Kevane
Grant Thornton

Financial Statements and Report of Independent Certified Public Accountants

Puerto Rico Community Foundation, Inc.

(A Not-for-Profit Organization)

December 31, 2019 and 2018

Puerto Rico Community Foundation, Inc.
(A Not-for-Profit Organization)

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Report of Independent Certified Public Accountants

To the Board of Directors of
Puerto Rico Community Foundation, Inc.:

We have audited the accompanying financial statements of **Puerto Rico Community Foundation, Inc.** ("the Foundation") which comprise of the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in 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 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 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 Foundation'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 Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Puerto Rico Community Foundation, Inc.** as of December 31, 2019 and 2018, the results of its activities, its functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principles

As discussed in Note (1) to the financial statements, as of December 31, 2019, the Foundation adopted new accounting standards update ("ASU") No. 2016-18, "Statements of Cash Flows (Topic 230): Restricted Cash", that requires amounts generally described as restricted cash to be included in cash when reconciling the beginning-of- year and end-of-year total amounts shown in the statement of cash flows. Our opinion is not modified with respect to this matter.

In addition, the Foundation selected to adopt new accounting standards update ("ASU") No. 2018-08, "Not-for- Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made", that clarifies and improves current accounting guidance to determine when a transaction should be accounted for as a contribution or as an exchange transaction and provides additional guidance about how to determine whether a contribution is conditional. Our opinion is not modified with respect to this matter.

Kevane Grant Thornton LLP

San Juan, Puerto Rico,
August 26, 2020.

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Puerto Rico Community Foundation, Inc.
(A Not-for-Profit Organization)

Statements of Financial Position
December 31, 2019 and 2018

Assets

	2019	2018
Cash and cash equivalents	$ 860,627	$ 1,653,269
Restricted cash	7,776,301	8,433,792
Pledges receivable	635,550	486,196
Prepaid expenses and others	54,177	43,524
Loans receivable	1,503,490	1,427,649
Investments, at fair value	27,936,273	24,136,478
Property and equipment, net	1,644,644	1,638,193
Total assets	$ 40,411,062	$ 37,819,101

Liabilities and Net Assets

	2019	2018
Liabilities:		
Accounts payable and accrued expenses	$ 1,487,722	$ 1,226,804
Grants payable	1,188,281	2,379,374
Notes payable	1,650,000	1,150,000
Obligations under capital leases	39,947	58,883
Total liabilities	4,365,950	4,815,061
Net assets:		
With donor restrictions	28,842,515	28,767,644
Without donor restrictions	7,202,597	4,236,396
Total net assets	36,045,112	33,004,040
Total liabilities and net assets	$ 40,411,062	$ 37,819,101

Puerto Rico Community Foundation, Inc.
(A Not-for-Profit Organization)

Statements of Activities and Changes in Net Assets
Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:						
Contributions and services revenues	$ 143,576	$ 4,301,070	$ 4,444,646	$ 30,974	$ 8,423,223	$ 8,454,197
Interest and dividend income, net of custodian and investment advisory fees of $234,603 and $210,475 in 2019 and 2018, respectively	662,492	-	662,492	569,240	-	569,240
In-kind contributions	900,490	-	900,490	54,501	-	54,501
Property contributions	22,505	-	22,505	-	-	-
Other support	115,638	-	115,638	54,330	-	54,330
Total revenues, gains and other support	1,844,701	4,301,070	6,145,771	709,045	8,423,223	9,132,268
Net assets released from restrictions --						
Satisfaction of program restrictions	4,226,199	(4,226,199)	-	8,736,841	(8,736,841)	-
Expenses:						
Field of interest grants	1,402,254	-	1,402,254	1,112,315	-	1,112,315
Puerto Rico Recovery Fund Grants	1,583,788	-	1,583,788	6,616,558	-	6,616,558
Program related expenses	2,606,874	-	2,606,874	1,341,943	-	1,341,943
Asset development and fund raising	455,932	-	455,932	402,514	-	402,514
General and administrative	614,130	-	614,130	667,048	-	667,048
Philanthropy development programs	288,972	-	288,972	263,483	-	263,483
Total expenses	6,951,950	-	6,951,950	10,403,861	-	10,403,861
Realized and unrealized gains (losses) on investments, net	3,847,251	-	3,847,251	(1,645,276)	-	(1,645,276)
Change in net assets	2,966,201	74,871	3,041,072	(2,603,251)	(313,618)	(2,916,869)
Net assets, beginning of year	4,236,396	28,767,644	33,004,040	6,839,647	29,081,262	35,920,909
Net assets, end of year	$ 7,202,597	$ 28,842,515	$ 36,045,112	$ 4,236,396	$ 28,767,644	$ 33,004,040

Puerto Rico Community Foundation, Inc.
(A Not-for-Profit Organization)

