FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018





PO Box 53 Bayamón, PR 00960-0053 CPA ELIZARDO E. MEDERO MONTIJO CERTIFIED PUBLIC ACCOUNTANT & TAX CONSULTANT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors HOMECA RECYCLING CENTER CO., INC. Caguas, Puerto Rico

I have audited the accompanying financial statements of **Homeca Recycling Center Co., Inc.** which comprise the balance sheets as of June 30, 2019 and 2018, and the related statements of income, retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Homeca Recycling Center Co., Inc.** as of June 30, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 8 to the financial statements, the Company had two claims brought by the United States Environmental Protection Agency (EPA). In the first one, EPA is claiming a violation of the Clean Water Act and the Resource Conservation and Recovery Act at the Company's facilities located at Ponce, Hormigueros and Caguas. The second claim brought by EPA is in relation to work performed by the Company at the Tallaboa Industrial Park in Peñuelas, PR. EPA is claiming that **Homeca Recycling Center Co., Inc.** is responsible for the release of asbestos at the Tallaboa Industrial Park including a School and a Head Start.

License No. 4746 Expires December 1, 2020

San Juan, Puerto Rico December 4, 2019

Stamp Number 2765523 was affixed to original





Balance Sheets

ASSETS

	JUNE 30, 2019	JUNE 30, 2018
Current Assets:		
Cash in Bank and in Hand (Note 1)	\$ 282,746	\$ 8,231
Accounts Receivable-Trade net of an allowance for doubtful accounts of \$0 for 2019 and 2018 (Note 1)	248,360	113,492
Inventories- at cost (Note 1)	4,897,077	4,581,557
Prepaid Taxes and Other Expense	341,521	337,317
Marketable Equity Securities (Note 1)	105,349	91,454
Total Current Assets	5,875,053	5,132,051
Property and Equipment - at cost (Note 1, 5 and 6)	5,726,313	5,901,659
Capital Leases-at cost (Note 6)	99,987	106,403
Total Assets	<u>\$11,701,353</u>	<u>\$11,140,113</u>



Balance Sheets

LIABILITIES AND STOCKHOLDERS' EQUITY

	JUNE 30, 2019	JUNE 30, 2018
Current Liabilities:		
Checks Issued in Excess of Funds Available (Note 1)	\$ 0	\$ 158,924
Line of Credit (Note 1)	359,990	0
Accounts Payable-Trade	211,180	176,761
Accrued Expenses and Taxes	60,597	54,910
Accrued Expenses-EPA Penalty (Note 8)	146,000	146,000
Advances from Clients (Note 7)	104,372	14,554
Current Portion of Long - Term Debt (Note 1 and 5)	649,760	913,619
Capital Lease Obligations (Note 6)	0	10,541
Total Current Liabilities	1,531,899	1,475,309
Due to Related Parties (Note 2) Long - Term Debt, Net of Current Portion (Note 1 and 5) Capital Lease Obligations, Net of Current Portion (Note 6)	2,913,391 0 0	2,557,033 181,081 0
Total Liabilities	4,445,290	4,213,423
Stockholders' Equity:		
Common Stock, 10,000 authorized shares at \$100 par value, 100 shares issued and outstanding	10,000	10,000
Retained Earnings	7,246,063	6,916,690
Total Stockholders' Equity	7,256,063	6,926,690
Total Liabilities and Stockholders' Equity	<u>\$11,701,353</u>	<u>\$11,140,113</u>



Statement of Income, Retained Earnings and Comprehensive Income

For the Years Ended

	JUNE 30, 2019	JUNE 30, 2018
REVENUES		
Net Sales Cost of Sales Gross Margin on Sales	\$ 17,245,588 <u>13,251,159</u> 3,994,429	\$ 18,863,238 <u>14,658,236</u> 4,205,002
OTHER REVENUE		
Other Revenue	0	0
Total Revenue	3,994,429	4,205,002
GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries and Wages Payroll Related Taxes and Benefits Office Expenses Rent Expense Repairs and Maintenance Professional Services Interest Utilities Corporate Taxes Depreciation and Amortization Insurance Expense Other Expenses Total Expenses	1,151,656 223,573 43,796 146,783 1,181,924 83,848 88,575 58,780 91,356 181,763 313,440 113,457 3,678,951	952,333 205,529 43,204 138,803 1,142,349 59,160 96,061 59,998 61,483 395,333 298,932 149,064 3,602,249
Income (Loss) Before Income Tax Income Tax Expense (Note 3)	315,478 0	602,753 0
Net Income	315,478	602,753
Other Comprehensive Loss: (Note 1) Unrealized Loss on Available for Sale Securities	13,895	8,103
Retained Earnings– Beginning of year Dividends	6,916,690 0	6,305,834 0
Retained Earnings – End of Year	\$ 7,246,063	<u>\$ 6,916,690</u>



