CORPORATION FOR THE CONSERVATION OF THE SAN JUAN BAY ESTUARY

FINANCIAL STATEMENTS

(Together with the Independent Auditors' Report and the Reports Required by the Uniform Guidance)

FOR THE YEAR ENDED SEPTEMBER 30, 2025

CORPORATION FOR THE CONSERVATION OF THE SAN JUAN BAY ESTUARY

FINANCIAL STATEMENTS
For the year ended September 30, 2025

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Rodríguez & Santiago, CPA's, PSC
Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Corporation for the Conservation of
the San Juan Bay Estuary
San Juan, Puerto Rico

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Corporation for the Conservation of the San Juan Bay Estuary** (a nonprofit organization**),** which comprise the Statement of Financial Position as of September 30, 2025, and the related Statements of Activities and Change in Net Assets, Functional Expenses and Cash Flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Corporation for the Conservation of the San Juan Bay Estuary** as of September 30, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Corporation for the Conservation of the San Juan Bay Estuary** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the **Corporation for the Conservation of the San Juan Bay Estuary's** ability to continue as a going concern within one year after the date that the financial statements are issued.

PO Box 817
Bayamón, PR 00960
Tel. (939) 338-0450

Urb. El Paraíso, Calle Amazonas #114
San Juan, Puerto Rico 00926
rodriguezsantiagocpas@gmail.com

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the **Corporation for the Conservation of the San Juan Bay Estuary's** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the **Corporation for the Conservation of the San Juan Bay Estuary's** ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2, U.S *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirement for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2026, on our consideration of the **Corporation for the Conservation of the San Juan Bay Estuary'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 solely 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 the effectiveness of the **Corporation for the Conservation of the San Juan Bay Estuary's** 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 the **Corporation for the Conservation of the San Juan Bay Estuary's** internal control over financial reporting and compliance.

R & S, CPA's, PSC

RODRIGUEZ & SANTIAGO, CPA'S, PSC

San Juan, Puerto Rico
June 19, 2026

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CORPORATION FOR THE CONSERVATION OF THE SAN JUAN BAY ESTUARY

ASSETS		
CURRENT ASSETS:		
Cash		**$ 173,569**
Accounts receivable:		
Grants **(Note 1)**	**541,948**	
Other	**12,087**	**554,035**
Total current assets		**727,604**
OTHER ASSETS:		
Operating right-of-use asset **(Notes 1 and 6)**		**199,621**
Total assets		**$ 927,225**
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses		**$ 582,760**
Operating lease liability, current portion **(Notes 1 and 6)**		**60,563**
Total current liabilities		**643,323**
OPERATING LEASE LIABILITY, NET OF CURRENT PORTION (NOTES 1 AND 6)		**139,058**
Total liabilities		**782,381**
COMMITMENTS (NOTE 4)		
NET ASSETS:		
Without donor restrictions		**114,693**
With donor restrictions		**30,151**
Total net assets		**144,844**
Total liabilities and net assets		**$ 927,225**

See the accompanying notes to the financial statements.

CORPORATION FOR THE CONSERVATION OF THE SAN JUAN BAY ESTUARY

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended September 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES:			
Grants **(Note 1)**	$ 2,590,307	$ -	$ 2,590,307
Private grants	-	32,000	32,000
Contributions	110,393	20,951	131,344
Net assets release from restrictions	30,026	(30,026)	-
	2,730,726	22,925	2,753,651
EXPENSES:			
Salaries	845,664	-	845,664
Fringe benefits	223,040	-	223,040
Professional	1,351,217	-	1,351,217
Rent	82,144	-	82,144
Supplies	72,729	-	72,729
Miscellaneous	89,924	-	89,924
Insurance	10,700	-	10,700
Utilities	828	-	828
Travel	8,582	-	8,582
	2,684,828	-	2,684,828
CHANGE IN NET ASSETS	45,898	22,925	68,823
NET ASSETS, AT BEGINNING OF YEAR	68,795	7,226	76,021
NET ASSETS, AT END OF YEAR	$ 114,693	$ 30,151	$ 144,844

See the accompanying notes to the financial statements.