Statements of Functional Expenses
Years Ended December 31, 2019 and 2018

	2019					2018				
	Program Services		Support Services			Program Services		Support Services		
Functional Expense Description	Program Related	Philanthropy Development	General and Administrative	Asset Development and Fund Raising	Total	Program Related	Philanthropy Development	General and Administrative	Asset Development and Fund Raising	Total
Salaries	$ 866,121	$ 155,167	$ 286,469	$ 266,158	$ 1,573,915	$ 626,393	$ 94,149	$ 222,691	$ 224,114	$ 1,167,347
Payroll taxes and fringe benefits	136,100	35,175	101,416	74,926	347,618	112,077	39,302	110,487	84,699	346,565
Total salaries and related expenses	1,002,221	190,342	387,886	341,085	1,921,533	738,470	133,451	333,178	308,813	1,513,912
Program activities and technical assistance	220,469	59,258	11,596	5,692	297,015	237,394	27,566	8,356	2,750	276,066
Professional fees and contractual services	245,796	1,543	90,968	39,147	377,454	191,364	698	119,650	36,851	348,563
Utilities	9,807	6,591	7,929	15,570	39,897	3,568	4,721	23,526	7,941	39,756
Repairs and maintenance	735	613	47,729	-	49,078	-	-	58,958	17	58,975
Advertising	1,017,961	-	-	24,383	1,042,344	99,161	-	-	5,924	105,085
Travel	32,355	4,273	838	6,985	44,451	14,097	34,298	1,320	8,901	58,616
Office supplies and equipment	6,913	1,590	7,446	5,771	21,721	5,844	2,530	10,008	8,168	26,550
Insurance	-	1,893	23,491	-	25,384	-	1,559	17,905	-	19,464
Security	215	-	6,654	-	6,869	-	-	30,816	-	30,816
Others	48,118	2,564	17,191	4,895	72,767	24,268	34,075	46,648	6,466	111,457
Total	2,584,590	268,667	601,727	443,530	3,898,513	1,314,166	238,898	650,365	385,831	2,589,260
Depreciation and amortization	22,285	20,305	12,403	12,403	67,395	27,777	24,585	16,683	16,683	85,728
Total expenses	$ 2,606,874	$ 288,972	$ 614,130	$ 455,932	$ 3,965,909	$ 1,341,943	$ 263,483	$ 667,048	$ 402,514	$ 2,674,988

The accompanying notes are an integral part of these statements.

Puerto Rico Community Foundation, Inc.
(A Not-for-Profit Organization)

Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ 3,041,072	$ (2,916,869)
Adjustments to reconcile change in net assets to net cash used in operating activities -		
Depreciation and amortization	67,395	85,728
Realized and unrealized (gains) losses on investments, net	(3,847,251)	1,645,276
Contributions restricted for long-term investments	(671,103)	(531,000)
Changes in assets and liabilities from operating activities-		
(Increase) decrease in operating assets:		
Pledges receivable	(149,354)	24,864
Loans receivable	(75,841)	(1,029,531)
Prepaid expenses and others	(10,653)	(6,536)
Increase (decrease) in operating liabilities:		
Grants payable	(1,191,093)	1,742,100
Accounts payable and accrued expenses	260,918	(29,853)
Total adjustments	(5,616,982)	1,901,048
Net cash used in operating activities	(2,575,910)	(1,015,821)
Cash flows from investing activities:		
Payments for acquisition of property and equipment	(73,846)	(4,513)
Proceeds from sale of investments	8,395,317	9,652,177
Payments for acquisition of investments	(7,676,758)	(10,261,251)
Net cash provided by (used in) investing activities	644,713	(613,587)

Puerto Rico Community Foundation, Inc.
(A Not-for-Profit Organization)

Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from financing activities:		
Proceeds from notes payable	$ 650,000	$ 1,150,000
Payments to notes payable	(150,000)	(600,000)
Principal payments of capital lease obligations	(18,936)	(17,735)
Net cash provided by financing activities	481,064	532,265
Net decrease in cash, cash equivalents and restricted cash	(1,450,133)	(1,097,143)
Cash, cash equivalents and restricted cash, beginning of year	10,087,061	11,184,204
Cash, cash equivalents and restricted cash, end of year	$ 8,636,928	$ 10,087,061
Interest paid	$ 44,589	$ 18,930

The following table provides a reconciliation of cash, cash equivalents and restricted cash in the statements of financial position to the total amounts shown in the statements of cash flows:

	2019	2018
Cash and cash equivalents	$ 860,627	$ 1,653,269
Restricted cash	7,776,301	8,433,792
Total cash and restricted cash	$ 8,636,928	$ 10,087,061

(1) Operations and summary of significant accounting policies:

(a) Incorporation/operations -

Puerto Rico Community Foundation, Inc. ("the Foundation") is a publicly supported not-for-profit organization, incorporated under the laws of the Commonwealth of Puerto Rico on December 18, 1984, governed by a Board of Directors representative of the private and public sectors of the community, for the purpose of administering funds granted by different donors. Each fund has been established with an instrument of gift describing either the general or specific purpose for which grants from the fund are to be made by the Foundation.

Following is a description of the programs and philanthropy initiatives that are supported by the Foundation:

(i) Education Programs -
The development of school communities is an essential part of the Foundation's mission. The Foundation believes that education is the cornerstone for personal and social development. The Foundation perceives education as a social action of interdependence and collective responsibility. The accomplishment of significant achievements and the increase of student academic performance will be the result of the continuous collaboration between the public, private and non-profit sectors. This is the climate of collaboration among different sectors promoted by the Foundation to facilitate long term and ongoing support of school improvement at the elementary, middle and high school level.

(ii) Economic Community Development Programs -
Empower economic activity stemming from the community base through the support of community-based organizations that stimulate incubation and acceleration of micro-enterprises through grants, capacity building and technical assistance. Provide access to financial capital in the form of loans, through the Community Investment Fund (CIF), to not-profit organizations for the purposes of: (i) community loan programs for microenterprises of small businesses; (ii) affordable housing rehabilitation, pre-development and development cost; (iii) projects with an identified repayment source (contracts, grants, etc.), known as "bridge loans"; (iv) feasible activities with projected financial and social return.

(iii) Community Investment Fund (CIF) -
Social impact investment fund that provides social and economic returns to the investors. The fund provides financing support to not-for-profit organizations. The eligible uses are: community financing programs, acquisition and housing rehabilitation, operational capital and social entrepreneurship initiatives.

(iv) Housing Community Development Programs -
Support the development of moderate and low-income housing through the enhancement of the leadership and administrative capabilities of not-for-profit community-based organizations by providing grants, capacity building and technical assistance.