Statement of Cash Flows

For the Years Ended

INCREASE (DECREASE) IN CASH:	JUNE 30, 2019	JUNE 30, 2018
Cash Flows from Operating Activities:		
Cash Received- From Clients Insurance Proceeds and Other Income Cash Paid-	\$ 17,110,720 0	0
Payments to Suppliers Salaries, Wages and Payroll Taxes Interest Paid Income Tax Other General and Administrative	(13,691,184) (1,369,542) (88,575) (4,204) <u>(2,033,385)</u>	(15,057,349) (1,145,516) (96,061) (0) <u>(2,002,993)</u>
Net Cash Provided (Used) by Operating Activities	(76,170)	469,688
Cash Flows from Investing Activities: Property and Equipment Acquisition	0	(280,660)
Net Cash Used by Investing Activities	0	(280,660)
Cash Flows from Financing Activities: Advances from (Repayment to) Related Parties Advances from (to) Clients Issuance of Line of Credit Issuance (Repayment) of Long Term Debt	356,358 89,818 359,990 (455,481)	(10,780) 14,554 0 (187,682)
Net Cash Provided (Used) by Financing Activities	350,685	(183,908)
Net Increase (Decrease) in Cash	274,515	5,120
Cash-Beginning of Year	8,231	3,111
Cash-End of Year	<u>\$ 282,746</u>	<u>\$ 8,231</u>



Statement of Cash Flows

For the Years Ended

RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

	JUNE 30, 2019	JUNE 30, 2018
Net Income (Loss)	<u>\$ 315,478</u>	<u>\$ 602,753</u>
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation Bad Debts	181,763 0	395,333 0
Decrease (Increase) in Assets-		
Accounts Receivable Inventory Prepaid Expenses	(134,868) (315,520) (4,204)	(91,631) (305,106) 0
Increase (Decrease) in Liabilities-		
Accounts Payable-Trade Accrued Expenses and Taxes Accrued Expenses-EPA Penalty	(124,505) 5,686 0	(94,007) 12,346 (50,000)
Net Adjustments	(391,648)	(133,065)
Net Cash Provided (Used) by Operating Activities	<u>\$ (76,170)</u>	<u>\$ 469,688</u>



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Homeca Recycling Center Co., Inc. is a corporation organized under the laws of the Commonwealth of Puerto Rico on April 6, 2001. The main commercial activity is the buying, processing and selling of recyclable material in bulk for export, as well as other related activities. Actually, the Company operates five (5) processing centers in Hormigueros, Ponce, Caguas and Loiza. On December 31, 2007, the Corporation sold it's demolition of structures and the removal of hazardous materials business activity to Homeca Recycling and Demolition, Corp., a related corporation. The purpose of this transaction was to segregate the demolition business from the Corporation's major commercial activity which is the processing and selling of recyclable material.

ACCOUNTING METHOD AND USE OF ESTIMATES

The Company financial statements were prepared using the accrual method of accounting. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ACCOUNTS RECEIVABLE

For all trade receivables due to the Company, the current allowance for doubtful accounts is estimated based on percentages of past due accounts and on the periodic analysis of the aging of accounts. Write-off is charged to the allowance when determined fully uncollectible. For 2019 and 2018, the total account receivable balance was subsequently collected, thus no balance of the reserve was necessary.