CORPORATION FOR
THE CONSERVATION OF THE SAN JUAN BAY ESTUARY

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2025

	PROGRAMS							
Description	**Capitalization Grants C-72-250 03 thru 09**	**EPA Grants**	**Bil Grant**	**FEMA Grants**	**Private Grants**	**Total Programs**	**General and Administrative**	**Total**
Salaries	$ 316,755	$ 264,051	$ 248,424	$ -	$ -	$ 829,230	$ 16,434	$ 845,664
Fringe benefits	73,212	61,903	81,355	-	-	216,470	6,570	223,040
Professional	668,864	566,259	78,518	-	14,329	1,327,970	23,247	1,351,217
Rent	4,275	50,149	25,687	-	-	80,111	2,033	82,144
Supplies	35,121	24,207	6,764	-	2,455	68,547	4,182	72,729
Miscellaneous	1,081	20,417	10,775	624	20,000	52,897	37,027	89,924
Insurance	3,930	3,385	3,385	-	-	10,700	-	10,700
Utilities	-	496	232	-	-	728	100	828
Travel	-	5,813	-	-	-	5,813	2,769	8,582
						-		
	$ 1,103,238	$ 996,680	$ 455,140	$ 624	$ 36,784	$ 2,592,466	$ 92,362	$ 2,684,828

See the accompanying notes to the financial statements.

CORPORATION FOR THE CONSERVATION OF THE SAN JUAN BAY ESTUARY

STATEMENT OF CASH FLOWS
For the year ended September 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from grants and others	**$ 2,768,124**
Cash paid to suppliers and others	**(2,757,198)**
Net cash provided by operating activities	**10,926**
NET CHANGE IN CASH	**10,926**
CASH AT BEGINNING OF THE YEAR	**162,643**
CASH AT END OF THE YEAR	**$ 173,569**
RECONCILIATION OF CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in net assets without donor restrictions	**$ 68,823**
Adjustment to reconcile change in net assets without donor restrictions to net cash provided by operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in:	
Grants receivable	**24,473**
Other receivable	**(10,000)**
Increase (decrease) in:	
Accounts payable and accrued expenses	**(72,370)**
Total adjustments	**(57,897)**
Net cash provided by operating activities	**$ 10,926**

See the accompanying notes to the financial statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization:

Corporation for the Conservation of the San Juan Bay Estuary (the **Estuary**) was incorporated under the laws of the Commonwealth of Puerto Rico on April 4, 2005, to operate as a non-profit organization dedicated to providing management, protection and environmentally educate on the San Juan Bay Estuary conservation.

For the year ended September 30, 2025, the **Estuary** had the following major grants or contracts, among others:

A. U.S. Environmental Protection Agency (EPA Grants):

The San Juan Bay Estuary Program implements those projects and programs included in its Comprehensive Conservation and Management Plan. The program should improve the water and sediment quality of the **Estuary** to ensure that it is suitable for fishing and swimming and to promote other compatible recreational and commercial activities. It should enhance and maintain ecosystems which support and optimize diversity of living resources on a sustained basis. It should improve habitats and enhance the esthetic, recreational and economic values of the **Estuary** by ensuring that the watershed is free of aquatic debris and maximize public involvements in the implementation of the Comprehensive Conservation and Management Plan.

B. Capitalization Grant for Clean Water State Revolving Funds:

This is an agreement between Puerto Rico Infrastructure Financing Authority, acting on behalf of the Commonwealth of Puerto Rico, and the **Estuary** for the following:

Grant C-72-250-03 – Monitoring and Corrective Program:

Program to expand the scope of the monitoring program and implement a systematic strategy to pinpoint (identify at the lowest scale possible) major contaminant areas at a sub-basin scale. Identified cases are referred to concerning agencies. Major areas are divided into a number of sampling stations based on relevant land cover, topographic and hydrographic features. Each station is periodically sampled for Enterococci counts, dissolved phosphorus and dissolved ammonium analyses. It is expected that by concentrating on the most critical stream segments an effective remediation strategy can be established.