(v) Philanthropy Scholarship and Grants Programs -
Stimulate philanthropic giving from individuals, families, corporations, foundations and other non-profit to facilitate grants and scholarship funds to the community.

(vi) Scholarships and Grants Programs -
Provide financial support to students in the fields of engineering, chemistry, industrial engineering, general studies, and community leadership.

(vii) Puerto Rico Community Recovery Fund -
The Foundation reactivated its Puerto Rico Community Recovery Fund, once used to address Hurricane Hugo and the emergency of 9/11 in New York. The Fund became a reliable source for donors to facilitate their giving to Puerto Rico and to provide immediate relief and recovery grants to non-profit organizations. After the immediate relief the fund continued the economic support (grants) and technical assistance to promote resilient, equitable and sustainable access and development in four strategic milestones: renewable energy, drinking water by community aqueducts, affordable housing, education and economic activity at a community-based level.

(b) Significant accounting policies -

(i) Basis of presentation -
The Foundation's fiscal year ends on December 31st of each year. All references to years in these notes to the financial statements represent the calendar years then ended, unless otherwise noted. The Foundation has evaluated subsequent events through August 26, 2020, the date the financial statements were available to be issued.

(ii) Change in accounting principle -
During the year ended December 31, 2018, the Foundation adopted the requirements of the *Financial Accounting Standards Board's Accounting Standards Update No. 2016-14-Not-for-Profit Entities (Topic 958)*: *Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14)*. This update addressed the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 was the net asset classes used in these financial statements.

In November 2016, the Financial Accounting Standard Board ("FASB") issued *Accounting Standard Update 2016-18, "Statements of Cash Flows (Topic 230): Restricted Cash ("ASU 2016-18*")". ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalent and amounts generally described as restricted cash or restricted cash equivalents. As such, restricted cash and restricted cash equivalent should be included in cash and cash equivalents when reconciling the beginning-of-year and end-of-year total amounts shown on the statements of cash flows. The Foundation elected to adopt ASU 2016-18, on January 1, 2018 in a retrospective basis. The application of this standard had no impact to revenues, gains and other support, expenses, or total net assets.

In June 2018, the Financial Accounting Standard Board ("FASB") issued *Accounting Standard Update 2018-08, "Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made ("ASU 2018-08*")". This ASU intends to clarify and improve current accounting guidance to determine when a transaction should be accounted for as a contribution or as an exchange transaction and provides additional guidance about how to determine whether a contribution is conditional. The Foundation adopted ASU 2018-08 in its financial statements in 2019. The adoption of this ASU had no impact to contributions, or the process of recording contributions received, expenses, or total net assets.

(iii) <u>Financial statements presentation</u> -
The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Foundation has classified its financial statements to present the applicable classes of net assets.

(iv) <u>Contributions and grants</u> -
Contributions, including unconditional promises to give, are recognized in the period received. Contributions are recorded as with donor restrictions only if they are received with donor stipulations that limit the use of the donated assets. When donor restrictions expire, that is, when time restrictions end or purpose restrictions are accomplished, restricted net assets are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Total contributions receivable as of December 31, 2019 and 2018 amounted to $314,443 and $165,089, respectively.

Wills represent contributions which are recognized as pledges receivable and contribution revenues at the fair value of its interest in the estate at the date the probate court declares the will as valid. Total will's receivable as of December 31, 2019 and 2018 amounted to $321,107.

Restricted revenues increase net assets with donor restrictions. Contributions received without donor-imposed restrictions are recorded as increases in net assets without donor restrictions support.

All grant funds awarded in excess of related expenses incurred are designated for use in future periods.

(v) <u>Allowance for doubtful accounts</u> -
The Foundation estimates losses for uncollectible accounts based on the aging of the accounts receivable and the evaluation of the likelihood of success in collecting the receivable. An allowance for doubtful accounts is established based on this estimate. As of December 31, 2019, and 2018, the allowance for doubtful accounts had a balance of $0.

(vi) <u>In-kind contributions</u> -
The Foundation recognizes as revenue and expense certain contributions of supplies and specialized services, which are recorded in the accompanying statements of activities and changes in net assets at the fair value of such items. During the years ended December 31, 2019 and 2018, the Foundation received advertising services as in-kind contributions amounting to $ 900,490 and $54,501, respectively.

(vii) <u>Revenues and support</u> -
Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Accordingly, net assets and changes therein are classified as follows:

i. Assets without donor restrictions -

<u>Discretionary</u> - Funds over which the Board of Directors has discretionary control, and which are available for grants and other purposes.

Board designated - Funds designated by the Board of Directors for long-term purposes.

As of December 31, 2019 and 2018, the Foundation has designated funds from net assets without donor restrictions for a total of $1,674,294 and $1,694,955, respectively, for the following purposes:

	2019	2018
Institutional development	$ 160,000	$ 160,000
Grant making funds established	573,581	509,336
Education	254,966	246,042
Economic development	33,491	32,148
Philanthropic services	144,892	178,362
Administration	507,364	569,067
Total board designated funds	$ 1,674,294	$ 1,694,955

ii. Assets with donor restrictions -

Designated and other - Funds restricted by donors to support specific organizations. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, assets with donor restrictions are reclassified to assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. There are assets that are required by donor stipulation to be maintained in perpetuity by the Foundation. Investment income is classified as with or without donor restrictions depending upon the donor's intent.

(viii) Investments returns -
The Foundation reports investment returns net of related investment expenses, including both external and direct internal investment expenses. For the year 2019 and 2018, investment returns included interest and dividend income recorded as earned and were presented net of custodian and investment advisory fees.

(ix) Cash and cash equivalents -
For purposes of the statements of cash flows, the Foundation considers all highly liquid instruments in which it has invested, that have a maturity of three months or less, to be cash equivalents. Cash equivalents as of December 31, 2019 and 2018 consist of money market funds.