INVENTORIES

Inventories are stated at lower of cost or market. Valuation is based on the "first-in; firstout" flow method including production and related costs. Materials are segregated, classified, compacted and packed to be exported. Inventory consists of recyclable materials such as aluminum, bronze, steel and other metals, which are susceptible to market fluctuations. As of balance sheet date, the inventory consists of the following:



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Plants	JUNE 30, 2019	JUNE 30, 2018
Hormigueros	\$ 47,020	\$ 41,025
Caguas	1,523,374	1,584,827
Loiza	1,739,383	1,575,803
Guayama	957,368	635,651
Ponce- Mercedita	31,023	26,759
Ponce- South Ferrous	598,909	717,492
Total Inventories	<u>\$ 4,897,077</u>	<u>\$ 4,581,557</u>

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is computed based on the straight-line method over the estimated useful lives of the assets. Expenditures for repairs and maintenance are expensed as incurred; major additions and betterments are capitalized. During 2019 and 2018, property and equipment were purchased in the amount of \$0 and \$280,660 respectively. Property and equipment are summarized as follows:

	JUNE 30,	JUNE 30,
	2019	2018
Machinery & Equipment	\$6,496,391	\$6,496,391
Land	4,886,400	4,886,400
	11,382,791	11,382,791
Less: Accumulated Depreciation	_5,656,478	<u>5,481,132</u>
Net Property and Equipment	<u>\$5,726,313</u>	\$5,901,659
Less: Accumulated Depreciation Net Property and Equipment	11,382,791 5,656,478	11,382,79 5,481,13

MARKETABLE EQUITY SECURITIES

Cost and fair value of available-for-sale equity securities at June 30, 2019, follows:

	Amortized Cost	Gro Unrea Ga	alized	Gross Unrealized Loss	Fair Value
Available for sale equity securities	\$250,000	\$	0	(\$144,651)	\$ 105,349

The change in net unrealized holding losses on available for sale equity securities in the amount of (\$144,651) have been charged to other comprehensive income (loss).

LINE OF CREDIT

Line of credit provided by a local bank in the amount of \$500,000 with an interest rate of 4.40% due in 2020. The collateral of said credit facility is an officer's certificate of deposit with the same bank. As of balance sheet date, the balance of the Line of Credit was \$359,990.



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

2. DUE FROM (TO) RELATED PARTIES

The amounts due from (to) related parties comprise net advances provided for working capital in the current year. The amounts consist of the following:

	JUNE 30,	JUNE 30,
	2019	2018
Homeca Recycling and Demolition, Corp.	\$(2,443,088)	\$(2,131,969)
Advances from Stockholders	(485,102)	(499,891)
Advances (from) to Employees and Others	14,799	74,827
Total	\$(2,913,391)	<u>\$(2,557,033)</u>

There is no definite due dates or repayment schedule for these amounts. In relation to Homeca Recycling and Demolition, Corp, since both companies are under the same common management, the final outcome of these related transactions depends on common management decisions.

3. TAX EXEMPTION GRANT

On February 9, 2006, the Company, under the Puerto Rico Industrial Incentive Act No. 135 of December 2, 1997, has been granted a twenty (20) years partial tax exemption for income, property, and municipal taxes on its recycling operations, as follows:

Income - 7% tax rate - October 31, 2003 to October 30, 2023 Property - 90% exempt - January 1, 2004 to December 31, 2023 Municipal - 60% exempt - January 1, 2004 to December 31, 2023

The Corporation records the provision for income tax based on the pre-tax operating income and applying the tax exemption grant. Based on the application of the grant and previous losses, the provision for income tax for 2019 and 2018 were \$0 and \$0, respectively.

The exemption requires the Company to maintain the established levels of employment, services as well as the operations in Puerto Rico.

4. COMMITMENTS

LEASE AGREEMENTS

Company has a rental agreement contract with the Municipality of Ponce for operating space in Puerto del Sur, Ponce Puerto Rico in a monthly payment of \$6,775 with a maturity on June 2020 and a renewal option of an additional five years.



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

5. LONG TERM DEBT

The Long-term debt consists of the following:

	· · ·	JUNE 30, 2018	JUNE 30, 2017
8.50%	or 3% over prime to local bank, payable in monthly installments of \$4,853.33 plus interest, due on December 2019. Secured by the land referred to in Note 1, and by stockholders. Subsequent to balance sheet date this debt was paid in full.	\$ 181,077	\$ 239,317
4.25%	or 1% over prime whichever is greater note payable to private person, payable with a first payment of \$200,000 on October 2013 and remaining balance due on October 2018. Secured by the land referred to in Note 1, and by stockholders.	0	294,500
8.50%	or 3% over prime whichever is greater note payable to local bank, payable in monthly installments of \$7,683.33 plus interest and a final balloon plus accrued interest due on June 2019. Subsequent to balance sheet date, this debt was renegotiated with the bank for 5 additional years. Secured by the land		
	referred to in Note 1, and by stockholders.	468,684	560,883
	Total	\$649,761	\$1,094,700
	Less: Current Portion	649,761	913,619
	Long-Term Portion	<u>\$0</u>	<u>\$ 181,081</u>