Grant C-72-250-04 – Mitigation:

Program for carrying out a mitigation plan, as this is the key to breaking the cycle of disaster damage, reconstruction and repeated damage. The mitigation plan will help the **Estuary** Program lead the efforts of assessing its study area after Hurricane Maria; approximately 97 square miles, with a population of approximately 700,000 thousand people. A comprehensive mitigation plan help the **Estuary** identify risks and vulnerabilities associated with natural disasters and develop long-term strategies for protecting people and property from future hazard events.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued):

B. Capitalization Grant for Clean Water State Revolving Funds (Continued):

Grant C-72-250-05 - Green Infrastructure:

Program to support the municipalities of San Juan, Loíza, Carolina and Bayamon through green infrastructure projects. Green infrastructure is an environmentally sustainable technique to manage storm water that uses vegetation, soil, and natural processes to manage water and create healthier, more resilient urban environments. The Green Infrastructure Master Plan for the metropolitan region of Puerto Rico incorporates architectural planning and design at several different scales, following the participatory-process model. It seeks to identify and access financial and technical resources in order to promote the concept of green infrastructure and to implement it at state and municipal levels.

A green infrastructure expert coordinates the overall project. The project is managed by the Executive Director of the San Juan Bay Estuary Program, who is an expert in green infrastructure and green building techniques. The first part of the plan is a geo-referenced database on proposed and existing green infrastructure in the **Estuary** watershed (Metro region of Puerto Rico), laws, topographic maps, survey maps, aerial photographs, satellite images and vegetation cover maps. Secondly, the Plan identifies existing green infrastructure and areas of opportunity for expansion and improvement of this infrastructure. Thirdly, the Plan includes three pilot projects to be executed and documented as part of the Green Infrastructure Master Plan. The projects are for San Juan, Loíza and Bayamón.

Grant C-72-250-09 – Comprehensive Mitigation Plan:

Program to carry out a watershed-wide Vulnerability and Risk Assessment to measure the communities' vulnerabilities and exposure to risk. The analysis is based on the environmental damage by Hurricane María. Information is disseminated through workshops. The development of this report is carried out with the support of a multi-sectoral committee of experts in order to identify the impacts caused by Hurricane María, as well as anticipated impacts from future events and the risks faced by the estuary's coastal region and its watershed.

C. Bipartisan Infrastructure Law (BIL):

A cooperative agreement was provided to the **Estuary** to support implementation of its Comprehensive Conservation and Management Plan to improve the water quality, protect the natural habitat and living resources, and support sustainable human uses of the **Estuary**. The BIL is to support the restoration of the Juna Méndez Creek, in the municipality of San Juan through high-impact blue/green infrastructure interventions, achieving medium term restoration of waters communities affected by this body of water, many of which be environmental justice communities.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Financial Statements Presentation and Significant Accounting Policies:

The accompanying financial statements have been prepared on the accrual method of accounting in accordance with generally accepted accounting and reporting practices for Not-for-Profit entities in the United States. In preparing these financial statements, management had to make estimates and assumptions that affected the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities as of the statement of financial position date, and the revenues and expenses for the year ended September 30, 2025. Such estimates are based on historical experience and other assumptions that are considered appropriate in the circumstances. However, actual results could differ from those estimates under different assumptions and conditions.

The accounting policies described are those that could have a material impact on the reader's understanding of the **Estuary's** basis of financial statement presentation and require significant estimates and judgment on the part of management. The **Estuary** also has other important policies which are detailed in the following pages that also require the use of estimates and judgments.

Most Significant Accounting Policies

Revenue Recognition
Grants Revenues
Contributions
Donated Services
Expense Recognition and Allocation
In-Kind Contributions
Net Assets

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants Revenues

Grants revenues, which are restricted as to their use, are recognized as revenues only to the extent that expenditures incurred satisfy their restricted purposes. Receipts in excess of expenditures are included in the financial statements as deferred revenues. Reimbursable expenditures, for which payment has not been received as of the financial statement date, are reported as grants receivable.