(x) Restricted cash -
As of December 31, 2019 and 2018, the Foundation has restricted cash in the amount of $7,776,301 and $8,433,792, respectively, corresponding to grant making, Community Investment Fund loans, Puerto Rico Recovery Fund grants and other program and operating expenses.

(xi) Loans receivable -
Loans receivable represent loans to not-for-profit organizations. Anticipated actual losses, if any (i.e., loan principal which is not repaid by borrower), are recorded, as applicable, as grant voted after an analysis made each quarter.

(xii) Investments -
Investments in marketable securities with readily determinable fair value and all investments in debt securities are reported at their fair values in the statements of financial position. Realized and unrealized gains and losses are reported in the statements of activities and changes in net assets. Interest and dividend income restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income is recognized.

(xiii) Fair value measurement -
Accounting guidance defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

There is an established hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs by requiring their use when available and minimizing the use of unobservable inputs. Observable inputs are used by market participants to price assets or liabilities based on market data obtained from sources independent of the Foundation. Unobservable inputs are those that reflect the Foundation’s assumptions based on the best information available in the circumstances.

The hierarchy is broken down into three levels as follows:

- Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 – Valuations based on one or more quoted prices in active markets for similar assets or quoted prices for identical or similar assets in markets that are not active which all significant inputs are observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

A description of the valuation techniques applied to the Foundation’s investments, which are measured at fair value on a recurring basis follows:

Corporate equities, diversified funds and preferred/fixed rate cap securities –
Exchange-traded equity securities are generally valued based on quoted prices from the exchange. To the extent these securities are actively traded, valuation adjustments are not applied and they are categorized in Level 1 of the fair value hierarchy.

Corporate, municipal, foreign, government bonds and government asset backed securities –
Exchange-traded bonds are generally valued based on quoted prices from the exchange. To the extent these bonds are actively traded, valuation adjustments are not applied and they are categorized in Level 2 of the fair value hierarchy. \

Private equity investments –
The transaction price is generally considered by the fund as the exit price and is the fund's best estimate of fair value, as provided by the securities trader from the latest bid price for the share. These non-public shares are included in Level 3 of the fair value hierarchy because they trade infrequently, and, therefore, their fair value is unobservable.

The following schedule summarizes the reconciliation of the changes in fair value for investments categorized as Level 3:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
Fair value, December 31, 2017	$ 2,118,619
Purchases	549,185
Distributions	(293,794)
Net unrealized/realized gain	148,150
Fair value, December 31, 2018	2,522,160
Purchases	1,089,091
Distributions	(262,362)
Net unrealized/realized gain	245,094
Fair value, December 31, 2019	$ 3,593,983

(xiv) Other-than-temporary impairment losses –
On an annual basis, the Foundation performs an assessment to determine whether there have been any events or circumstances indicating that a security with an unrealized loss has suffered an other-than-temporary impairment ("OTTI"). A security is considered impaired if the fair value is less than its amortized cost basis.

The impairment analysis of the debt investments places special emphasis on the analysis of the cash position of the issuer and its cash and capital generation capacity, which could increase or diminish the issuer's ability to repay its bond obligations, the length of time and the extent to which the fair value has been less than the amortized cost basis and changes in the near-term prospects of the underlying collateral, if applicable, such as changes in default rates, loss severity given default and significant changes in prepayment assumptions. In light of current volatile economic and financial market conditions, the Foundation also takes into consideration the latest information available about the overall financial condition of issuers, credit ratings, recent legislation and government actions affecting the issuer's industry and actions taken by the issuers to deal with the present economic climate. OTTI losses are recognized in earnings if the Foundation has the intent to sell the debt security or it is more likely than not that it will be required to sell the debt security before recovery of its amortized cost basis. However, even if the Foundation does not expect to sell a debt security, expected cash flows to be received are evaluated to determine if a credit loss has occurred.

The impairment analysis of equity securities is performed and reviewed on an ongoing basis based on the latest financial information and any supporting research report made by a major brokerage firm. This analysis is very subjective and based, among other things, on relevant financial data such as capitalization, cash flow, liquidity, systematic risk, and debt outstanding of the issuer. Management also considers the issuer's industry trends, the historical performance of the stock, credit ratings as well as the Foundation's intent to hold the security for an extended period. If management believes there is a low probability of recovering book value in a reasonable time frame, then an impairment will be recorded by writing the security down to market value.

For equity securities that do not have readily determinable value and are measured at cost, the Foundation performs a qualitative assessment each reporting period to identify impairment. If the qualitative assessment indicates that an impairment exists, the fair value is estimated, and an impairment loss is recorded in the statement of activities and changes in net assets by the difference between fair value and the carrying amount.

(xv) Property and equipment -

Purchased property and equipment are stated at cost. Donations of property and equipment are recorded as contributions at their estimated fair values. Such donations are reported as contributions without donor restrictions 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 contributions with donor restrictions. For absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies the net assets at that time.

Assets are depreciated using the straight-line method over their estimated useful lives, which range from three to forty years for software, equipment, furniture and fixtures, vehicles, building improvements and building.

(xvi) Long-lived assets -

Management reviews the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Measurement of the impairment loss is based on the fair value of the asset. Generally, fair value will be determined using valuation techniques such as the present value of expected future cash inflows. No impairment loss was recorded during the years ended December 31, 2019 and 2018.

(xvii) Grants payable -

Unconditional grants made by the Foundation are recognized as expense at the time of approval by the Board of Directors and notification to the grantees. Grants that are conditioned upon the performance of specified acts by the grantee are not recognized until the grantee meets the conditions.