During the year, the bank increase the interest rate up to 8.50% due to noncompliance with certain covenants of the loan agreement. Maturity of these long term debts for the next five years is as follows:



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

5. LONG TERM DEBT, (Continued)

	JUNE 30, 2019	JUNE 30, 2018
2019 2020	\$0 649,761	\$ 913,619 <u>181,081</u>
Less: Current Portion	649,761 <u>649,761</u>	1,094,700 913,619
Long-Term Portion	<u>\$0</u>	<u>\$ 181,081</u>

6. CAPITAL LEASES

The Company is the lessee of various motor vehicles, and equipments under capital lease. These assets are amortized over their related lease terms or their estimated useful lives whichever is less. These are summarized as follows:

	JUNE 30, 2019	JUNE 30, 2018
Motor Vehicles and Equipment	\$ 610,376	\$ 610,376
Less-Accumulated Amortization	510,389	<u> </u>
Net Capital Lease	<u>\$ 99.987</u>	<u>\$ 106,403</u>

Minimum future lease payments, net of interest, under capital lease as of June 30, 2019 and 2018 are:

	NE 30, 019		NE 30, 2018
2018 2019	\$ 0 0	\$ 1	0 1, <u>536</u>
Total Minimum Lease Payments	0	1	1,536
Less: Executory Costs Imputed Interest	 0 0		500 495
Present value of net minimum lease payments Less: Current Portion	 0 0		0,541 0,541
Long-Term Debt	\$ 0	<u>\$</u>	0



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

6. CAPITAL LEASES, (Continued)

The interest rates on capital lease obligations were imputed based on the actual contracts, which are between 1.15% to 7.99%. The leased assets guarantee the above capital leases.

7. ADVANCES FROM CLIENTS

In the normal course of operations, the Company receives advance deposits from clients. These funds are credited to future sales of recyclable material.

8. CONTINGENCIES





NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

8. CONTINGENCIES, (Continued)





NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

8. CONTINGENCIES, (Continued)





FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019





PO Box 53 Bayamón, PR 00960-0053 CPA ELIZARDO E. MEDERO MONTIJO CERTIFIED PUBLIC ACCOUNTANT & TAX CONSULTANT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors HOMECA RECYCLING CENTER CO., INC. Caguas, Puerto Rico

I have audited the accompanying financial statements of **Homeca Recycling Center Co., Inc.** which comprise the balance sheets as of June 30, 2020 and 2019, and the related statements of income, retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Homeca Recycling Center Co., Inc.** as of June 30, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 9 to the financial statements, the Company has a claim brought by the United States Environmental Protection Agency (EPA). The claim brought by EPA is in relation to work performed by the Company at the Tallaboa Industrial Park in Peñuelas, PR. EPA is claiming that **Homeca Recycling Center Co., Inc.** is responsible for the release of asbestos at the Tallaboa Industrial Park including a School and a Head Start.

License No. 4746 Expires December 1, 2023

San Juan, Puerto Rico March 22, 2021

Stamp Number 2776941 was affixed to original





Balance Sheets

ASSETS

	JUNE 30, 2020	JUNE 30 2019
Current Assets:		
Cash in Bank and in Hand (Note 1)	\$ 18,672	\$ 282,746
Accounts Receivable-Trade- net of an allowance for doubtful accounts of \$0 for 2020 and 2019 (Note 1)	133,104	248,360
Inventories- at cost (Note 1)	5.748,396	4,897,077
Prepaid Taxes and Other Expense	341,521	341,521
Marketable Equity Securities (Note 1)	98,624	105,349
Total Current Assets	6,340,317	5,875,053
Property and Equipment - at cost (Note 1, 5 and 6)	5,696,449	5,726,313
Capital Leases-at cost (Note 7)	68,322	99,987
Total Assets	<u>\$12,105,088</u>	<u>\$11,701,353</u>