Grants revenues from federal agencies are subject to independent audit under the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirement for Federal Awards and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the **Estuary's** management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the **Estuary.**

Grants revenues for which restrictions are met within the same year of receipt are reflected as revenues without donor restrictions in the accompanying financial statements.

Contributions

All contributions are considered to be available for unrestricted use, unless specifically restricted by donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported in the statement of operations and changes in net assets as contributions with donor restrictions. Unconditional promises to give cash and other assets are reported at estimated fair value at the date the promise is received. Conditional promises to give are recognized when the conditions, as stipulated by the donor, are substantially met. The gifts are reported as contributions with donor restrictions in the statement of operations 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 purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of operations and changes in net assets as net assets release from restrictions. Donor-restricted contributions for which restrictions are met within the same year are reflected as contributions without donor restrictions in the accompanying financial statements.

Donated Services

Donated services are recognized as contributions and measured at fair value in the financial statements if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the **Estuary** if not provided by donation.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expense Recognition and Allocation

The cost of providing the **Estuary's** program is summarized on a functional basis in the statement of functional expenses. Certain costs have been allocated based upon estimates made by the **Estuary's** management. The expenses that are allocated include the following:

Description	Allocation Methodology
Salaries and benefits	Time and effort
Travel	Time and effort
Professional fees	Time and effort
Supplies and others	Time and effort
Insurance	Insurance coverage
Rent	Square footage
Utilities	Energy consumption
Office expense	Time and effort

In-Kind Contributions

The **Estuary** in-kind contributions come from various governmental agencies to comply with the matching requirements established in the National Estuary funds proposals. The in-kind contributions are reported as contributions at their estimated fair value, with corresponding expenses allocated to the beneficiary program. For the year ended September 30, 2025, there were no In-Kind Contributions.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets without Donor Restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting for the nature of the organization, the environment in which its operates, the purposes specified in it corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets with Donor Restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the **Estuary,** unless the donor provides more specific directions about the period of its use.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

It also includes resources whose use by the **Estuary** is limited by donor-imposed restrictions that neither expired by being used in accordance with a donor's restriction nor by the passage time.

For the year ended September 30, 2025, the following grant/contracts were recorded as with donor restrictions depending on the existence and/or nature of grant's restrictions:

- EPA grants and certain other private contributions.

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.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities and changes in net assets unless the use of the related resources is subject to donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net losses on endowment investments reduce net assets without donor restrictions to the extent that net gains of the fund from prior years are unspent and classified there; remaining losses are classified as decreases in net assets without donor restrictions. If an endowment fund has no net gains from prior years, such as when a fund in newly established, net losses are classified as decreases in net assets without donor restrictions.

Other Significant Accounting Policies

Cash Equivalents
Accounts Receivable
Advertising Costs
Tax Status
Leases

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Equivalents

For the purposes of the statement of cash flows, the **Estuary** considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are reported at the amount that the **Estuary** expects to collect from outstanding balances. Differences between the amount due and the amount that the **Estuary** expects to collect are reported in the results of operations in the period in which those differences are determined with an offsetting entry to a valuation allowance for accounts receivable. Balances that still outstanding after the **Estuary** has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management believes that all outstanding receivables are collectible in full, therefore no allowance for uncollectible receivables has been provided.

Advertising Costs

The **Estuary's** policy is to expense advertising costs in the period in which are incurred. During the period September 30, 2025, no advertising costs were incurred.

Tax status

The **Estuary** is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 1101.01 of the 2011 Puerto Rico Internal Revenue Code, as amended. Accordingly, the financial statements do not reflect a provision for income taxes. In addition, it is also exempt from property and municipal license taxes.