(xviii) Projects administered by the Foundation -

Grants approved by the Board of Directors for projects administered by the Foundation are reclassified to Board Designated net assets until the Foundation notifies the grantees, at which time they are charged to expense.

Grants awarded during 2019 and 2018 under projects administered by the Foundation amounted to $2,986,042 and $ 7,728,873, respectively.

(xix) Functional expense classification -

The Foundation classifies its expenses as program and support services. Accordingly, certain operating, general and costs have been allocated among the programs and supporting services benefited.

The costs and expenses of the Foundation are summarized in the accompanying statements of activities and changes in net assets by functional classification. Program services include the costs of providing technical assistance and other direct activities in the execution of the Foundation's mission in the areas of education, economic development, housing, philanthropy development and Puerto Rico recovery efforts after hurricanes Irma and María. Asset development and fundraising expenses are costs related to the communications efforts, asset development and fundraising, donor services that include the necessary due diligence to recommend, approve and follow up the Foundation's grant making process. General and administrative expenses include executive, financial, administration, personnel costs, facilities maintenance and repairs, audit expenses, information management services and software licenses, office supplies and other related operating expenses.

The Foundation's operating, general and administrative expenses are allocated to the corresponding programs and functions based on the number of employees assigned to the programs or projects, the time spent, and the specific budget approved for each grant agreement. The related expenses subject to allocation include depreciation, utilities, repairs and maintenance, office supplies, software licenses, postage, project activities and travel.

Certain executive and administrative staff salaries are allocated among the different programs and fund-raising classification based on the proportional time spent by these executives on the applicable functions. Unallocated portions remain presented within the general and administrative classification.

(xx) Advertising costs -

The Foundation expenses the costs of all advertising campaigns and promotions as they are incurred. Total advertising expense for the years ended December 31, 2019 and 2018 amounted to approximately $1,042,000 and $105,000, respectively, which are presented as such in the accompanying statements of functional expenses.

(xxi) Income taxes -

The Foundation is exempt from Puerto Rico income taxes under section 1101.01(d)(2) of the Internal Revenue Code of a New Puerto Rico (Puerto Rico Internal Revenue Code of 2011). It is also exempt from U.S. income taxes under section 501(c)(3) of the U.S. Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. However, if applicable, income from unrelated business activities would be taxable. No such income was earned by the Foundation during the years ended December 31, 2019 and 2018.

The Foundation follows the accounting standard on accounting for uncertainty in income taxes which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more-likely- than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addressed de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

(xxii) Use of estimates -

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

(xxiii) Reclassifications-
Certain amounts in the 2018 financial statements have been reclassified to conform with the 2019 presentation.

(2) Concentration of credit risk and major contribution providers:

Financial instruments that potentially expose the Foundation to concentration of credit risk include cash, investments and pledges receivable. The Foundation maintains its deposits and investment accounts with high-quality financial institutions and investment brokers that are responsible for custody and investment management. While management attempts to limit any financial exposure, the deposit balances may, at times, exceed federally insured limits. The Foundation has not experienced any losses on such accounts.

The Board of Directors is responsible for establishing investment policies to be followed by investment managers and for reviewing investment managers' performance. The Foundation's pledges receivable result primarily from contributions from donors, including unconditional promises to give, which may be received from United States and/or Puerto Rico local government agencies, individuals, corporations or other not-for-profit organizations. The Foundation routinely assesses the financial strength of its major donors.

During the years ended December 31, 2019 and 2018, 25% and 37%, respectively, of the Foundation's program service support was provided by contributions from two and three foundations, respectively.

(3) Loans receivable:

(a) Access Fund to Not-for-Profit Organizations –

On November 20, 2014, the Foundation entered into an unsecured loan receivable agreement with a not-for-profit organization in the amount of $180,000. The loan will be collected in ninety-six (96) monthly installments during eight (8) years starting on October 20, 2018 and ending on November 20, 2026. Interest was imputed at a rate of 2.50% and balances as of December 31, 2019 and 2018 amounted to $155,669 and $175,951, respectively.

(b) Community Investment Fund –

During the years ended December 31, 2019 and 2018, the Foundation entered into various unsecured loan receivable agreements with not-for-profit organizations, of which the Foundation has disbursed $180,000 and $1,092,219 during the years 2019 and 2018, respectively, as agreed among the parties. These loans bear interest at rates ranging from 3.5% to 6.17% and are due at different times through year 2025. Total loans receivable presented in the accompanying statements of financial position as of December 31, 2019 and 2018 amounted to $1,134,654 and $1,251,698, respectively. See Note 1 (a).

(c) Emergency Loans to Not-for-Profit Organizations –

During the year ended December 31, 2019, the Foundation entered into unsecured emergency loans receivable agreements with five not-for-profit organizations in the amount of $213,167 and which were all disbursed during 2019. These loans were granted at zero interest rates and principal balances are due in twelve months.

Future installments of principal to be received during the next five years and in total thereafter, in connection to the loans receivable described above, are as follows:

Year Ending December 31,	Amount
2020	$ 694,228
2021	418,569
2022	96,152
2023	101,175
2024	33,688
Thereafter	159,678
Total	$ 1,503,490

(4) Investments:

Investments as of December 31, 2019 and 2018 are summarized as follows:

2019			
Description	**Cost**	**Unrealized holding gains (losses)**	**Estimated fair value**
Equity securities	$ 15,403,511	$ 2,947,708	$ 18,351,219
Fixed income:			
Corporate bonds	1,887,050	90,387	1,977,437
Municipal bonds	301,382	21,398	322,780
Foreign bonds	38,018	1,532	39,550
Government bonds - US and International	208,765	15,944	224,709
Government assets	1,444,497	(40,249)	1,404,248
Preferred/Fixed rate cap securities	542,102	23,082	565,184
Diversified funds	1,554,984	(97,821)	1,457,163
Private equity	3,348,889	245,094	3,593,983
Total	$ 24,729,198	$ 3,207,075	$ 27,936,273