Balance Sheets

LIABILITIES AND STOCKHOLDERS' EQUITY

	JUNE 30, 2020	JUNE 30, 2019
Current Liabilities:		
Checks Issued in Excess of Funds Available	\$ 126,530	\$0
Line of Credit (Note 1)	449,990	359,990
Accounts Payable-Trade	249,179	211,180
Accrued Expenses and Taxes	59,920	60,597
Accrued Expenses-EPA Penalty (Note 9)	146,000	146,000
Advances from Clients (Note 8)	89,201	104,372
Current Portion of Long - Term Debt (Note 1, 5 and 10)	84,937	649,760
Current Portion of Installment Notes Payable (Note 6)	35,065	0
Total Current Liabilities	1,240,822	1,531,899
Due to Related Parties (Note 2) Long - Term Debt, Net of Current Portion (Note 1, 5 and 10) Installment Notes Payable, Net of Current Portion (Note 6)	3,627,942 445,289 <u>54,053</u>	2,913,391 0 0
Total Liabilities	5,368,106	4,445,290
Stockholders' Equity: Common Stock, 10,000 authorized shares at \$100 par value, 100 shares issued and outstanding	10,000	10,000
Retained Earnings	6,726,982	7,246,063
Total Stockholders' Equity	6,736,982	7,256,063
Total Liabilities and Stockholders' Equity	\$12,105,088	\$11,701,353



Statement of Income, Retained Earnings and Comprehensive Income

For the Years Ended

	JUNE 30, 2020	JUNE 30, 2019
REVENUES		
Net Sales Cost of Sales Gross Margin on Sales	\$ 9,238,820 <u>7,022,672</u> 2,216,148	\$ 17.245,588 <u>13.251,159</u> 3.994,429
OTHER REVENUE		
Other Revenue (Note 10)	344,285	0
Total Revenue	2,560,433	3,994,429
GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries and Wages Payroll Related Taxes and Benefits Office Expenses Rent Expense Repairs and Maintenance Professional Services Interest Utilities Corporate Taxes Depreciation and Amortization Insurance Expense Other Expenses Total Expenses	868,526 216,610 53,623 109,212 931,114 82,320 77,360 48,834 65,498 134,379 346,969 <u>138,344</u> <u>3,072,789</u>	1,151,656 223,573 43,796 146,783 1.181,924 83,848 88,575 58,780 91,356 181,763 313,440 <u>113,457</u> <u>3,678,951</u>
Income (Loss) Before Income Tax Income Tax Expense (Note 3)	(512,356) 0	315,478 0
Net Income (Loss)	(512,356)	315,478
Other Comprehensive Loss: (Note 1) Unrealized Loss on Available for Sale Securities	6,725	13,895
Retained Earnings– Beginning of year Dividends	7,246,063	6,916,690 0
Retained Earnings – End of Year	<u>\$ 6,726,982</u>	<u>\$ 7,246,063</u>



Statement of Cash Flows

For the Years Ended

INCREASE (DECREASE) IN CASH:	JUNE 30, 2020	JUNE 30, 2019
Cash Flows from Operating Activities:		
Cash Received- From Clients Other Income Cash Paid-	\$ 9,354,076 344,285	\$ 17,110,720 0
Payments to Suppliers Salaries, Wages and Payroll Taxes Interest Paid Income Tax Other General and Administrative	(7,709,462) (1,085,813) (77,360) (0) (1,775,914)	(13,691,184) (1,369,542) (88,575) (4,204) (2,033,385)
Net Cash Provided (Used) by Operating Activities	(950,188)	(76,170)
Cash Flows from Investing Activities: Property and Equipment Acquisition	(72,850)	0
Net Cash Used by Investing Activities	(72,850)	0
<u>Cash Flows from Financing Activities</u> : Advances from (Repayment to) Related Parties Advances from (to) Clients Advances from Line of Credit Issuance (Repayment) of Long Term Debt	714,551 (15,171) 90,000 (30,416)	356,358 89,818 359,990 (455,481)
Net Cash Provided (Used) by Financing Activities	758,964	350,685
Net Increase (Decrease) in Cash	(264,074)	274,515
Cash-Beginning of Year	282,746	8,231
Cash-End of Year	\$ 18,672	\$ 282,746



Statement of Cash Flows

For the Years Ended

RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

	JUNE 30, 2020	JUNE 30, 2019
Net Income (Loss)	<u>\$ (512,356</u>)	<u>\$ 315,478</u>
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation Bad Debts	134,379 0	181,763 0
Decrease (Increase) in Assets-		
Accounts Receivable Inventory Prepaid Expenses	115,256 (851,319) 0	(134,868) (315,520) (4,204)
Increase (Decrease) in Liabilities-		
Accounts Payable-Trade Accrued Expenses and Taxes Accrued Expenses-EPA Penalty	164,529 (677) 0	(124,505) 5,686 0
Net Adjustments	(437,832)	(391,648)
Net Cash Provided (Used) by Operating Activities	<u>\$ (950,188)</u>	<u>\$ (76,170</u>)



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Homeca Recycling Center Co., Inc. is a corporation organized under the laws of the Commonwealth of Puerto Rico on April 6, 2001. The main commercial activity is the buying, processing and selling of recyclable material in bulk for export, as well as other related activities. Actually, the Company operates five (5) processing centers in Hormigueros, Ponce, Caguas and Loiza. On December 31, 2007, the Corporation sold it's demolition of structures and the removal of hazardous materials business activity to Homeca Recycling and Demolition, Corp., a related corporation. The purpose of this transaction was to segregate the demolition business from the Corporation's major commercial activity which is the processing and selling of recyclable material.

ACCOUNTING METHOD AND USE OF ESTIMATES

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For all trade receivables due to the Company, the current allowance for doubtful accounts is estimated based on percentages of past due accounts and on the periodic analysis of the aging of accounts. Write-off is charged to the allowance when determined fully uncollectible. For 2020 and 2019, the total account receivable balance was subsequently collected, thus no balance of the reserve was necessary.

INVENTORIES

Inventories are stated at lower of cost or market. Valuation is based on the "first-in; firstout" flow method including production and related costs. Materials are segregated, classified, compacted and packed to be exported. Inventory consists of recyclable materials such as aluminum, bronze, steel and other metals, which are susceptible to market fluctuations. As of balance sheet date, the inventory consists of the following:

(Continues)...



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Plants	JUNE 30, 2020	JUNE 30, 2019
Hormigueros	\$ 139,786	\$ 47,020
Caguas	1,938,482	1,523,374
Loiza	1,896,347	1,739,383
Guayama	1,222,541	957,368
Ponce- Mercedita	49,672	31,023
Ponce- South Ferrous	501,568	598,909
Total Inventories	\$ 5,748,396	\$ 4,897,077

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is computed based on the straight-line method over the estimated useful lives of the assets. Expenditures for repairs and maintenance are expensed as incurred; major additions and betterments are capitalized. During 2020 and 2019, property and equipment were purchased in the amount of \$72,850 and \$0 respectively. Property and equipment are summarized as follows:

	JUNE 30,	JUNE 30,
	2020	2019
Machinery & Equipment	\$6,569,241	\$6,496,391
Land	4,886,400	4,886,400
	11,382,791	11,382,791
Less: Accumulated Depreciation	<u>5,759,192</u>	<u>5,656,478</u>
Net Property and Equipment	<u>\$5,696,449</u>	<u>\$5,726,313</u>

MARKETABLE EQUITY SECURITIES

Cost and fair value of available-for-sale equity securities at June 30, 2020, follows:

	Amortized Cost	Gro Unrea Ga	lized	Gross Unrealized Loss	Fair Value
Available for sale equity securities	\$250,000	\$	0	(\$151,376)	\$ 98,624

The change in net unrealized holding losses on available for sale equity securities in the amount of (\$151,376) have been charged to other comprehensive income (loss).

LINE OF CREDIT

Line of credit provided by a local bank in the amount of \$500,000 with an interest rate of 4.40% due in 2020. The collateral of said credit facility is an officer's certificate of deposit with the same bank. As of balance sheet date, the balance of the Line of Credit was \$449,990.



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

2. DUE FROM (TO) RELATED PARTIES

The amounts due from (to) related parties comprise net advances provided for working capital in the current year. The amounts consist of the following:

	JUNE 30,	JUNE 30
	2020	2019
Homeca Recycling and Demolition, Corp.	\$(3,012,390)	\$(2,443,088)
Advances from Stockholders	(676,643)	(485,102)
Advances (from) to Employees and Others	61,091	14,799
Total	<u>\$(3,627,942)</u>	<u>\$(2,913,391)</u>

There is no definite due dates or repayment schedule for these amounts. In relation to Homeca Recycling and Demolition, Corp, since both companies are under the same common management, the final outcome of these related transactions depends on common management decisions.