Accounting principles generally accepted in the United States of America requires the **Estuary's** management to evaluate its income tax position each year to determine whether the **Estuary's** tax position is more-likely-than-not to be sustained if examined by applicable taxing authorities. Management has analyzed the tax positions taken and has concluded that as of September 30, 2025 there are no other uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The **Estuary** is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The **Estuary's** management believes it is no longer subject to income tax examinations for years prior to 2021.

Leases

The **Estuary** recognizes and measures its leases in accordance with FASB ASC 842, Leases. The **Estuary** is a lessee in a non-cancellable operating lease, for office facilities.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The **Estuary** determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The **Estuary** recognizes a lease liability and a right of use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise the **Estuary** uses its incremental borrowing rate. The implicit rates of our leases are not readily determinable and accordingly, we use our incremental borrowing rate based on the information available at the commencement date for all leases.

The **Estuary** incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

The **Estuary** has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the **Estuary** is reasonably certain to exercise. We recognize lease cost associated with our short-term leases on a straight-line basis over the lease term. The **Estuary** made an accounting policy election by class of underlying asset, for office facilities, to account for each separate lease component of a contract and its associated non-lease components (lessor-provided maintenance) as a single lease component.

2. CONCENTRATION OF CREDIT RISK

Bank accounts:

The **Estuary** maintains various cash accounts in Puerto Rico commercial banks. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to **$250,000** per bank. Amounts in a single financial institution may exceed the **$250,000** federally insured limit at any time through the year. The total amounts on deposits in these banking institutions did not exceed the federally insured limits as of September 30, 2025.

2. CONCENTRATION OF CREDIT RISK (CONTINUED)

Major source of revenues:

For the year ended September 30, 2025, the **Estuary** received **94%** of its revenues from federal grants. These funds are subject to change by government legislation. A significant reduction in the level of this support, if this were to occur, could have an adverse effect on the **Estuary's** programs and activities.

3. FINANCIAL INSTRUMENTS

Financial instruments consist principally of cash, accounts and grants receivable and accounts payable. As of September 30, 2025, there are no significant differences between the carrying amount and the fair value on any of these financial instruments.

4. COMMITMENTS

The **Estuary** participates in various federally funded programs of the U.S. Environmental protection Agency and other programs. These financial assistance programs are routinely subject to financial and compliance audits in accordance with the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The reports on the audits of these programs, which are conducted pursuant to regulatory requirements by external auditors of The **Estuary**, must be submitted to The **Estuary**, EPA and other entities. Such federal agencies have the authority to determine liabilities, as well as to limit, suspend, or terminate assistance programs. Other federal and local programs are also subject to audits. Such audits could result in claims against the resources of The **Estuary**. No provision has been made for any liabilities which may arise from such audits, since such amounts, if any, cannot be determined at this date.

5. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the **Estuary** financial assets as of the statement of financial position date, reduced by amount not available for general use because of contractual or donor-imposed restriction within one year of the statement of financial position date.

Financial assets at end of year:	
Cash	**$ 173,569**
Accounts receivable	**554,035**
	727,604
Less those unavailable for general expenditures with one year	**-**
Financial assets available to meet cash needs for general expenditures within one year	**$ 727,604**

6. LEASES

The **Estuary** executed an agreement on September 15, 2023, to lease office facility for five years, requiring 60 monthly payments of **$5,733** up to **$6,349**. The lease liability is measured at the applicable incremental borrowing rate (IBR) of **7.63%.** As a result of the lease, the **Estuary** recorded a lease asset with an original cost of **$299,196** and without purchase option, and a lease liability of **$299,196** at the inception of the agreement.