2018			
Description	**Cost**	**Unrealized holding gains (losses)**	**Estimated fair value**
Equity securities	$ 14,072,579	$ 867,132	$ 14,939,711
Fixed income:			
Corporate bonds	1,758,365	(62,207)	1,696,158
Municipal bonds	299,760	(3,608)	296,152
Foreign bonds	76,383	(1,554)	74,829
Government bonds - US and International	361,400	(949)	360,451
Government assets	1,307,656	(82,655)	1,225,001
Preferred/Fixed rate cap securities	1,097,993	(81,196)	1,016,797
Diversified funds	2,249,782	(244,563)	2,005,219
Private equity	2,374,010	148,150	2,522,160
Total	$ 23,597,928	$ 538,550	$ 24,136,478

The investments serve as collateral for the margin account. See Note (6).

The following schedule summarizes the investments return and classification in the statements of activities and changes in net assets for the years ended December 31, 2019 and 2018:

	2019	**2018**
Interest and dividend income, net	$ 662,492	$ 569,240
Net realized and unrealized gains (losses):		
Realized gains on investments	1,177,745	1,736,245
Unrealized gains (losses) on investments	2,669,506	(3,381,521)
Total net realized and unrealized gains (losses)	3,847,251	(1,645,276)
Total return on investments, net	$ 4,509,743	$ (1,076,036)

(5) <u>Impairment of investments:</u>

The Foundation invests in debt and equity securities, and other investments in private equity funds. Management evaluates investment securities for other-than temporary ("OTTI") declines in fair value on a regular basis. Once a decline in value is determined to be other-than temporary, the value of a debt security is reduced and a corresponding charge to earnings is recognized for anticipated credit losses. Also, for equity securities that are considered other-than temporary impaired, the excess of the security's carrying value over its fair value at the evaluation date is accounted for as a loss in the results of its activities.

The OTTI analysis requires management to consider various factors, which include, but are not limited to: (1) the length of time and the extent to which fair value has been less than the amortized costs basis, (2) the financial condition of the issuer or issuers, (3) actual collateral attributes, (4) the payment structure of the debt security and the likelihood of the issuer being able to make payments, (5) any rating changes by a rating agency, (6) adverse conditions specifically related to the security, industry, or a geographic area, and (7) management's intent to sell the debt security or whether it is more likely than not that the Foundation would be required to sell the debt security before a forecasted recovery occurs. During the years ended December 31, 2019 and 2018, the Foundation did not record any impairment losses in its investments. However, management is closely monitoring a specific equity investment due to recent reports made public related to its issuer. As of December 31, 2019, and to the date of the auditor's report, the equity investment does not meet the factors considered above and any loss can't be fairly estimated.

(6) Property and equipment:

The following schedule summarizes the cost and accumulated depreciation of property and equipment as of December 31, 2019 and 2018:

Description	Estimated Useful Life (Years)	2019	2018
Land		$ 867,078	$ 867,078
Buildings	40	968,102	968,102
Building improvements	10	196,903	138,722
Furniture and fixtures	5	145,865	144,865
Office equipment	3 -5	300,021	297,213
Computer equipment and software	3 -5	264,335	264,335
Vehicles	5	47,413	47,413
		2,789,717	2,727,728
Less -- accumulated depreciation		(1,145,073)	(1,089,535)
Property and equipment, net		$ 1,644,644	$ 1,638,193

(7) Margin account:

The Foundation has available a margin account secured by its investment portfolio as of December 31, 2019 and 2018. The total amount available for borrowing depends on the portfolio's characteristics and balance. The margin account bears interest at a rate determined at the settlement date based on market conditions (2.50% and 3% in 2019 and 2018, respectively). There is no balance outstanding as of December 31, 2019 and 2018.

(8) Grants payable:

The following summarizes the changes in grants payable during the years ended December 31, 2019 and 2018:

	2019	2018
Grants payable, beginning of year	$ 2,379,374	$ 637,274
Additions - unconditional grants awarded	2,986,042	7,728,873
Deductions - payments made	(4,177,135)	(5,986,773)
Grants payable, end of year	$ 1,188,281	$ 2,379,374

(9) Notes payable:

During the years ended December 31, 2019 and 2018, the Foundation entered into two and five new unsecured promissory notes, respectively, with different accredited investors. These notes bear interest between 2.82% to 3.17% per annum and each will be paid in full in one lump sum payment at their maturity dates between March 2020 to April 2024. The total principal for these notes as of December 31, 2019 and 2018 amounted to $1,650,000 and $600,000, respectively.

Also, in March 2019, the Foundation paid in full a one year promissory note entered during March 2018, in the amount of $150,000, plus interest at 3.07%.

Minimum principal payments due during the next years as of December 31, 2019 are as follows:

Year Ending December 31,	Amount
2020	$ 500,000
2021	650,000
2022	-
2023	-
2024	500,000
Total	$ 1,650,000

(10) Obligations under capital leases:

The Foundation leases equipment under non-cancelable capital lease obligations, bearing interest rate at 9.75%, which are due on February 28, 2022.

On April 22, 2015, the Foundation acquired a corporate vehicle under an obligation, bearing interest at 2.49%. It is payable on seventy-two (72) monthly payments and is due on May 5, 2021.

