



PUERTO RICO SCIENCE, TECHNOLOGY AND RESEARCH TRUST AND SUBSIDIARIES

Consolidated Financial Statements
June 30, 2019 and 2018



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INDEPENDENT AUDITORS' REPORT

To: The Board of Trustees of
Puerto Rico Science, Technology and Research Trust

We have audited the accompanying consolidated financial statements of Puerto Rico Science, Technology and Research Trust, a Puerto Rico not-for-profit corporation, and its Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the 2018 consolidated financial statements.

Basis for Qualified Opinion on the 2018 Financial Statements

As described in Note 4 of the consolidated financial statements, as of June 30, 2018, the Trust and its Subsidiaries had cash deposits in the Government Development Bank for Puerto Rico (GDB) amounting to approximately \$3,518,000 and certificates of deposits (CDs) amounting to approximately \$44,820,000. On October 16, 2016, the Puerto Rico Department of Treasury issued the Circular Letter 1300-08-17 whereby it requires entities to perform an impairment analysis of its deposits on GDB, in which the unrealizable deposits need to be accounted as an impairment loss.

As described in Note 4 of the consolidated financial statements, on June 16, 2017, the Trust, as approved by its Board of Trustees, entered into a Restructuring Support Agreement (RSA) with GDB and the Puerto Rico Fiscal Agency and Financial Advisory Authority. The RSA is enabled by Title VI of the Puerto Rico Oversight, Management and Economic Stability Act (PROMESA). The Trust participates in the RSA as a non-public Supporting Deposit Claimant entity. The Trust holds claims against GDB that constitutes Participating Bond Claims on account of certain deposits held at GDB. As a holder of Participating Bond Claims, the Trust is entitled to exchange the value of its deposits held at GDB into a new bond, based on several tranche bonds offered through the RSA. The Trust's management intention was to convert its deposits and CDs into Tranche A Bonds, which offered a face value of 55% of the value of assets at 7.5% annual coupon interest rate with maturity on July 1, 2040. Based on the Trust's management intention to pursue Tranche A Bonds as a financing restructuring of deposits held at GDB, the Trust recognized a loss of approximately \$42,200,000 equivalent to 45% of deposits at GDB as of June 30, 2017.

During the year ended June 30, 2018, the RSA was modified to remove the tranche options and offer only one alternative to pay the face value of 55% of the value of assets as follows: i) 20% in cash, which represents approximately \$18,800,000 and ii) the remaining 35% to be converted in a new bond payable in a period of 30 to 40 years. No additional loss was recognized during the year ended June 30, 2018, related with the deposits held at GDB.

We were unable to obtain sufficient appropriate audit evidence about the realizable values of the remaining cash deposits and CDs deposited at GDB as of June 30, 2018.

Qualified Opinion on the 2018 Financial Statements

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Puerto Rico Science, Technology and Research Trust and its Subsidiaries as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Opinion on the 2019 Financial Statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Puerto Rico Science, Technology and Research Trust and its Subsidiaries as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

San Juan, Puerto Rico
December 12, 2019.

Stamp No. E405092 was affixed to
the original of this report.

RSM Puerto Rico

**PUERTO RICO SCIENCE, TECHNOLOGY AND RESEARCH TRUST
AND ITS SUBSIDIARIES**



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of June 30, 2019 and 2018

	2019	2018
ASSETS:		
Cash	\$ 29,632,070	\$ 18,595,913
Accounts receivable	1,864,680	1,132,743
Prepaid expenses	107,735	117,141
Due from governmental entities, net of allowance for doubtful accounts of \$1,204,170 in 2018	4,978,063	2,903,759
Certificates of deposits	-	48,019,600
Investment in bond	34,561,416	-
Equity investments	1,167,292	1,167,292
Promissory note receivable	-	150,000
Convertible promissory notes receivable	375,000	375,000
Other investments	225,000	-
Other assets	19,484	12,533
Property and equipment, net	450,237	332,772
Building, net	6,071,064	5,792,032
Land and property for research, development and infrastructure project related to science and technology	16,100,307	16,100,307
Land development costs	11,329,395	11,329,395
Construction in Progress - Science City	11,149,857	11,149,857
	<u>\$ 118,031,600</u>	<u>\$ 117,178,344</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Program service payable	\$ 717,037	\$ 864,989
Accounts payable	2,271,267	5,246,980
Accrued expenses	448,240	218,859
Other liabilities	8,500	11,100
	<u>3,445,044</u>	<u>6,341,928</u>
NET ASSETS:		
Without donor restrictions:		
Undesignated	<u>94,667,109</u>	<u>90,673,971</u>
With donor restrictions:		
Purpose restricted	3,819,140	4,062,138
Perpetual in nature	<u>16,100,307</u>	<u>16,100,307</u>
	<u>19,919,447</u>	<u>20,162,445</u>
	<u>114,586,556</u>	<u>110,836,416</u>
	<u>\$ 118,031,600</u>	<u>\$ 117,178,344</u>

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

**PUERTO RICO SCIENCE, TECHNOLOGY AND RESEARCH TRUST
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**CONSOLIDATED STATEMENTS OF ACTIVITIES
For the years ended June 30, 2019 and 2018**

	2019		
	Without donor restrictions	With donor restrictions	Total
REVENUES AND SUPPORT:			
State grants and assessments	\$ 16,759,924	\$ -	\$ 16,759,924
Federal grants	7,837,675	124,970	7,962,645
Private grants and sponsorships	408,684	2,957,448	3,366,132
Donations and contributions	46,631	-	46,631
Clinical trials	215,139	-	215,139
Rental income	331,057	-	331,057
Interest income	179,885	-	179,885
Other income	228,221	-	228,221
	<u>26,007,216</u>	<u>3,082,418</u>	<u>29,089,634</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	3,096,175	(3,096,175)	-
	<u>29,103,391</u>	<u>(13,757)</u>	<u>29,089,634</u>
OPERATING EXPENSES:			
Program and services:			
Research and data	1,530,644	-	1,530,644
Public health initiative	9,504,182	-	9,504,182
Technology transfer and commercialization	5,164,645	-	5,164,645
Science City development	266,011	-	266,011
	<u>16,465,482</u>	<u>-</u>	<u>16,465,482</u>
Supporting services:			
General and administrative	3,791,868	-	3,791,868
	<u>20,257,350</u>	<u>-</u>	<u>20,257,350</u>
	<u>8,846,041</u>	<u>(13,757)</u>	<u>8,832,284</u>
NON-OPERATING INCOME (EXPENSES):			
Net investment loss	(8,562,596)	(553,326)	(9,115,922)
Gain on settlement of RSA	3,087,580	324,085	3,411,665
Forgiveness of debt	622,113	-	622,113
	<u>(4,852,903)</u>	<u>(229,241)</u>	<u>(5,082,144)</u>
CHANGE IN NET ASSETS	<u>3,993,138</u>	<u>(242,998)</u>	<u>3,750,140</u>
NET ASSETS , beginning of year	<u>90,673,971</u>	<u>20,162,445</u>	<u>110,836,416</u>
NET ASSETS , end of year	<u>\$ 94,667,109</u>	<u>\$ 19,919,447</u>	<u>\$ 114,586,556</u>

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CONSOLIDATED STATEMENTS OF ACTIVITIES
For the years ended June 30, 2019 and 2018

Continued . . .

	2018		
	Without donor restrictions	With donor restrictions	Total
REVENUES AND SUPPORT:			
State grants and assessments	\$ 15,495,239	\$ -	\$ 15,495,239
Federal grants	4,162,870	-	4,162,870
Private grants and sponsorships	125,949	2,545,886	2,671,835
Donations and contributions	295,620	-	295,620
Clinical trials	129,059	-	129,059
Rental income	314,845	-	314,845
Interest income	21,240	-	21,240
Other income	178,959	-	178,959
	<u>20,723,781</u>	<u>2,545,886</u>	<u>23,269,667</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	1,476,549	(1,476,549)	-
	<u>22,200,330</u>	<u>1,069,337</u>	<u>23,269,667</u>
OPERATING EXPENSES:			
Program and services:			
Research and data	1,418,556	-	1,418,556
Public health initiative	4,810,022	-	4,810,022
Technology transfer and commercialization	5,108,387	-	5,108,387
Science City development	274,688	-	274,688
	<u>11,611,653</u>	<u>-</u>	<u>11,611,653</u>
Supporting services:			
General and administrative	4,337,822	-	4,337,822
	<u>15,949,475</u>	<u>-</u>	<u>15,949,475</u>
	6,250,855	1,069,337	7,320,192
NON-OPERATING EXPENSE:			
Donation of land	-	(1,899,693)	(1,899,693)
	<u>6,250,855</u>	<u>(830,356)</u>	<u>5,420,499</u>
CHANGE IN NET ASSETS	<u>6,250,855</u>	<u>(830,356)</u>	<u>5,420,499</u>
NET ASSETS , beginning of year	<u>84,423,116</u>	<u>20,992,801</u>	<u>105,415,917</u>
NET ASSETS , end of year	<u>\$ 90,673,971</u>	<u>\$ 20,162,445</u>	<u>\$ 110,836,416</u>

The accompanying notes are an integral part of these consolidated statements.

**PUERTO RICO SCIENCE, TECHNOLOGY AND RESEARCH TRUST
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CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended June 30, 2019 and 2018

	June 30, 2019					
	Program activities				Support activity	
	Research and data	Public health initiative	Technology transfer and commercialization	Science City development	General and administrative	Total
Program support:						
Capacity building and sponsorships	\$ 77,150	\$ 300	\$ 141,550	\$ -	\$ -	\$ 219,000
Incubators support	-	-	6,082	-	-	6,082
Research and commercialization grants	16,007	-	-	-	-	16,007
Matching grants	-	-	171,231	-	-	171,231
Parallel 18 grants	-	-	2,181,385	-	-	2,181,385
Other program initiatives	-	2,432,079	1,943	-	-	2,434,022
	<u>93,157</u>	<u>2,432,379</u>	<u>2,502,191</u>	<u>-</u>	<u>-</u>	<u>5,027,727</u>
Personnel costs:						
Salaries and wages	533,337	3,819,910	921,059	29,231	1,149,279	6,452,816
Benefits and payroll taxes	152,991	978,634	274,311	9,752	506,478	1,922,166
	<u>686,328</u>	<u>4,798,544</u>	<u>1,195,370</u>	<u>38,983</u>	<u>1,655,757</u>	<u>8,374,982</u>
Professional services	144,176	302,967	490,094	212,553	682,240	1,832,030
Occupancy expenses:						
Depreciation and amortization	17,864	21,179	94,236	-	189,202	322,481
Rent	-	-	152,215	-	15,584	167,799
Repairs and maintenance	-	-	7,548	6,800	238,314	252,662
Security	-	1,834	-	-	177,531	179,365
Other	-	615	1,885	-	275,900	278,400
	<u>17,864</u>	<u>23,628</u>	<u>255,884</u>	<u>6,800</u>	<u>896,531</u>	<u>1,200,707</u>
Travel	77,197	172,140	210,473	4,192	92,703	556,705
Other	511,922	1,774,524	510,633	3,483	464,637	3,265,199
Total expenses from operations:	<u>\$ 1,530,644</u>	<u>\$ 9,504,182</u>	<u>\$ 5,164,645</u>	<u>\$ 266,011</u>	<u>\$ 3,791,868</u>	<u>\$ 20,257,350</u>

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**PUERTO RICO SCIENCE, TECHNOLOGY AND RESEARCH TRUST
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**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the years ended June 30, 2019 and 2018**

Continued...

	2018					Total
	Program activities				Support activity	
	Research and data	Public health initiative	Technology transfer and commercialization	Science City development	General and administrative	
Program support:						
Capacity building and sponsorships	\$ 35,930	\$ -	\$ 109,424	\$ -	\$ -	\$ 145,354
Research and commercialization grants	426,631	-	-	-	-	426,631
Matching grants	-	-	836,986	-	-	836,986
Clinical trials	64,295	-	-	-	-	64,295
Parallel 18 grants	-	-	2,090,000	-	-	2,090,000
Other program initiatives	65,986	1,718,648	-	-	-	1,784,634
	<u>592,842</u>	<u>1,718,648</u>	<u>3,036,410</u>	<u>-</u>	<u>-</u>	<u>5,347,900</u>
Personnel costs:						
Salaries and wages	368,547	1,232,612	671,352	50,197	908,624	3,231,332
Benefits and payroll taxes	75,412	450,616	227,225	17,555	370,870	1,141,678
	<u>443,959</u>	<u>1,683,228</u>	<u>898,577</u>	<u>67,752</u>	<u>1,279,494</u>	<u>4,373,010</u>
Professional services	286,063	5,865	347,114	187,164	604,688	1,430,894
Occupancy expenses:						
Depreciation and amortization	31,018	-	94,945	-	80,751	206,714
Rent	-	-	153,118	-	-	153,118
Repairs and maintenance	-	-	1,275	12,353	299,248	312,876
Security	-	-	-	-	185,077	185,077
Other	-	30	884	-	180,992	181,906
	<u>31,018</u>	<u>30</u>	<u>250,222</u>	<u>12,353</u>	<u>746,068</u>	<u>1,039,691</u>
Travel	21,716	55,091	170,723	670	43,236	291,436
Other	42,958	1,347,160	405,341	6,749	1,664,336	3,466,544
	<u>42,958</u>	<u>1,347,160</u>	<u>405,341</u>	<u>6,749</u>	<u>1,664,336</u>	<u>3,466,544</u>
Total operating expenses	<u>\$ 1,418,556</u>	<u>\$ 4,810,022</u>	<u>\$ 5,108,387</u>	<u>\$ 274,688</u>	<u>\$ 4,337,822</u>	<u>\$ 15,949,475</u>

The accompanying notes are an integral part of these consolidated statements.

**PUERTO RICO SCIENCE, TECHNOLOGY AND RESEARCH TRUST
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CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,750,140	\$ 5,420,499
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	322,481	206,714
Donation of land	-	1,899,693
Gain on settlement of RSA	(3,411,665)	-
Unrealized loss on investment in bond	9,890,566	-
Recoveries of doubtful accounts	-	(2,279,612)
Changes in operating assets and liabilities-		
Decrease (increase) in assets:		
Accounts receivable	(731,937)	(658,136)
Prepaid expenses	9,406	(39,939)
Due from governmental entities	(2,074,304)	2,749,308
Other assets	(6,951)	-
Increase (decrease) in liabilities:		
Program service payable	(147,952)	408,762
Accounts payable	(2,975,713)	(103,772)
Due to related parties	-	(3,864)
Accrued expenses	229,381	100,549
Other liabilities	(2,600)	1,942
Net cash provided by operating activities	<u>4,850,852</u>	<u>7,702,144</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Redemption of certificates of deposits	6,786,666	-
Redemption of investment in bond	192,617	-
Purchase of investments	(225,000)	(150,000)
Collection (advance) under promissory notes receivable	150,000	(150,000)
Advance under convertible notes receivable	-	(75,000)
Purchase of property and equipment	(256,473)	(18,054)
Addition to construction in progress - building	(462,505)	(93,418)
Addition to construction in progress - Science City	-	(130,933)
Net cash provided by (used in) investing activities	<u>6,185,305</u>	<u>(617,405)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES:		
Principal payment of obligation under capital leases	-	(3,212)
NET INCREASE IN CASH	11,036,157	7,081,527
CASH, beginning of year	18,595,913	11,514,386
CASH, end of year	\$ 29,632,070	\$ 18,595,913

The accompanying notes are an integral part of these consolidated statements.

PUERTO RICO SCIENCE, TECHNOLOGY AND RESEARCH TRUST AND ITS SUBSIDIARIES



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2019 and 2018

1) Organization and summary of significant accounting policies:

- A) Organization – Puerto Rico Science, Technology and Research Trust (the Trust) is a not-for-profit organization created on August 18, 2004 by Act No. 214, as amended (the Act 214), of the Legislature of the Commonwealth of Puerto Rico (the Commonwealth). The purpose of the Trust is to foster and fund research, development and infrastructure projects related to science and technology that will promote the economic, social or educational development of the Commonwealth and to operate exclusively for charitable, educational and scientific purposes. The Act 214 also designates the Trust as a Public Health Institute, an Educational Organization and allows the Trust to act as fiscal agent to pursue certain federal funding opportunities on behalf of the Commonwealth. The Act 214 also enables the Trust to establish a research institute through which researchers from public and private research institutions might affiliate with and enables the Trust to evaluate competitive grant proposals and/or act as fiscal sponsor to pursue funding opportunities on behalf of these institutions.

The projects of the Trust are to be financed as follows: (i) the greater of \$6,340,000 or 31% out of the monies deposited in the Special Fund for Economic Development managed by the Puerto Rico Industrial Development Company (PRIDCO) for the fiscal years ended June 30, 2019 and 2018 (ii) the monies of Scientific Investigation Fund for the Centenary of the University of Puerto Rico (Centenary Fund), (iii) a special appropriation of \$5,000,000 from the Improvements Fund, (iv) \$5,000,000 from the balance of collections of federal excise taxes in accordance with Section 7652(a)(3) of the United States Internal Revenue Code 1986, as amended, and, (v) private grants and donations, other government funds, and legislative appropriations.

The Act 214, as amended on August 2017, provides that the Board of Trustees is to be composed of eleven (11) trustees, two (2) of whom shall be members *ex officio* including the Secretary of the Department of Economic Development and Commerce and other government agency representative to be appointed by the Governor of the Commonwealth; and nine (9) members from the private sector.

Since September 2016, the Trust has been awarded, as prime recipient and subrecipient, with federal funds from the US Department of Health and Human (DHHS) - Center for Disease Prevention and Control, the DHHS - National Institutes of Health, the US Department of Commerce – Economic Development Administration, the US Department of the Treasury, and the US Department of Agriculture. In addition, during the years ended June 30, 2019 and 2018, the Trust has been the primary recipient, or acted as fiscal sponsor, for the implementation of privately funded initiatives, mostly related to recovery efforts after the passing of Hurricane Maria in Puerto Rico on September 20, 2017.

Subsidiaries - The Trust has established the following subsidiaries by virtue of Article 5(26) of Act 214, as amended, whereby the Trust may organize subsidiaries or affiliates subject to its total or partial control to carry out any assignment from the Trust's Board of Trustees for the best interest of the Trust:

- The Puerto Rico Consortium for Clinical Investigation, Inc. (PRCCI) - A not-for-profit corporation organized on January 20, 2016. PRCCI began operations on April 1, 2016 and its purpose is to improve the impact, quality, and speed of clinical research activity conducted in Puerto Rico, especially in the fields of oncology, infectious diseases, neurological disorders and cardio-metabolism. To achieve its mission, PRCCI partners with clinical research sites across Puerto Rico to ensure access to a diverse patient population. PRCCI's operations are sustained through a combination of revenues obtained from clinical research sponsors, grants and contracts with state and private entities, and contributions from the Trust.

PUERTO RICO SCIENCE, TECHNOLOGY AND RESEARCH TRUST AND ITS SUBSIDIARIES



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2019 and 2018

- PRST, Inc., (PRST) - A not-for-profit corporation organized on December 28, 2016. The purpose of PRST is to act as a Qualified Promoter as defined in Section 2034.01 of the newly enacted Incentives Code of Puerto Rico. A Qualified Promoter is authorized by the Department of Economic Development and Commerce to engage in the promotion of new companies established in Puerto Rico and to obtain decrees under Act No. 20 of 2012, to establish and expand their export services businesses.

These consolidated financial statements include the accounts of the Trust and its Subsidiaries (collectively referred as the Trust and its Subsidiaries) as of and for the years ended June 30, 2019 and 2018.

- B) Summary of significant accounting policies – The Trust and its Subsidiaries prepare its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations. The significant accounting policies used by the Trust and its Subsidiaries are as follows:

Principles of consolidation – The accompanying consolidated financial statements include the accounts of the Trust and its Subsidiaries, as described in Note 1A. Intercompany transactions and accounts have been eliminated in consolidation.

Basis of presentation – The consolidated financial statements of the Trust and its Subsidiaries have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require reporting 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 assets may be used at the discretion of the Trust and its Subsidiaries' management and the Board of Trustees.
- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and some grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Trust and its Subsidiaries or by passage of time. Other donor restrictions are perpetual in nature, where by 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 reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

As of June 30, 2019 and 2018, the Trust and its Subsidiaries' net assets are classified as net assets with donor restrictions and net assets without donor restrictions. Net assets with donor restrictions include the following:

Purpose restricted:

- Federal funds received in advanced for the implementation of programmatic initiatives, and funds received from private sources for the implementation of initiatives related to recovery efforts after the passing of Hurricane Maria through Puerto Rico on September 20, 2017.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS June 30, 2019 and 2018

- Monies for the Scientific Investigation Fund for the Centenary of the University of Puerto Rico. This fund was created to improve the infrastructure, activities and environment of investigative activities of the University of Puerto Rico and to facilitate the commercialization of the innovations that are developed there. Among the activities to be supported are the recruitment and retention of researchers and the promotion of technology transfer.

Permanent in nature:

- Consist of a land, described in Note 11 that was contributed with the restriction of using it for the purpose described in Act 214, as amended, through the implementation of a Master Plan.

Accounting estimates – The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Allowance for doubtful accounts – The Trust and its Subsidiaries provide an allowance for doubtful accounts equal to the amount of estimated uncollectible amounts. The estimate is based on the review of the current status of donor pledges, contributions and grants.

Certificates of deposits – The Trust and its Subsidiaries invested its cash reserves in certificates of deposits held at the former Government Development Bank for Puerto Rico (GOB). These certificate of deposits were open-ended instruments, yielding annual interest rates from 1.5% and 6.75%, depending on their maturity dates. These investments are carried at the lower of cost or net realizable value.

Investment in bond - Investments in marketable debt securities are carried at fair value determined using quotations obtained from brokers. Net investment return (loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Equity investments – The equity investments are carried at the lower of cost or net realizable value.

Property and equipment and equipment under capital leases – Property and equipment are stated at cost, or if donated, at the fair value at date of receipt. Equipment under capital leases is stated at the net present value of the minimum lease payments. Expenditures for major additions and improvements are capitalized, while minor replacements, maintenance, and repairs are charged to expense as incurred.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets, as follows:

Description	Estimated Useful Life
Furniture and fixtures	5 years
Computer and laboratory equipment	3 to 5 years
Leasehold improvements	Lease term
Equipment under capital leases	Lease term

At the time property and equipment is sold or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the books and the resulting gain or loss, if any, is credited or charged to operations.

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Accounting for the impairment or disposal of long-lived assets – The Trust and its Subsidiaries' long-lived assets held and used in operations are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Assets are considered to be impaired if the carrying amount of the asset exceeds the sum of the undiscounted cash flow expected to result from the use and eventual disposition of the asset.

If such assets are impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds its fair value. Assets to be disposed of, other than by sale, continue to be classified as held and used until they are disposed of. Assets to be disposed of by sale are classified as held for sale in the period in which certain criteria are met and reported at the lower of the carrying amount or fair value. At the time such criteria are no longer met, such assets are reclassified as assets held and used in operations.

Land development costs – Represent costs for a land site consultation approval, certification of environmental compliance, architectural design, and other costs incurred in connection with land received by the Trust and its Subsidiaries for the construction of its facilities.

Fair value measurements – Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market or observable inputs are the preferred source of value, followed by assumptions based on hypothetical transactions in the absence of market input.

The valuation techniques are based upon observable or unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the entity's market assumptions. These two types of inputs create the following fair value hierarchy:

- Level 1 – Quoted prices for identical instruments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level 3 – Significant inputs to the valuation model are unobservable.

The Trust maintains policies and procedures to value financial instruments using the best and most relevant data available.

Contributions and support revenue – The Trust and its Subsidiaries derive its revenues from contributions received from the government, corporations, sponsors and individuals. All revenues and 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 Trust and its Subsidiaries report the support as without donor restrictions.

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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, 2019 and 2018.

Income taxes – The Trust and its Subsidiaries are exempt from Puerto Rico income taxes under the provisions of Act 214, as amended, and from federal taxes under the provisions of Section 501(c) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the accompanying consolidated financial statements.

The Trust and its Subsidiaries follow the guidance for uncertainty in income taxes issued by the Financial Accounting Standards Board. Management evaluated the Trust and its Subsidiaries' tax positions and concluded that the Trust and its Subsidiaries had taken no uncertain tax positions that require adjustments or disclosure in the consolidated financial statements.

Functional allocation of expenses and operational expenditures – The costs of providing the Trust and its Subsidiaries' programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities and functional expenses. During the years ended June 30, 2019 and 2018, certain costs have been allocated among the following programs and support activities:

- *Research and data:* includes expenses aimed to improve, analyze and/or strengthen the local research and development (R&D) infrastructure and the breadth of science and technology activity in Puerto Rico. Examples of expenses within this function include: clinical trials, grants to support laboratory infrastructure, research grants, research institute and educational organization initiatives, grants to attract or retain distinguished researchers, studies to determine R&D, innovation, knowledge economy activity in the Island; and, salaries and professional services to support this area.
- *Public Health Initiative:* includes expenses incurred regarding the *Puerto Rico Public Health Trust*, an initiative established by the Trust and its Subsidiaries to act as Public Health Institute (PHI). Acting as a PHI, the Trust implements programs which aim is to improve public health capacity, systems and outcomes by fostering innovation, leveraging resources and building partnerships to improve the public's health. Expenses within this function include: integrated vector management initiatives, health-outcome-and-measures research and studies, and salaries and professional services to support this area.
- *Technology transfer and commercialization:* includes expenses incurred in initiatives to support technology transfer and commercialization and direct investments in technology development projects which have a clear commercialization aim. Examples of expenses within this function include intellectual property assistance, sponsorship, grants for technology developments; investment in technology commercialization accelerators and startup incubators, salaries and professional services to support this area. During the year ended June 30, 2016, the Trust and its Subsidiaries implemented Parallel 18 (P18), a startup creation initiative. The purpose of P18 is to provide startups, selected competitively from Puerto Rico and abroad, with funding, complete support system, and an acceleration program with high-level resources and access to a global network of mentors. The P18 program is financed by the support from the Economic Development and Commerce Department, the Puerto Rico Industrial Development Company, and the Trust.