The estimated future minimum lease payments under this agreement as of September 30, 2025 are as follows:

Year ending September 30,	Amount
2026	**72,384**
2027	**74,256**
2028	**76,188**
Total future undiscounted lease payments	**222,828**
Less amount representing imputed interest	**(23,207)**
Operating lease liability	**199,621**
Less current portion	**(59,680)**
Long-term operating lease liability	**$ 139,941**

Lease expense for the year ended September 30, 2025 amounted to **$70,560.**

Additional information for operating leases as of and for the year ended September 30, 2025, as required by ASC 842, consists of:

Cash paid for amounts included in the measurement of the lease liability - Operating cash flows from operating leases	**$ 70,560**
Weighted-average remaining lease term - operating leases	**3**
Weighted-average discount rate - operating leases	**7.63%**

7. RETIREMENT PENSION PLAN

On January 1, 2012, the **Estuary** established a retirement plan on behalf of full-time employees who meet the minimum service and eligible requirements to participate in the plan. The minimum annual contribution made by the full-time employees is three percent (3%) of his/her salaries up to **$15,000** of contribution. The **Estuary** matches up to six percent (6%) of the employee contributions. The employer contributions are totally discretionary. Pension plan expense for the year ended September 30, 2025, is **$63,894**.

8. SUBSEQUENT EVENTS

Subsequent events were evaluated through June 19, 2026, which is the date the financial statements were available to be issued. No significant events that should have been recorded or disclosed in the financial statements were noted.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2025

Federal Grantor/Pass-though Grantor/Program or Cluster Title	Assistance Listing Number	Additional Award Identification	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Total Federal Expenditures
U.S Environmental Protection Agency					
Direct Program:					
National Estuary Program	**66.456**	**N/A**	**N/A**	**$ -**	**$ 1,451,819**
Pass-through the Commonwealth of Puerto Rico Department of Natural and Environmental Resources:					
Capitalization Grants for Clean Water State Revolving Funds	**66.458**	**N/A**	**C-72-250-03 thru 09**	**-**	**1,103,238**
Total U.S Environmental Protection Agency				**-**	**2,555,057**
U.S. Department of Homeland Security					
Pass-through the Central Office for Recovery, Reconstruction, and Resiliency (COR3)					
Hazard Mitigation Grant Program	**97.039**	**N/A**	**4339DRPRP00000001**	**-**	**624**
Total U.S. Department of Homeland Security				**-**	**624**
Total Expenditures of Federal Awards				**$ -**	**$ 2,555,681**

See accompanying notes to the schedule of expenditures of federal awards.

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the **Estuary** under programs of the federal government for the year ended September 30, 2025. The information in this schedule is presented in accordance with the requirements of *2 CFR, Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the **Estuary,** it is not intended to and does not present the financial position, changes in net assets, or cash flows of the **Estuary**. Therefore**,** some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 2 CFR 230, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Federal Assistance Listing Number (formerly known as Catalog of Federal Domestic Assistance (CFDA) Number) is a program identification number. The first two digits identify the federal department or agency that administers the program and the last three numbers are assigned by numerical sequence. The Uniform Guidance requires the Schedule to include the name of the "pass-through entity" and the identifying number assigned by the "pass through entity" for the federal awards received as a sub-recipient. Numbers identified as N/A are not applicable and numbers identified as N/AV are not available.

3. INDIRECT COST RATE

The **Estuary** has determined to use the cost allocation Methodology V5.0 plan approved by the Environmental Protection Agency in March 2016.

4. RELATIONSHIP TO FINANCIAL STATEMENTS

The reconciliation of expenses per financial statements to the Schedule of Expenditures of Federal Awards is as follows:

Expenses per financial statements	**$ 2,684,828**
Less: Nonfederal expenditures	**(129,147)**
Expenditures per Schedule of Expenditures of Federal Awards	**$ 2,555,681**

Rodríguez & Santiago, CPA's, PSC
Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' 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

The Board of Directors of
Corporation for the Conservation of the San Juan Bay Estuary
Guaynabo, 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 **Corporation for the Conservation of the San Juan Bay Estuary**, which comprise the statement of financial position as of September 30, 2025, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 19, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the **Corporation for the Conservation of the San Juan Bay Estuary's** internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the **Corporation for the Conservation of the San Juan Bay Estuary's** internal control. Accordingly, we do not express an opinion on the effectiveness of the **Corporation for the Conservation of the San Juan Bay Estuary'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.