The cost, accumulated depreciation and depreciation expense of the vehicle and equipment under capital lease obligations as of and for the years ended December 31, 2019 and 2018, are as follows:

	2019	2018
Equipment	$ 55,492	$ 55,492
Vehicle	47,413	47,413
	102,905	102,905
Less - accumulated depreciation	(67,663)	(48,663)
	$ 35,242	$ 54,242
Depreciation expense	$ 19,000	$ 19,000

The following is a schedule of the future minimum annual payments required under these capital lease obligations at December 31, 2019, and their present value:

Year Ending December 31,	Amount
2020	$ 22,590
2021	17,618
2022	2,344
Total minimum lease payments	42,552
Less - Amount representing interest	(2,605)
Present value of minimum lease payments	$ 39,947

(11) <u>Net assets without donor restrictions</u>:

The following summarizes the changes in net assets without donor restrictions during the years ended December 31, 2019 and 2018:

	2019	2018
Net assets, beginning of year	$ 4,236,396	$ 6,839,647
Investment interest income	662,492	569,240
Realized net gains on investments	1,177,745	1,736,245
Unrealized net gains (losses) on investments	2,669,506	(3,381,521)
Spending	(1,543,542)	(1,527,215)
Total net assets without donor restrictions	$ 7,202,597	$ 4,236,396

The Board designed funds as of December 31, 2019 and 2018 amounted to $1,674,294 and $1,694,955, respectively.

(12) Assets with donor restrictions:

Assets with donor restrictions as of December 31, 2019 and 2018 amounted to $28,842,515 and $28,767,644, respectively. The amounts designed to established funds, from total assets with donor restrictions, amounted to $5,692,643 and $6,288,875 as of December 31, 2019 and 2018, respectively. The remainder balance represents funds from contributions received for the endowment fund. Interest and dividend income generated by the endowment fund investments may be used for operational purposes. Balances for the endowment fund principal as of December 31, 2019 and 2018 amounted to $23,149,872 and $22,478,769, respectively.

(13) Program expenses:

Program related expenses for the years ended December 31, 2019 and 2018 were incurred in connection with the following programs:

	2019	2018
Education Programs	$ 267,996	$ 300,977
Puerto Rico Community Recovery Fund	2,161,196	832,130
Economic Community Development	-	27,062
Community Investment Fund	59,556	31,890
Housing Community Development Programs	-	42,714
Others	118,126	107,170
	$ 2,606,874	$ 1,341,943

(14) Employee qualified retirement plan:

The Foundation sponsors a qualified defined contribution retirement plan (the “Plan”), which covers all eligible employees who are at least 18 years of age and that have completed 480 hours of service during a three-month period of continuous active employment. The Plan provides for a matching contribution feature to be made by the Foundation of 100% up to a maximum of 10% of before-tax contributions made by the participant employees.

Retirement plan contributions for the years ended December 31, 2019 and 2018, amounted to approximately $78,100 and $87,500, respectively.

(15) Deferred compensation agreement:

Effective on January 1, 2008, the Foundation established a non-qualified deferred compensation plan (the “Plan”), for the purpose of providing deferred compensation for a selected group of management or highly compensated employees and their beneficiaries (the “Participants”). At the beginning of each plan year, the Foundation may make discretionary contributions to the Plan. For the years ended December 31, 2019 and 2018, the Foundation made contributions of $55,000 each year, applicable to its beneficiaries.

The contributions are invested as part of the Foundation’s investment portfolio. The account balance is valued quarterly and adjusted by the earnings or losses of the investment and changes in its value during the valuation period. The Participant’s account balance at December 31, 2019 and 2018, and the corresponding compensation liability for the Foundation amounted to $1,321,585 and $1,074,321, respectively. Total expense for the years ended December 31, 2019 and 2018 amounted to approximately $247,300 and $10,500, respectively.

(16) Income taxes:

The Foundation follows the accounting standards on accounting for uncertainty in income taxes. Management assessed whether there were any uncertain tax positions which may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying financial statements. The Foundation files income tax returns in the Commonwealth of Puerto Rico and federal income tax return in the United States of America.

(17) Federal grants:

(a) Culebra Renewable Energy -

In June 2019, the Department of Commerce's Economic Development Administration (EDA) awarded a three years grant amounting to $4,128,000, for disaster emergency preparedness assistance (renewable energy systems) for small businesses in the municipality of Culebra, which were impacted by the hurricanes Irma and María in 2017. The total project cost is estimated to be $5,160,000 and requires share of costs to be $1,032,000 from the Foundation. EDA will make disbursements under this award on a reimbursement basis only. For the year ended December 31, 2019, there were no disbursements made, therefore, no revenues were recognized.

(b) Recovery RCDI for Puerto Rico -

In August 2019, Rural Community Development Initiative (RCDI) awarded a three years grant amounting to $249,604. These grant funds will be used to support three grassroots not-for-profit organizations in rural, low income and sparsely populated communities. The total project cost is estimated to be $500,000 and requires share of costs to be up to $250,000 from the Foundation. RCDI will make disbursements under this award on a reimbursement basis only. For the year ended December 31, 2019, there were no disbursements made, therefore, no revenues were recognized.

(18) Contingencies:

(a) Regulatory agency requirements -

The Foundation may be subject to financial and compliance audits by some state and federal agencies. Management understands the Foundation is in compliance with the major requirements set forth by the agencies; however, such audits may result in a disallowance of, or adjustment to, expenses incurred.

(b) Litigation -

The Foundation, at times, may be involved in litigations related to matters arising in the ordinary course of business. Management and legal counsel believe that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the Foundation.

(19) <u>Availability of financial assets and liquidity</u>:

(a) <u>Endowment fund</u> -

As of December 31, 2019 and 2018, the Foundation has an endowment fund of $23,149,872 and $22,478,769, respectively, which is comprised of board designated funds and funds established by donors for specific purposes. Those funds are invested according to an Investment Policy that is structured to produce an appropriate investment return over the long-term to fulfill the Foundation’s annual cash flows needs. This endowment is also subject to an annual five percent (5%) spending policy to support the annual budget approved by the Board of Directors and the purpose specified by the donor on each component of the fund. Based on the Foundation’s spending policy, the investment portfolio should be expected to fund programs and administrative expenses amounting to approximately five percent (5%) of the portfolio's average market value of the prior three years.

