based on the Company's official's criteria if the fund is particularly important to financial statement users. Each major fund is presented in a separate column. The non-major funds are combined in a single column (Other Governmental Funds) in the fund financial statements column, except for those governmental non-major funds, which management has elected to present separately in the financial statements.

Governmental Funds

The following are the major governmental fund types presented in the financial statements as of and for the year ended June 30, 2025:

General Fund - This fund includes the financial resources which relate to the general operations of the Company. These operations consist of the general administration and other activities not accounted for in other funds.

Federal Fund - The Company participates in a number of Federal Financial Assistance Programs funded by the Federal Government that are legally restricted to expenditures for specific purposes in accordance with grant agreements. Expenditures financed by these programs are subject to financial and compliance audits by the appropriate grantors.

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, 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 Company'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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unassigned - This classification represents General fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured in the financial statements, while the basis of accounting refers to the timing in which transactions are recognized in the operating statements. The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The governmental funds use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., when they become both measurable and available. Measurable means that the amount of the transaction can be determined or reasonably estimated or in a soon enough period after the balance sheet date to pay current budget period expenditures while available means collectible within the current period. For this purpose, the Company considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures are recorded when the related funds liability is incurred, and the liability will be liquidated with expendable available financial resources.

Encumbrances

Encumbrances accounting is provided to record the appropriation from available resources in the governmental funds of purchase orders and contracts for which goods and/or services have not been received. Under GAAP, encumbrances outstanding at year-end do not constitute expenditures or liabilities since the commitments will be honored during subsequent year(s). Encumbrances constitute the equivalent of expenditures for budgetary purposes.

Due From Grantors and Accounts Receivables

Due from grantors is considered collectible accordingly; no provision for doubtful accounts or credit risk has been established for this receivable balance. Substantially, the amounts owed by the grantors are related to reimbursements of expenditures.

In the ordinary course of business, the Company advanced or made payments on behalf of Apoyo Empresarial para la Península de Cantera, Inc. (a related party). As of June 30, 2025, the net balance of this account receivable amounted to $972,821. Due to the uncertainty of the collection of this receivable, the Company established a credit risk reserve equivalent of 100% provision for a doubtful account for this receivable.

Due From / To Other Fund

Due from / to other fund (interfund) at June 30, 2025 consists of advances made by the General Fund to the Federal Program Fund for the payment of program expenditures. These advances are subsequently repaid to the General Fund upon receipt of reimbursements and/or federal fund billings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The Company defines capital assets, which include land, building, furniture and fixtures and equipment, as assets with an initial, individual cost of $500 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Building	10 years
Equipment	5 years
Furniture and fixtures	5 years
Vehicles	5 years
Leasehold improvements	5 years

Capital assets used in the governmental operations are accounted for in the government-wide statement of net position, rather than in the governmental funds. When capital assets are purchased, they are recorded as expenditures in the governmental funds.

Compensated Absences

Employees are allowed to accrue monthly 1.25 days for vacation and 1.0 day for sick leave with a limit, not to exceed 60 days for vacation and 90 days for sick leave. Vacation and sick leave were recorded as benefits when earned. All vacation pay is accrued when incurred in the government-wide financial statements. For the government-wide statements, the current portion is the amount estimated to be used in the following year. For governmental fund's statements, all the compensated absences are considered long-term and therefore, are not a fund liability and represent a reconciling item between fund level and government-wide presentations.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosures at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

Unearned Revenue

Unearned revenue at the governmental fund level arises when potential revenue does not meet the "available" criteria for revenue recognition in the current period. Unearned revenue also arises when resources are received before the Organization has a legal claim to them, as when grant moneys are received prior to incurring the qualifying expenditures. In subsequent periods, when the revenue recognition criteria is 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future Adoption of Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following accounting standards and implementation guidance that are not yet effective for the fiscal year ended June 30, 2025. Management is currently evaluating the potential impact of these future pronouncements on the entity's financial reporting and will adopt them in the periods in which they become effective:

- GASB Statement No. 103, *Financial Reporting Model Improvements*

  Effective for fiscal years beginning after June 15, 2025; applicable to the fiscal year ending June 30, 2026. This Statement improves key components of the financial reporting model, including enhancements to required supplementary information presentations and other aspects of financial statement presentation and disclosures.

- GASB Statement No. 104, *Disclosure of Certain Capital Assets*

  Effective for fiscal years beginning after June 15, 2025; applicable to the fiscal year ending June 30, 2026. This Statement requires certain types of capital assets (e.g., lease assets, subscription-based assets and intangible assets) to be disclosed separately by major class in the capital assets note disclosures.

- GASB Implementation Guide No. 2025-1, *Implementation Guidance Update — 2025*

  Cleared for issuance by the GASB in June 2025. The implementation guidance update provides clarifications and elaborations on applying existing GASB standards through a series of questions and answers. The guidance is effective for fiscal years beginning after June 15, 2025, with earlier application encouraged if the related pronouncements addressed by the Q&A have already been implemented. Management plans to evaluate its relevance and applicability for future reporting periods.

Management continues to monitor GASB activities for additional pronouncements and guidance that may be relevant to the entity.

Notes to Financial Statements

The notes to financial statements provide information that is essential to a user's understanding of the basic financial statements.

3. CONCENTRATION OF CREDIT RISK

The entity is authorized to deposit funds only with financial institutions approved by the Commonwealth of Puerto Rico. Under Puerto Rico law, domestic commercial banks are required to pledge collateral securities in excess of federal deposit insurance for public deposits. Deposits that are either federally insured or adequately collateralized are not considered to be exposed to custodial credit risk.

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3. CONCENTRATION OF CREDIT RISK (CONTINUED)

Custodial credit risk refers to the risk that, in the event of the failure of a financial institution, the entity may not be able to recover the value of its deposits or collateral held by an outside party.

The entity maintains its cash deposits with highly rated commercial banks located in Puerto Rico. All commercial bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to the applicable statutory limit of $250,000 per depositor, per insured bank, for each account ownership category. Any balances in excess of the FDIC coverage limit are required by Puerto Rico regulations to be fully secured through pledged collateral held by an authorized custodian, which significantly mitigates custodial credit risk.

As of June 30, 2025, the entity's cash deposits in commercial banks, excluding cash on hand of $500, consist of the following: Commercial Bank – Carrying/Book Balance Amount $1,691,492, Bank (Depository) Balance Amount $1,719,349.

Management believes that the combination of FDIC insurance coverage up to $250,000 and the Commonwealth's collateralization requirements provides adequate protection against custodial credit risk for the entity's deposits.

4. RISK FINANCING

The Company is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Company has purchased commercial insurance for these claims. The coverage for the Company consists of professional, public responsibility, property and theft, auto and fidelity bond coverage for administration officers and directors. Workers compensation insurance is paid to the State Insurance Fund Corporation.

5. DUE FROM COMMONWEALTH OF PUERTO RICO

As discussed in Note 10 to the financial statements, the Company entered into a two Lines of Credit Agreements (the Loan Agreements) with the Government Development Bank for Puerto Rico (GDB). Outstanding principal amount, including accrued interest, shall be payable from annual appropriations from the Public Improvements Funds and the General Expenditures Budget of the Commonwealth of Puerto Rico.

As of June 30, 2025, outstanding principal amount and accrued interests (P&I), equivalent to the appropriations receivable from the Commonwealth of Puerto Rico, are as follows:

	Beginning Balance (P&I)	Additions (Interests)	Repayments	Ending Balance (P&I)
$38 million line of credit	$ 14,854,560	$ 615,791	$ -	$ 15,470,351
$40 million line of credit	48,816,482	2,029,585	-	50,846,067
Total	$ 63,671,042	$ 2,645,376	$ -	$ 66,316,418

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5. DUE FROM COMMONTHWEALTH OF PUERTO RICO (CONTINUED)

According to the Fiscal Agency and Financial Advisory Authority ("AAFAF," for its Spanish acronym), the two loans from Peninsula Cantera were identified as Retained Loans as part of the GDB Qualifying Modification and are being retained by GDB. The GDB Retained Loans consisted of certain loans designated to be retained and continued to be serviced by the GDB pursuant to the GDB Qualifying Modification, but which beneficial interests and proceeds would be transferred from time to time by the Bank to the Debt Recovery Authority (DRA). No collections on principal and interest or settlement transaction have occurred on the above loans since the Closing Date of the Qualifying Modification. Although, these loans are being accounted for as nonaccrual loans, interest will continue to accumulate until transfer to the DRA.

Furthermore, according to the AAFAF, it is their understanding that the Commonwealth Budget has not included appropriations to pay GDB loans in the last several years. Also, as result of the Commonwealth Plan of Adjustment discharge and prevention provisions, there will not be future appropriations related to loans that were to be paid from legislative appropriations.

Taking into consideration the factors mentioned above, specifically the absence of appropriations in the Commonwealth's budget to repay GDB loans and the uncertainty surrounding future legislative appropriations intended for such repayments, the Company had previously established an allowance for doubtful accounts totaling $63,671,042 as of June 30, 2024.

During the fiscal year ended June 30, 2025, additional legislative appropriations of $2,645,376 were recognized; however, these appropriations were also reserved due to the same uncertainties. As a result, the total allowance for doubtful accounts amounted to $66,316,418 as of June 30, 2025.

6. NOTES RECEIVABLE

<u>Related Party</u>

Effective on July 5, 2007 the Company subscribed a promissory note in the amount of $5,711,935 due from a related party, Península Housing Investment Associates, SE (the Partnership), to formalize the outstanding balances of receivables and accrued interests. The note shall be collected in an installment, not later than July 12, 2032. The note bears interest at .5% per annum compounded semi-annually and the accrued interest shall be paid by the Partnership within seventy-five (75) days of the close of each calendar year. In connection with the transaction the Company entered into a Deed of Second Mortgage with the Partnership, to create a mortgage on the Partnership's property to guarantee and secure the full and complete payment of the principal and interests on note. As of June 30, 2025, the balance of the note amounted to $5,415,744, including accrued interests and other charges amounting to $360,183.

<u>Financing Agreements</u>

During the year 2010, the Company entered into non-interest financing agreements with residents of housing units granted by the Company. The notes are guaranteed by real properties, located in Condominium Paseo del Conde. Principal payments on notes are due monthly until maturity at June 30, 2036. As of June 30, 2025, the balance due amounted to $148,655.

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6. NOTES RECEIVABLE (CONTINUED)

As of June 30, 2025, outstanding principal amount and accrued interests (P&I), are as follows:

	Beginning Balance (P&I)	Additions (Interests)	Repayments	Ending Balance (P&I)
Related Party	$ 5,388,017	$ 27,727	$ -	$ 5,415,744
Financing Agreements	160,140	-	(11,485)	148,655
Total	$ 5,548,157	$ 27,727	$ (11,485)	$ 5,564,399

7. RELATED PARTIES

Apoyo Empresarial para la Península de Cantera, Inc. (Apoyo), a not-for-profit corporation incorporated in April 1992, is dedicated to promoting programs and projects to improve the quality of life of the Península de Cantera area. Its main function is to bring resources, support and funding available to it and will complement the work of the Company regarding this area.

Península Housing Investment Associates, SE (the Partnership) is a limited partnership organized on December 15, 1998 as a real estate development partnership to develop and manage a low-income housing tax credit development located in San Juan, Puerto Rico, known as Parque Victoria (the "Project"). The Project consists of six multi-story building containing one hundred two (102) residential apartment units and provides affordable housing to eligible low-income tenants. The units are rented to residents of the area where the Project is located. Costs incurred for the development and construction of the housing project have been financed principally through advances from the Company. On December 20, 2001, the Company entered into an agreement with the Partnership to make advances from time to time in an aggregate amount not to exceed $11.5 million.

Approximately $9 million of this loan will be repaid from capital contributions to be made by limited investors once the construction of the project is completed and certain conditions are met. The remaining balance of the loan, (expected to reach approximately $2.5 million at project completion) plus accrued interest at the rate of one half percent (.005) per year starting January 1, 2002, shall be payable in one installment thirty years from the date of receipt of a certificate of occupancy from the Regulations and Permits Administration, but in no event, later than December 31, 2032. This loan is also secured by a mortgage over the rental units.

The original partners of the entity were Península Housing, Inc. (the Managing Partner), a corporation organized under the laws of the Commonwealth of Puerto Rico (with .01% ownership), as managing general partner and Apoyo as limited partner (with 99.99% ownership). The Company's actual Executive Director is also the President of the Board of Director of the Managing Partner.

Effective December 20, 2001 the partnership agreement was amended to go into effect the admission of ESIC Citigroup CCDE Investment Fund LP as a limited partnership, and the withdrawal of Apoyo as a limited partner, and set forth more fully the rights and obligations of the general and limited partners. Apoyo became the developer, administrator and social services providers of the project.

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8. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025, was as follows:

Description	Beginning Balance	Additions	Retirements	Ending Balance
Land	$ 80,300	$ -	$ -	$ 80,300
Building, facilities and infrastructures	5,718,023	-	-	5,718,023
Furniture and fixtures	211,802	-	-	211,802
Equipment	636,522	6,963	-	643,485
Software	55,194	-	-	55,194
Vehicles	176,636	-	-	176,636
Leasehold improvements	2,649	-	-	2,649
Total capital assets	6,881,126	$ 6,963	$ -	6,888,089
Less: Accumulated depreciation:				
Building	5,718,001	22	-	5,718,023
Furniture and fixtures	211,802	-	-	211,802
Equipment	517,361	33,958	-	551,319
Software	55,209	-	-	55,209
Vehicles	158,869	4,800	-	163,669
Leasehold improvements	2,649	-	-	2,649
Total accumulated depreciation	6,663,891	$ 38,780	$ -	6,702,671
Capital assets, net	$ 217,235			$ 185,418

Depreciation expense for capital assets of governmental activities was allocated to the General Government (Management and Support) function.

9. PROPERTY HELD FOR DEVELOPMENT AND REHABILITATION

As of June 30, 2025, the property held for development and rehabilitation is summarized as follows:

Land	$ 399,225
Housing units (10 units)	661,937
	$ 1,061,162

Both the land and the housing units were acquired during the years 2010 to 2015. The valuation and acquisition cost were documented with a series of deeds corresponding to the sale of housing units and land in order to provide appropriate housing space for neighbors affected by projects that require relocation in the neighborhoods of the Península de Cantera, as part of the rehabilitation projects.

10. NOTES PAYABLE / LONG-TERM DEBTS

Lines of Credit Agreements with GDB

On December 26, 2000, the Company entered into a Non-Revolving Line of Credit Agreement (the Loan Agreement) with the Government Development Bank for Puerto Rico (GDB, the Lender), as authorized by the Joint Resolution No. 20 approved on February 16, 2000 by the Legislature of the Commonwealth of Puerto Rico, to finance the development and construction of low cost residential housing projects at the Península de Cantera area. The Loan Agreement provides for borrowings through June 30, 2040 (the Maturity Date) up to an amount of $38,000,000, the maximum amount of borrowings that may be outstanding under the Loan Agreement. As of June 30, 2025, the amount due amounted to $15,470,351 and composed of principal and accrued interest amounting to $8,797,014 and $6,673,337, respectively.

On October 12, 2004, the Legislature of the Commonwealth of Puerto Rico approved a Joint Resolution No. 2199 to authorize the Company to incur in obligations in an amount not to exceed $40,000,000 for the payments of costs incurred or to be incurred for the permanent improvements projects in the communities and sectors that constitute the Community of the Cantera Península. As a result, the Company entered into an additional non-revolving line of credit agreement with the lender.

The Loan Agreement provides for borrowings through June 30, 2040 (the Maturity Date) up to a maximum amount of $40,000,000. As of June 30, 2025, the amount due amounted to $50,846,067 and composed of principal and accrued interest amounting to $28,994,074 and $21,851,993, respectively.

See Note 5 to the financial statements for more detail and information regarding these lines of credit.

Compensated Absences

The vested compensated absences liability balance at June 30, 2025 consists of the following activity:

Governmental Activities:	Beginning Balance	Net Change	Ending Balance	Due Within One Year
Accrued vacations and sick leave	$ 52,049	$ (956)	$ 51,093	$ 51,093

Substantially all employees are expected to utilize their accumulated vacation leave during the subsequent fiscal year. Any remaining balance of unused vacation carried forward from the prior year is considered immaterial. Accordingly, accumulated vacation leave outstanding at year-end is classified as a current liability, due within one year.

The following is a summary of changes in long-term debts for the year ended June 30, 2025:

Governmental Activities:	Beginning Balance	Increase	(Decrease)	Ending Balance	Due Within One Year	Due After One Year
$38 million line of credit	$ 14,854,560	$ 615,791	$ -	$ 15,470,351	$ -	$ 15,470,351
$40 million line of credit	48,816,482	2,029,585	-	50,846,067	-	50,846,067
Compensated absences	52,049	51,093	(52,049)	51,093	51,093	-
Total	$ 63,723,091	$ 2,696,469	$ (52,049)	$ 66,367,511	$ 51,093	$ 66,316,418

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11. CONTRIBUTED CAPITAL

The Company received grants from the Commonwealth of Puerto Rico for the development of low cost residential housing projects in the area known as Península de Cantera, San Juan, Puerto Rico. The grants were in cash ($2,000,000) and various tracts of land ($591,890). The Company did not consider practical to perform an appraisal of the land. The land value was estimated at $15.52/square meter based on a potential transaction for real estate in a tract of land close to the site of the donated land. Approximately $589,000 of the funds received were used to complete the "Centro Comunitario" including the acquisition of office equipment and perform other payments. After carrying out the development of residential housing projects, a tract of land with an estimated value of $497,338 has remained available. This amount will be reimbursed from future unrestricted funds.

12. CONTINGENCY AND UNCERTAINTY

Federal and State Awards

In the normal course of operations, the Company receives grants from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Uncertainty

As discussed in Note 1 to the financial statements, one of the Company's most significant sources of revenue is legislative appropriations from the Commonwealth of Puerto Rico. Consequently, the Company's operations are highly dependent on the Commonwealth's ability to continue providing such funding. For many years, the Commonwealth has faced fiscal, economic, and liquidity challenges, including substantial government deficits, a prolonged economic recession, cash flow constraints, and high levels of debt and pension liabilities. In response, the Financial Oversight and Management Board for Puerto Rico has approved and certified a fiscal plan for the Commonwealth, which includes structural and fiscal reforms aimed at improving the economic trajectory, stimulating growth, increasing revenues, and reducing expenditures. The ultimate impact of these measures on the Company's operations remains uncertain.

13. SUBSEQUENT EVENTS

Management of Company has evaluated subsequent event through April 14, 2026, the date which the financial statements were available to be issued.

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