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- *Science City development*: includes non-capitalizable expenditures necessary for the on-going development and construction of sites at the Science City. These expenditures include salary and professional services to support this area, planning and assessment projects, security services to enable construction work, etc.
- *General 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, accounting fees, depreciation and amortization, utilities, etc.
- *Fundraising*: includes expenses incurred in soliciting contributions, gifts, grants, etc. Example of these expenses include: publicizing and conducting fundraising campaigns, soliciting grants from foundations and government agencies, costs of participating in federated fundraising campaigns, preparing and distributing fundraising manuals, instructions and other materials. The Trust and its Subsidiaries did not engage in any fundraising activity during the years ended June 30, 2019 and 2018.

Advertising and promotion – The Trust and its Subsidiaries charge to operations advertising and promotion costs as they are incurred. During the years ended June 30, 2019 and 2018, the Trust and its Subsidiaries incurred in advertising and promotion expenses of approximately \$232,000 and \$91,000, respectively.

Change in accounting principles – On August 18, 2016, Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-14, Not-For-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-For-Profit Entities. The Trust and its Subsidiaries implemented the ASU in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a disclosure about liquidity and availability of resources.

Recent accounting pronouncements – In May 2014, the FASB issued 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. This ASU is effective for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profit to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. Where the Trust and its Subsidiaries is the resource recipient, the ASU is applicable to contributions received for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted.

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The Trust and its Subsidiaries is evaluating the impact of these guidances on its financial statements.

2) Concentration of credit risks:

Financial instruments, which potentially subject the Trust and its Subsidiary to concentration of credit risks, consist of cash deposits and accounts receivable.

The Trust and its Subsidiaries have cash deposits with various financial institutions. As of June 30, 2018, part of the Trust and its Subsidiaries' cash deposits aggregating approximately \$3,518,000 were maintained with the GDB, which were uninsured and uncollateralized. As of June 30, 2019, the Trust and its Subsidiaries have no cash deposits at GDB. These deposits were liquidated through a Restructuring Support Agreement (RSA) with the GDB and the Puerto Rico Fiscal Agency and Financial Advisory Authority, as explained in Note 3.

Cash deposits maintained in other financial institutions, at times, may exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2019 and 2018, the Trust and its Subsidiaries' cash deposits exceeded the FDIC guarantee of \$250,000 per financial institution by approximately \$27,975,000 and \$14,600,000, respectively.

For the years ended June 30, 2019 and 2018, grants and contributions from state and federal entities represent approximately 83% and 84%, respectively, out of total revenues. The balance due from these state and federal entities represent approximately 84% and 72%, respectively, of total accounts receivable.

3) Liquidity and availability:

As of June 30, 2019 and 2018, financial assets available for general expenses, that is, without donor restriction or other limiting their use, within one year of the financial position date, comprises the following:

Description	2019	2018
Cash	\$ 29,632,070	\$ 18,595,913
Account receivable	1,864,680	1,132,743
Due from governmental entities	4,978,063	2,903,759
Certificates of deposits	-	48,019,600
Investment in bond	34,561,416	-
Equity investments	1,167,292	1,167,292
Other investments	225,000	-
	72,428,521	71,819,307
Less amount not available to be used within one year:		
Net assets with donor restrictions	(3,819,140)	(4,062,138)
Financial assets available to meet general expenditures over the next twelve months	\$ 68,609,381	\$ 67,757,169

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4) Certificates of deposits:

As of June 30, 2018, the certificates of deposits held at GDB consisted of the following:

Description	Without donor restrictions	With donor restrictions	Total
CD, 1.64% rate yield, maturing in December 2017	-	3,199,726	3,199,726
CD, 1.5% rate yield, maturing in November 2017	14,409,832		14,409,832
CD, 6.75% rate yield, maturing in March 2020	30,409,942		30,409,942
	<u>\$ 44,819,874</u>	<u>\$ 3,199,726</u>	<u>\$ 48,019,600</u>

The Commonwealth is experiencing a severe economic and fiscal crisis resulting from continuing economic contractions, persistent and significant budget deficits, and high debt burden, unfunded legacy obligations and lack of access to the capital markets, among other factors.

In response to this crisis, in June 2016, the U.S. Federal Government enacted the Puerto Rico Oversight, Management and Economic Stability Act (PROMESA), which among other things establishes an oversight board composed of seven (7) members appointed by the U.S. Federal Government, with broad powers over finances of the Commonwealth and its instrumentalities. PROMESA seeks to provide the Commonwealth with (i) fiscal and economic discipline through the creation of the Oversight Board, (ii) relief from creditor lawsuits through the enactment of a temporary stay on litigation to enforce rights or remedies related to outstanding liabilities of the Commonwealth and its instrumentalities and municipalities and (iii) two separate processes for the restructuring of the debt obligations of such entities.

On June 16, 2017, the Trust, as approved by its Board of Trustees, entered into a Restructuring Support Agreement (RSA) with GDB and the Puerto Rico Fiscal Agency and Financial Advisory Authority. The RSA is enabled by Title VI of PROMESA. The Trust participated in the RSA as a non-public Supporting Deposit Claimant entity. The Trust held claims against GDB that constitutes Participating Bond Claims on account of certain deposits held at GDB.

On December 13, 2018 the RSA was approved by the District Court pursuant to Section 601(m)(1)(D) of PROMESA. As a holder of Participating Bond Claims, the Trust was entitled to exchange 55% of the value of assets held at GDB, settling the transaction through the exchange of \$10,307,460 in cash and a new \$44,644,599 bond with 7.5% annual coupon interest rate with maturity on August 20, 2040.

5) Investment in bond:

The Trust is a holder of a \$44,644,599 bond issued by the GDB during the year ended June 30, 2019, as a settlement regarding claims of assets held at GDB, as described in Note 3. The bond yields a 7.5% annual coupon interest rate and matures in August 2040.

As of June 30, 2019, the hierarchy level, cost and fair value of the investment in bond is as follows:

Description	Level	Cost basis	Fair value	Unrealized loss
Debt securities- Investment in bond	2	<u>\$ 44,451,982</u>	<u>\$ 34,561,416</u>	<u>\$ (9,890,566)</u>

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As of June 30, 2019, there is a portion of the investment in bond amounting to \$2,097,827 that is restricted for the Scientific Investigation Fund for the Centenary of the University of Puerto Rico, which remain in custody of the Trust.

6) Equity investments:

As of June 30, 2019 and 2018, the equity investments consist of the following:

Description	2019	2018
49,222 shares of common stock of CDI Laboratories, Inc. (CDI), a nonaffiliated company, which as of June 30, 2019 and 2018, represent approximately 10% of the CDI's common stock, respectively.	\$ 867,292	\$ 867,292
312,500 shares of Series Seed preferred stock of Timokids, Inc., a nonaffiliated company. These preferred shares provide its holders voting and liquidation preference rights and the option to convert to shares of common stock.	75,000	75,000
62,500 shares of Series Seed preferred stock of Brands of Holdings Inc., a nonaffiliated company. These preferred shares provide its holders voting and liquidation preference rights and the option to convert to shares of common stock.	75,000	75,000
150,000 shares of Class B Units of Abartys Health LLC (Abartys), a nonaffiliated company, which as of June 30, 2019 and 2018, represent approximately 1.5% of Abartys' Class B Units.	150,000	150,000
	<u>\$ 1,167,292</u>	<u>\$ 1,167,292</u>

7) Promissory note receivable:

As of June 30, 2018, the Trust and its Subsidiaries were holders of a non-bearing interest note receivable of \$150,000. The note was collected in full during the fiscal year ended June 30, 2019.

8) Convertible promissory notes receivable:

As of June 30, 2019 and 2018, the Trust is the holder of five (5) convertible notes of \$75,000 each. The notes accrue interest at an annual interest rate between 2% and 6%. These notes may be converted into shares of common stock upon the occurrence of certain events, including the companies' failure to pay in full the principal and accrued interest upon its maturity date or a change of control transaction.

9) Other investments:

As of June 30, 2019, the Trust is the holder of four (4) Simple Agreements for Future Equity (SAFE) investments, amounting to \$225,000. These SAFE provide rights to the Trust and its Subsidiaries for future equity in investees without determining a specific price per share at the time of the initial investment.

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10) Property and equipment:

As of June 30, 2019 and 2018, property and equipment consists of the following:

Description	June 30, 2019		
	Cost	Accumulated depreciation and amortization	Book value
Furniture and fixtures	\$ 109,906	\$ 101,035	\$ 8,871
Computer and laboratory equipment	248,225	122,562	125,663
Leasehold Improvements	612,271	296,568	315,703
	<u>\$ 970,402</u>	<u>\$ 520,165</u>	<u>\$ 450,237</u>

Description	June 30, 2018		
	Cost	Accumulated depreciation and amortization	Book value
Furniture and fixtures	\$ 100,727	\$ 100,727	\$ -
Computer and laboratory equipment	138,477	82,628	55,849
Leasehold Improvements	474,725	197,802	276,923
	<u>\$ 713,929</u>	<u>\$ 381,157</u>	<u>\$ 332,772</u>

11) Building:

As of June 30, 2019 and 2018, building consists of the following:

Description	2019	2018
Innovation Center Building- a three-story building that houses the Trust's headquarters and provides space for both, the incubation of local hi-tech startups and strategic service providers, creating a synergistic effect to accelerate the commercialization of technologies.	\$ 3,056,568	\$ 2,670,131
Puerto Rico Environmental Quality Board's Laboratory - Building that houses the laboratory facilities of the Puerto Rico Environmental Quality Board and the laboratory facilities of the Puerto Rico Vector Control Unit.	3,546,932	3,537,461
	<u>6,603,500</u>	6,207,592
Less: Accumulated depreciation	(599,033)	(415,560)
	<u>6,004,467</u>	5,792,032
Construction in progress	66,597	-
	<u>\$ 6,071,064</u>	<u>\$ 5,792,032</u>

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As of June 30, 2019, the construction in progress is related to the construction of the Forward Center Building, a 30,000 square feet, three-story building to be located at the Science City. This construction is partially funded by the US Department of Commerce – Economic Development Administration.

12) Land and property for research, development and infrastructure project related to science and technology:

On October 22, 2007, the Trust received 67.95 acres of prime real estate in the metropolitan area of San Juan, which includes the former Río Piedras Correctional Facilities (Oso Blanco State Penitentiary).

The land and property were valued at \$18,000,000, based on a market appraisal opinion report, dated October 20, 2008.

As established by Act 214, as amended, the Trust and its Subsidiary plan to develop the 67.95 acres of Oso Blanco State Penitentiary site into a research park, which combines residential, retail, educational, and civic facilities with laboratory and research and development facilities with the purpose of facilitating the development of infrastructure favorable to the research and development of science and technology. Costs related to the design, development and improvements of the campus are capitalized as incurred.

During the year ended June 30, 2018, the Trust and its Subsidiaries transferred the ownership of 8.3 acres of the land to the Puerto Rico Department of Transportation and Public Works (DTPW), as a donation. The purpose of the transfer is to enable DTPW to seek financing from the Federal Highway Administration (FHA) for the construction of the Science City Boulevard. The transfer was approved by the FHA and the Federal Transit Administration as part of the Statewide Transportation Improvement Program (STIP) for fiscal years 2017-2020. During the year ended on June 30, 2018, the Trust and its Subsidiaries recognized a donation of land of approximately \$1,900,000 in the accompanying consolidated statement of activities.

As of June 30, 2019 and 2018, the land was restricted by donor for research, development and infrastructure project related to science and technology.

13) Program service payable:

As of June 30, 2019 and 2018, program service payable consists of accrued obligations related to program support grants awarded during the period through both, unrestricted and restricted funds.

The balance of program service regarding program support grants as of June 30, 2019 and 2018, are as follows:

Description	2019	2018
Program support grants payable	\$ 717,037	\$ 820,989
Program support grants payable – with donor restrictions	-	44,000
	<u>\$ 717,037</u>	<u>\$ 864,989</u>

14) Operating lease agreements:

The Trust and its Subsidiaries entered into a lease agreement for the use of the facilities for P18, described in Note 1B. The agreement calls for escalating monthly rental payments ranging from \$11,983 to \$13,510 through December 2020. Total rent expense related to this agreement for the years ended June 30, 2019 and 2018, amounted to approximately \$168,000 and \$153,000, respectively.

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On September 17, 2018, the Trust and its Subsidiaries entered into a lease agreement for the use of a two-story office building and one annex in Ponce, Puerto Rico. The agreement calls for monthly rental payments of \$2,004 through September 2021. Total rent expense related to this agreement for the year ended June 30, 2019, amounted to approximately \$20,000.

Future minimum lease payments subsequent to June 30, 2019, are as follows:

Year ending June 30,	Amount
2020	\$ 186,173
2021	105,111
2022	4,008
Total future minimum lease payments	\$ 295,292

15) Rental income:

The Trust and its Subsidiary lease building spaces under operating lease agreements. The lease agreements are for periods of one year with a renewal option for an additional year on month to month basis.

In addition, as of June 30, 2019 and 2018, the Trust and its Subsidiaries leases as facility for five (5) years ending July 31, 2022. The monthly rental payment approximately \$221,000. For the years ended June 30, 2019 and 2018, revenues on rental agreements amounted to approximately \$323,000 and \$313,000, respectively.

Future minimum collections related to the lease agreements after June 30, 2019, are as follows

Year ending June 30,	Amount
2020	\$ 220,959
2021	220,959
2022	220,959
2023	18,413
	\$ 681,290

16) Retirement plan

The Trust and its Subsidiaries have established a defined contribution retirement plan (the Plan) that covers all full-time employees who have reached 21 years of age, without requiring eligibility requirements as to service requirements. Under the Plan, participants may contribute an amount not exceeding \$15,000 per year. The Trust and its Subsidiaries is not required to make matching contributions but reserves its right to start making matching contributions based on a maximum of 3% out of each dollar contributed by the employee, up to 10% of compensation. The Trust and its Subsidiaries may contribute a discretionary amount in addition to the matching contribution for all eligible participants. Amounts contributed by the Trust and its Subsidiaries are 100% vested after an employee completes one (1) year of service. Total contributions made by the Trust and its Subsidiaries during the year ended June 30, 2019, amounted to approximately \$25,400. During the year ended June 30, 2018, the Trust and its Subsidiaries did not make contributions to the Plan.

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17) In-kind contributions:

In-kind contributions for the years ended June 30, 2019 and 2018, amounted to approximately \$2,975 and \$11,740, respectively, which consisted mainly of services provided by tenants related to science, technology, and research.

18) Supplemental disclosures for the statements of cash flows:

A) Non-cash from investing and financing transactions – During the years ended June 30, 2019 and 2018, non-cash investing and financing transactions were follows.

Description	2019	2018
Donation of land	\$ -	\$ 1,899,693
Reclassification of equipment under capital leases to property and equipment		
Cost	\$ -	\$ 25,292
Accumulated depreciation	\$ -	\$ 25,292
Conversion of certificates of deposits to investment in bond	\$ 44,644,599	\$ -

B) Other cash flows information – During the years ended June 30, 2019 and 2018, the Trust and its Subsidiaries paid approximately \$120 and \$90, respectively, in interest.

19) Reclassifications:

Certain prior year amounts have been reclassified for consistency with the current year presentation. The reclassifications had no effect on the reported change in net assets.

20) Subsequent events:

During July 2019, the Association of State and Territorial Health Officials (ASTHO), a non-profit organization and prime recipient of funds from the Center for Control and Disease Prevention, awarded a \$150,000 sub-award to implement a project titled *Capacity Building for Jurisdictional Hurricane Recovery – US Virgin Islands Staffing Capacity Enhancement*.

During August 2019, the U.S. Secretary of Commerce announced that the Economic Development Administration (EDA) awarded \$300,000 for a project titled *Investor Bridge Project*. The project will provide an investor education series, expand the investor network, and launch a formal investment fund with a target size of \$10 million to acquire capital to invest in startups and other companies from the Puerto Rico tech ecosystem.

During August 2019, the Medtronic Communities Foundation awarded a grant in the amount of \$4,650,000 to support activities of the Trust and its Subsidiaries' Public Health Institute.

Subsequent events were evaluated through December 12, 2019, the date the basic financial statements were available to be issued.