Reconciliation of the beginning and ending balances of the endowment fund with donor restrictions as of December 31, 2019 and 2018 is as follows:

	2019	2018
Endowment net assets, beginning of year	$ 22,478,769	$ 21,947,769
Contributions	671,103	531,000
Endowment net assets, end of year	$ 23,149,872	$ 22,478,769

(b) <u>Other financial assets</u> -

The Community Recovery fund has a cash balance of $2,232,439 that is budgeted to be used during the year 2020 as per the Foundation’s annual plan approved by the Board of Directors. These funds are designated to provide economic support and technical assistance to not-for-profit organizations to promote resilient and equitable resources to the Puerto Rico communities’ aftermath of hurricanes Irma and María.

The Community Investment Fund is funded by an initial contribution of $500,000 from the Foundation’s funds without donor restrictions and $1,650,000 from five investors for a total of $2,150,000. This fund grants loans to not-for-profit organizations, with repayment due dates ranging from 2 to 5 years.

(c) <u>Liquidity</u> -

The Foundation’s financial assets available as of December 31, 2019, to be spent within a one-year period for general expenditures include the following:

Assets	Amount
Cash and cash equivalents	$ 8,636,928
Pledges receivable	635,550
Loans receivable	1,503,490
Total assets	$ 10,775,968

(20) Subsequent events:

(a) COVID 19 –

As a result of the outbreak of a novel coronavirus (COVID-19), first identified in Wuhan, China in December 2019, and that has been spreading rapidly, Puerto Rico ("the Island"), like most of the world, faces an unprecedented reality in light of COVID-19. In response to the global outbreak, the Governor of Puerto Rico signed on March 12, 2020 an Executive Order for the closure and lockdown of all government and private businesses, except for those related to essential services, starting on March 15, 2020 until March 30, 2020. Such order was then extended twice up to May 4, 2020. The Executive Order included a curfew for all citizens that allowed them to travel along public roads during specific time and for certain circumstances.

On May 1, 2020, an Executive Order was signed to, among other matters, extend the period of the curfew until May 25, 2020. This Executive Order included the first phase of the Island's plan to restart the economy and therefore allowed certain commercial businesses and activities. On May 21, 2020, an additional Executive Order was signed to extend the curfew up to June 15, 2020 and to continue with the gradual reopening of certain economic sectors.

Given the achievements in controlling the spreading of COVID-19 due to the measures taken by the government, on June 12, 2020, a new Executive Order was signed, in which the curfew schedule was made more flexible, the capacity of operations of certain businesses was increased and other sectors were allowed to reopen such as wholesale, retail, medical businesses, entertainment, local tourism, among others. This order emphasized the importance that each sector must comply with the established protocols and the recommendations of the Center for Disease Control ("CDC") and the Puerto Rico Department of Health to permit the continuance of the reopening plan.

Different parts of the countries are seeing different levels of COVID-19 activity and establishing measures to control the spreading and re-establish their economic, but the COVID-19 continues to disperse and affecting the global economy.

The Foundation continued its operations as usual and the personnel is working remotely. As a philanthropic institution that facilitates support to communities' first responders, the Foundation developed and implemented a fundraising and programmatic strategy to support non-profits and community-based organizations that are working to educate, prevent and contain COVID-19 in vulnerable communities. As of the date the financial statements were available to be issued, neither the duration nor scope of the disruption can be predicted. Therefore, while management expects that this matter will impact the results of the Foundation's operations, the related financial impact cannot be reasonably estimated at this time.

On March 27, 2020, the President of the United States signed into law the Coronavirus Aid Relief, and Economic Security (CARES) Act to provide emergency assistance and health care response for individuals, families, and businesses affected by the COVID-19 pandemic. Section 1102 of the CARES Act grants the Small Business Administration (SBA) funding and authority to modify existing loan programs and establish a Paycheck Protection Program (PPP) to assist entities impacted by the COVID-19. PPP loans are available to "eligible recipients" as defined by the program from February 15, 2020 to June 30, 2020 and loan proceeds must be used to pay employee salaries and other payroll costs, as well as rent , utilities, and interest on mortgage debts. Section 1106 of the CARES Act provides for forgiveness of up to the full principal amount, provided the borrower does not reduce its number of employees or significantly cut salaries after the amounts are borrowed. On June 17, 2020, the Foundation was approved a loan under the Payment Protection Program of the Small Business Administration in the amount of

$290,100 with Oriental Bank. Interest on the loan will accrue at 1% annual interest rate and there is a six-month deferral on payment of principal and interest, with interest accruing during that term. There is a five-year amortization on the loan. The full amount of the loan is eligible for loan forgiveness, provided that no more than 40% of the loan proceeds are attributable to non-payroll costs. Management reasonably estimates that, provided that the Foundation abides to the forgiveness parameters, the loan will be eligible for forgiveness up to the full principal amount and any accrued interest.

(b) Federal grants –

In May 2020, the Federal Emergency Management Agency (FEMA) approved a sub application submitted by Central Recovery and Reconstruction Office of Puerto Rico (COR3) on behalf of the Foundation for DR-4339-PR grant funds under the Hazard Mitigation Grant Program (HMGP). The grant approval is for the Phase I for Non PRASA Aqueducts Backup Energy. COR3, as the grant recipient, will administer this sub-grant award to the Foundation, as subrecipient. Funding for this phase has been obligated in the amount of $625,000.