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.

PO Box 817
Bayamón, PR 00960
Tel. (939) 338-0450

Urb. El Paraíso, Calle Amazonas #114
San Juan, Puerto Rico 00926
rodriguezsantiagocpas@gmail.com

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the **Corporation for the Conservation of the San Juan Bay Estuary'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 financial statements. 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 **Corporation for the Conservation of the San Juan Bay Estuary'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 **Corporation for the Conservation of the San Juan Bay Estuary's** internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

R & S, CPA's, PSC

RODRIGUEZ & SANTIAGO, CPA's, PSC

San Juan, Puerto Rico
June 19, 2026

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CPA
$5.00 SELLO $2.00 INDICT

DPSC325-169

CORPORATION FOR THE CONSERVATION OF THE SAN JUAN BAY ESTUARY

Rodríguez & Santiago, CPA's, PSC
Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Directors of
Corporation for the Conservation of the San Juan Bay Estuary
Guaynabo, Puerto Rico

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the **Corporation for the Conservation of the San Juan Bay Estuary's** compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the **Corporation for the Conservation of the San Juan Bay Estuary's** major federal programs for the year ended September 30, 2025. The **Corporation for the Conservation of the San Juan Bay Estuary's** major federal programs is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, **Corporation for the Conservation of the San Juan Bay Estuary** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of **Corporation for the Conservation of the San Juan Bay Estuary** and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the **Corporation for the Conservation of the San Juan Bay Estuary's** compliance with the compliance requirements referred to above.

PO Box 817
Bayamón, PR 00960
Tel. (939) 338-0450

Urb. El Paraíso, Calle Amazonas #114
San Juan, Puerto Rico 00926
rodriguezsantiagocpas@gmail.com

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statues, regulations, rules, and provisions of contracts or grant agreements applicable to the **Corporation for the Conservation of the San Juan Bay Estuary's** federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the **Corporation for the Conservation of the San Juan Bay Estuary's** compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the **Corporation for the Conservation of the San Juan Bay Estuary's** compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the **Corporation for the Conservation of the San Juan Bay Estuary's** compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain and understanding of the **Corporation for the Conservation of the San Juan Bay Estuary's** internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the **Corporation for the Conservation of the San Juan Bay Estuary's** internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

R & S, CPA's, PSC

RODRIGUEZ & SANTIAGO, CPA's, PSC

San Juan, Puerto Rico
June 19, 2026

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$5.00 SELLO $2.00 ÍNDICE

DPSC325-170

CORPORATION FOR THE CONSERVATION
OF THE SAN JUAN BAY ESTUARY

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness (es) identified?	☐Yes	☒No
Significant deficiency (ies)?	☐Yes	☒None Reported
Noncompliance material to financial statements noted?	☐Yes	☒No

Federal awards:

Internal Control over Major Federal Programs:		
Material weakness (es) identified?	☐Yes	☒No
Significant deficiency (ies)?	☐Yes	☒No
Type of auditor's report issued on compliance for Major Federal Programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section 200.516(a) of the Uniform Guidance?	☐Yes	☒No

Identification of Major Federal Programs:

Assistance Listing Number	Name of Federal Program or Cluster
66.456	**National Estuary Program**
66.458	**Capitalization Grants for Clean Water State Revolving Funds**

Dollar threshold used to distinguish between Type A and Type B Programs	**$1,000,000**	
Auditee qualified as low-risk auditee?	☒Yes	☐No

SECTION II – FINANCIAL STATEMENTS FINDINGS

During our audit, we did not detect deficiencies, significant deficiencies, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

SECTION III – MAJOR FEDERAL AWARD PROGRAM FINDINGS AND QUESTIONED COSTS

During our audit, we did not detect deficiencies, significant deficiencies, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with the OMB Uniform Guidance.

OTHER ISSUES

The Summary Schedule of Prior Audit Findings is not required because there were no prior year audit findings required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance.

A Corrective Action Plan is not required because there were no current year findings required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance.