

**BLUETIDE PUERTO RICO, INC.**  
**AUDITED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**BLUETIDE PUERTO RICO, INC.**  
**YEAR ENDED DECEMBER 31, 2020**  
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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Bluetide Puerto Rico, Inc.  
San Juan, Puerto Rico

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Bluetide Puerto Rico, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bluetide Puerto Rico, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated August 18, 2021, on our consideration of Bluetide Puerto Rico, Inc., Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Bluetide Puerto Rico, Inc., Inc.'s internal control over financial reporting and compliance.



A handwritten signature in blue ink, appearing to read "FSC &amp; Co.", is written over the seal.

August 18, 2021  
San Juan, Puerto Rico

License No. 117  
Expires December 1, 2021

The stamp number E-434604 was  
affixed to the original of this report.

**BLUETIDE PUERTO RICO, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**

**ASSETS**

**Current Assets**

Cash unrestricted	\$ 3,983
Cash restricted federal grant	58,404
Account receivable – EDA grant	<u>132,213</u>
<b>Total Current Assets</b>	<b>194,600</b>

**PROPERTY AND EQUIPMENT, NET**

323,988

**DEPOSITS**

50,000  
\$568,588

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts Payable	\$199,912
Advance from Grantor	110,045
Current portion of long-term debt	3,229
Accrued Expenses	<u>400</u>
<b>Total Current Liabilities</b>	<b>313,586</b>

**Long-term debt - PPP loan**

13,245

**Total Liabilities**

326,831

**Net Assets**

Without Donor Restrictions	3,162
With Donor Restrictions	<u>238,595</u>
<b>Total Net Assets</b>	<u>241,757</u>
	<u>\$568,588</u>

See notes to financial statements.

**BLUETIDE PUERTO RICO INC.**  
**STATEMENT OF ACTIVITIES AND NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2020**

	<b>Without Donor</b>	<b>With Donor</b>	
	<b><u>Restrictions</u></b>	<b><u>Restrictions</u></b>	<b><u>Total</u></b>
<b>REVENUES</b>			
Grant revenues	\$ -	\$442,966	\$442,966
In-Kind contribution	-	83,334	83,334
Other revenues	252	-	252
Net assets release from restrictions	<u>345,491</u>	<u>(345,491)</u>	<u>-</u>
<b>Total Revenues</b>	<u>345,743</u>	<u>180,809</u>	<u>526,552</u>
<b>EXPENSES</b>			
Program services	345,491	-	345,491
Management and general	<u>2,080</u>	<u>-</u>	<u>2,080</u>
<b>Total Expenses</b>	<u>347,571</u>	<u>-</u>	<u>347,571</u>
<b>CHANGES IN NET ASSETS</b>	<b>( 1,828)</b>	180,809	<b>178,981</b>
Net assets, at beginning	<u>4,990</u>	<u>57,786</u>	<u>62,776</u>
Net assets, at ending	<u><b>\$ 3,162</b></u>	<u><b>\$238,595</b></u>	<u><b>\$241,757</b></u>

notes to financial statements.

**BLUETIDE PUERTO RICO, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**

<u>Description</u>	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Totals</u>
Salaries	\$124,677	\$ -	\$124,677
Payroll Taxes and Benefits	34,621	-	34,621
Professional Fees	72,001	1,240	73,241
In-kind-Rent	83,334	-	83,334
Utilities	23,512	-	23,512
Promotions	3,200	-	3,200
Supplies	877	-	877
Others	<u>-</u>	<u>840</u>	<u>840</u>
Total Expenses before depreciation	342,222	2,080	344,302
Depreciation	<u>3,269</u>	<u>-</u>	<u>3,269</u>
Total Expenses	<u>\$345,491</u>	<u>\$2,080</u>	<u>\$347,571</u>

See notes to financial statements.

**BLUETIDE PUERTO RICO, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Changes in Net Assets	<u>\$178,981</u>
Adjustment to reconcile changes in net assets to net cash used by operating activities:	
(Increase) decreases in assets	
Depreciation	3,269
Account receivables	86,968
Deposits	( 50,000)
Increases (decreases) in liabilities:	
Accounts payable	( 80,112)
Advanced from grantor	(159,883)
Accrued expenses	<u>( 4,459)</u>
<b>Total adjustments</b>	<u>(204,217)</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>( 25,236)</u>
<b>CASH FLOWS USED BY INVESTING ACTIVITIES</b>	
Increase in fixed assets	<u>( 7,455)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>( 7,455)</u>
<b>NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>	<u>-</u>
<b>NET DECREASE IN CASH</b>	( 32,691)
<b>NET CASH, AT BEGINNING</b>	<u>95,078</u>
<b>NET CASH, AT ENDING</b>	<u>\$ 62,387</u>

**Supplemental Disclosure of Cash Flow Information**

Interest paid	<u>\$ -</u>
Income tax paid	<u>\$ -</u>

See notes to financial statements.



**BLUETIDE PUERTO RICO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies is presented to assist in understanding that financial statements and notes are representations of management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles.

**A. Nature of Business**

Bluetide Puerto Rico, Inc. (BTPRI) was incorporated under the laws of the Government of Puerto Rico in 2018 to operate as non-profit organization dedicated to influence, innovate, support, and increase the economic impacts and eco-responsible developments for a sustainable “Blue Economy” in Puerto Rico and the US Caribbean. BTPRI objective is to plan, design, and implement “Blue Economic” initiatives to expand Puerto Rico’s Ocean dependent activities in an integrated and cross collaborative manner to attain progressive marine and maritime economic research and development into the future, by accelerating ocean reliant commercial activities. BTPRI priority is to support the workforce development of specialized jobs by providing capacity building, training, and certifications. The food and recreational sustainability program seek to provide accessible training and assistance to coastal communities and fishermen, creating sources of resilient economic diversification. In addition, BTPRI will focus on establishing a disaster preparedness platform for the development of blue energy as well as the restoration of corals. Bluetide Puerto Rico is looking to position the U.S. Caribbean as the international epicenter of ecoresponsible innovation in blue economic development & coastal economic resilience for island territories, island states, island nations, and coastal states by 2030 and thereafter.

**B. Basis of Presentation**

The financial statements of BTPRI have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require BTPRI to report information regarding its financial position and activities according to the following net asset classifications:

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

**BLUETIDE PUERTO RICO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation (continued)**

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.

**C. Revenue and Cost Recognition**

The financial statements of BTPRI have been prepared on the accrual basis of accounting, and accordingly, reflects significant receivables, payables, and other liabilities. BTPRI's revenues consist mainly of EDA grant and other private donations. Main expenses incurred such as salaries and fringe benefits, professional fees and others dedicated to influence, innovate, support, and increase the economic impacts and eco-responsible developments for a sustainable "Blue Economy" in Puerto Rico and the US Caribbean, are considered expenditures when they are incurred.

**D. Contributions**

BTPRI adopted the provisions of the Not-for-profit Entities Topic "*Accounting for Contributions Received and Contributions Made*". This topic requires not for profit organizations to distinguish between contributions received that increase without donor restriction or with donor restriction support, depending on the existence and/or nature of any donor restrictions. The contributions received, including any unconditional promise to give, are recognized as revenues in the period received at their fair values. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when they become unconditional, such as, when conditions are substantially met. Unconditional promise to give due in the next year is recorded at the net realizable value, using free interest rates applicable to the year in which the promise is to be received.

**E. Grants Receivable**

On December 31, 2020, grant receivable consisted of federal grant awards available to BTPRI that was requested to the federal awarding agency. The management of BTPRI expects to collect the account receivable balance in the next fiscal year. Therefore, no allowance for doubtful accounts is considered necessary.

**BLUETIDE PUERTO RICO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Property, Plant and Equipment**

Property and equipment include those assets used in the operation of BTPRI. They are recorded at cost at date of acquisition or if donated, at the estimated fair market value at the date of donation. Repairs and maintenance, including the replacement of minor items are expensed as incurred and mayor additions to property and equipment are capitalized.

**G. Impairment of Long-Lived Assets**

BTPRI follows the provisions of *FASB ASC "Impairment and Disposal of Long-Lived Assets - Overall - Subsequent Measurement"* which addresses financial accounting and reporting for such transactions. This topic requires long-lived assets to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment change is recognized by the amount by which the carrying amount of the asset exceeds its fair value. Management has reviewed its long-lived assets according to provisions of this topic and believes that no impairment adjustment is deemed necessary over such assets for the year ended December 31, 2020.

**H. Measure of Operations**

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to BTPRI 's operations dedicated to influence, innovate, support and increase the economic impacts and eco-responsible developments for a sustainable "Blue Economy" in Puerto Rico and the US Caribbean. The program expenses include salaries, payroll taxes and benefits, professional fees, and others. Management and general expenses mainly include professional fees and othe minor expenses. Most of the expenses are allocated functionally on a direct basis. The depreciation expenses is identified as non-operating activities.

**I. Use of Estimates**

The financial statements presented in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**J. Statement of Cash Flows**

Cash includes cash on banks. For the year ended December 31, 2020, BTPRI prepared its cash flows statements using the indirect method.

**BLUETIDE PUERTO RICO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Functional Expense Allocation**

The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities. Such allocations are determined by management on an equitable basis and presented in the statement of functional expenses. The expenses that are allocated include the following:

<b><u>Description</u></b>	<b><u>Allocation Methodology</u></b>
Salaries and fringe benefits	Time and effort
Professional services	Time and effort
Rent	Square footage

The other expenses included in the statement of functional expenses are directly identifiable to specific support activity.

**L. Concentration Risk**

a. Financial instruments

Financial instruments, which potentially expose BTPRI to concentrations of credit risk consist principally of cash and accounts receivable. Regarding to the account receivables, this consist of one balance that was collected in next fiscal year. BTPRI has not provided an allowance for doubtful accounts for expected losses, based on historical trends and other information.

b. Bank accounts

BTPRI maintains its cash accounts in Puerto Rico commercial banks. Accounts at each bank is guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. BTPRI has not experienced any losses in such accounts. For the year ended December 31, 2020, total amounts on deposits in this bank institution exceeded the federally insured limits by \$0.

c. Major sources of revenues

For the year ended December 31, 2020, approximates 99.95% of revenues was provided by EDA grant.

**M. Income Taxes**

BTPRI is exempt from the payment of income taxes under the provisions of the federal income tax Section 501© (3) of the US Internal Revenue Code. In Puerto Rico, the BTPRI is a regular corporation for income taxes purposes.

**BLUETIDE PUERTO RICO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Financial Value of Instruments**

The carrying amount of cash approximates fair value because of the short maturity of those financial instruments. The carrying amount of long-term debts approximates fair value because those financial instruments bear interest at rates that approximate current market rates for loans with similar maturities and credit quality. The estimated fair value of receivables and payables arising from the ordinary course of operations approximates their individual carrying amount due to the relatively short period of time between their origination and expected realization. BTPRI did not have financial instruments as of December 31, 2020.

The fair value of financial instruments is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair values can vary from period to period based on changes in a wide range of assumptions and factors, including interest and market perceptions of values and as existing assets and liabilities run off and new items are generated.

**O. Description of the Program**

BPRTI together with the UPR Central Administration requests funding from EDA in the amount of \$9,046,028 for the implementation of a non-construction program: PR BLUE Initiative Phase I (BLUEi-I). This non-construction proposal to the Economic Development Administration (EDA) started the implementation of three courses of action under the Transformation and Innovation in the Wake of Devastation: An Economic and Disaster Recovery Plan which was developed after the impact of hurricanes Irma and María over Puerto Rico. Specifically, the following courses of action are addressed: NCR 25 (Blue Shore Workforce Development), NCR 15 (Coral Reef and Seagrass Protection and Restoration) and ECN 10 (Bluetide Initiative).

**P. Description of With Donor Restrictions Net Assets**

For the year ended December 31, 2020, the following grant was recorded as with donor restrictions:

- EDA grants (For further description of with donor restriction net assets see Note 1-O).

After the contracted services are fully provided at the entire satisfaction of the donor, the net assets with donor restrictions are reclassified into net assets without donor restrictions and reported in the statement of activities as net assets release from restrictions.

**BLUETIDE PUERTO RICO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Q. Donated Equipment and Service**

a. Equipments:

Donations of property and equipment are recorded at their estimate fair value at the date of donation. Such donation is reported as without donor restrictions net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as with donor restrictions net assets. In absence of donor stipulations regarding how long those donated assets should be maintained, the BTPRI reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. BTPRI reclassifies from with donor restrictions net assets to without donor restrictions net assets at that time.

b. Services:

No amounts have been reflected in the financial statements for donated services.

**R. Change of accounting period**

BTPRI management decided to change its accounting period to December 31 of each year in order to match with the year end presented in the US IRS exemption granted under Section 501© (3). This change was approved by the Puerto Rico Internal Revenue Services on June 17, 2021, for effective date on January 1, 2021.

**NOTE 2 – CASH**

The following table provides a reconciliation of cash and restricted cash reported within the statement of financial position including the sum of the corresponding amounts as presented in the statement of cash flows:

<b><u>Description</u></b>	
Cash, restricted	\$58,404
Cash, unrestricted	<u>3,983</u>
	<u>\$62,387</u>

The Federal accounts cash balances of \$58,404, is related to EDA grant. This amount was maintained in a non - interest bearing account and is not available for current use.

**BLUETIDE PUERTO RICO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 3- ACCOUNTS RECEIVABLE**

The accounts receivable is presented at their estimated net realizable as follows:

<u>Description</u>	
EDA grant	<u>\$132,213</u>

The management of BTPRI expects to collect the account receivable balance in the next fiscal year. Therefore, no allowance for doubtful accounts is considered necessary.

**NOTE 4 - PROPERTY AND EQUIPMENT**

The property and equipment are composed as follows:

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>December</u> <u>31, 2020</u>
Diving equipment	\$ 92,070	\$ -	\$ -	\$ 92,070
Office equipment	<u>-</u>	<u>7,455</u>	-	<u>7,455</u>
	92,070	7,455	-	99,525
Less: Accumulated Depreciation	<u>-</u>	<u>(3,269)</u>	<u>-</u>	<u>( 3,269)</u>
Total Depreciable Assets	92,070	4,186	-	96,256
Construction in progress	<u>227,732</u>	<u>-</u>	<u>-</u>	<u>227,732</u>
	<u>\$319,802</u>	<u>\$4,186</u>	<u>\$ -</u>	<u>\$323,988</u>

**NOTE 5 - DEPOSITS**

Deposits represent advances made to a supplier to create an individual accreditation program that will recognize achievements in situational monitoring, potential problem identification, incident mitigation, analysis, awareness, organizational structure, strategy, plan creation, plan testing and plan maintenance.

**NOTE 6 – ADVANCE FROM GRANTOR**

The advance from grantor represents advanced received from grantor for the following purposes:

<u>Description</u>	
Indirect cost	<u>\$110,045</u>

**BLUETIDE PUERTO RICO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 7 – LONG-TERM DEBT**

On May 18, 2020, BTPRI received a loan in the amount of \$16,474 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid Relief and Economic Security Act (CARES Act), provides loans for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after a period of twenty-four (24) weeks “The Covered Period”. BTPRI must spend the PPP loan proceeds for the full loan forgiveness, during that period, starting on the date the funds were disbursed for eligible purposes, including payroll, benefits, rent and utilities. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the period allowed. This loan was forgiveness in January 9, 2021.

<u>Description</u>	
Paycheck protection program	\$16,474
Less current portion	<u>(3,229)</u>
	<u>\$13,245</u>

The maturities of long-term debts for the next years are as follows:

For the Fiscal Year Ended December 31,	
2021	\$ 3,229
2022	3,262
2023	3,294
2024	3,328
2025	<u>3,361</u>
	<u>\$16,474</u>

**NOTE 8– OFFICE SPACE**

BTPRI and Molecular Sciences Research Center Inc. (MSRC) entered into a Contract dated on July 01, 2020, thru June 30, 2021, in order to receive from the MSRC an in-kind cost-sharing by assigning one office and one laboratory bay for up to six people to develop the research component of the BTPRI initiative for the amount \$166,667. BTPRI will pay the amount of \$47,025 for utilities (electricity, potable water and laboratory grade water), air conditioning, security and access control; common spaces (kitchenette, restrooms, conference rooms, lobby); delivery and receiving services; parking; information and communications technology and support.

The utilities expense is \$23,512 and In-Kind rent contribution of \$83,334 was recorded for the six-month period ended December 31, 2020.



**BLUETIDE PUERTO RICO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 9 – AVAILABILITY AND LIQUIDITY**

The following represents BTPRI’s financial assets available to meet cash needs for general expenditures within one year:

**Financial Assets**

Cash	\$ 62,387
Accounts receivable – EDA grant	<u>132,213</u>
Total financial assets	194,600
Less those assets unavailable for general expenditures within one year due to:	
Cash restricted	( 58,404)
Accounts receivable - EDA grant	<u>(132,213)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,983</u>

**NOTE 10 - SUBSEQUENT EVENTS**

The Company adopted the provisions of *FASB ASC Topic “Subsequent Events”*. This topic establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or available to be issued. Introduces the concept of financial statements available to be issued, which are financial statements that are complete in form and format that complies with generally accepted accounting principles (GAAP) and have obtained all approvals required for issuance. Requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for the date, whether it is the date the financial statements were issued or were available to be issued. This topic should be applied to the accounting and disclosure of subsequent events not addressed on others applicable GAAP. Subsequent events were evaluated until August 18, 2021.

- The Puerto Rico income tax exemption under section 1101.01 was requested to the Puerto Rico Treasury Department and is still in process at the financial statement issue date.
- In a letter received on January 9, 2021, BTPRI was granted full forgiveness for the accumulated amount of \$16,474 of principal, plus interest of the Small Business Administration Loan under the Paycheck Protection Program (PPP) of the Coronavirus Aid, Relief, and Economic Security Act, BTPRI amended by the Paycheck Protection Program Flexibility Act of 2020 (CARES Act).

**BLUETIDE PUERTO RICO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 11– COMMITMENT**

The EDA grant which is administered by BTPRI and for which it receives reimbursements, is subject to audit and final acceptance by federal granting agencies. Current year expenditures of those grants are subject to adjustment upon audit. The amount of expenditure that may be disallowed by the grantor, if any, cannot be determined at this time. BTPRI expects that those amounts, if any, will not have a significant impact on the BTPRI's financial position. Currently, there are no audits being conducted by granting agencies related to federal and state grants.

**NOTE 12 – COVID 19**

Beginning in the first quarter of 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread rapidly. In addition, as of March 15, 2020, Puerto Rico Governor ordered the closure of the facilities of every “non-life sustaining” [“non-essential”] business for what may be an extended for period of the time. Accordingly, we had to close our facilities and all employees must work remotely as they can. Future potential impacts may include continued disruptions or restrictions on our employees’ ability to work and impairment of our ability to obtain contributions and volunteers. The future effects of these issues are unknown. No adjustments have been made to these financial statements, as a result, of this uncertainty.

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

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Bluetide Puerto Rico Inc.  
San Juan, Puerto Rico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Bluetide Puerto Rico Inc. as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Bluetide Puerto Rico Inc.'s basic financial statements and have issued our report thereon dated August 18, 2021.

**Internal Control Over Financial Reporting**

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

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

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

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

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

**Compliance Matters**

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

**Purpose of this Report**

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



A handwritten signature in blue ink, appearing to read "B. C.", is positioned to the right of the seal.

August 18, 2021  
San Juan, Puerto Rico

License 117  
Expire December 1, 2021

The stamp number E-634605 was affixed to the original of this report.