3. TAX EXEMPTION GRANT

On February 9, 2006, the Company, under the Puerto Rico Industrial Incentive Act No. 135 of December 2, 1997, has been granted a twenty (20) years partial tax exemption for income, property, and municipal taxes on its recycling operations, as follows:

Income	- 7% tax rate - October 31, 2003 to October 30, 20)23
Property	- 90% exempt - January 1, 2004 to December 31, 2	2023
Municipal	- 60% exempt - January 1, 2004 to December 31, 2	2023

The Corporation records the provision for income tax based on the pre-tax operating income and applying the tax exemption grant. Based on the application of the grant and previous losses, the provision for income tax for 2020 and 2019 were \$0 and \$0, respectively.

The exemption requires the Company to maintain the established levels of employment, services as well as the operations in Puerto Rico.

4. COMMITMENTS

LEASE AGREEMENTS

Company has a rental agreement contract with the Municipality of Ponce for operating space in Puerto del Sur, Ponce Puerto Rico in a monthly payment of \$6,775 with a maturity on June 2020 and a renewal option of an additional five years.



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

5. LONG TERM DEBT

The Long-term debt consists of the following:

	JUNE 30, 2020	JUNE 30, 2019
8.50% or 3% over prime to local bank, payable in monthly installments of \$4,853,33 plus interest, due on December 2019. Secured by the land referred to in Note 1, and by stockholders. Subsequent to balance sheet date this debt was paid in full.	\$ O	\$ 181,077
3.75% note payable to SBA, payable in monthly installments of \$731 including interest, fist payment to be made in May 2021, due on May 2051 and secured by stockholders.	149,900	0
 7.00% or 3% over prime whichever is greater note payable to local bank, payable in 60 monthly installments of \$7,043.06 plus interest due on December 2024. Secured by the land referred to in Note 1, and by stockholders. 	380,326	468,684
Total Less: Current Portion	\$530,226 84,937	\$649,761 649,761
Long-Term Portion	<u>\$_445,289</u>	<u>\$0</u>

Maturity of these long term debts for the next five years is as follows:

	JUNE 30, 2020	JUNE 30, 2019
2020 2021 2022 2023 2024 2025 and thereafter	\$0 84,937 87,099 87,208 87,322 183,660	\$ 649,761 0 0 0 0 0
Less: Current Portion Long-Term Portion	530.226 84,937 \$ 445,289	649,761 649,761 \$0



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

6. INSTALLMENT NOTES PAYABLE

The installment notes payable consist of the following:

Two Notes Payable to CAPEX. Both with interest of 10.74%, payable in monthly installments of \$2,236 due in October 2022. The second one payable in monthly installments of \$1,435 due in August 2022.

Maturity of these long term debts for the next five years is as follows:

	JUNE 30, 2020	JUNE 30 2019
2020 2021 2022 2023	\$ 0 35.065 40.420 <u>13.633</u>	\$ 0 0 0 0
	89,118	649,761
Less: Current Portion	35,065	649,761
Long-Term Portion	<u>\$ 54,053</u>	<u>\$0</u>

7. CAPITAL LEASES

The Company is the lessee of various motor vehicles, and equipments under capital lease. These assets are amortized over their related lease terms or their estimated useful lives whichever is less. These are summarized as follows:

	JUNE 30, 2020	JUNE 30, 2019
Motor Vehicles and Equipment	\$ 610,376 542,054	\$ 610,376
Less-Accumulated Amortization	542.054	<u> </u>
Net Capital Lease	<u>\$ 68,322</u>	<u>\$ 99,987</u>

8. ADVANCES FROM CLIENTS

In the normal course of operations, the Company receives advance deposits from clients. These funds are credited to future sales of recyclable material.



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

9. CONTINGENCIES





NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

9. CONTINGENCIES, (Continued)





NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

10. SMALL BUSINESS ADMINISTRATION (PPP) LOAN FROM COVID-19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (Covid-19) a global pandemic and recommended containment and mitigation measures worldwide. The business operations have been significantly impacted by lockdown measures and the imposition of related public health measures resulting from quarantines, self-isolations, governmental closure orders and partial or full closures of business and government offices.

Covid-19 has negatively impacted and is expected to continue to negatively impact to an extent the Company is unable to predict, the Company's revenues, which are driven primarily by revenues from exports and governmental agencies that have been affected by the lockdown. Accordingly, the Company was closed for one month and when the operations resumed, the Company experienced a decline in their revenues due to the pandemic, which would adversely affect the Company's revenues, liquidity and working capital.

As of the date of this financial statement the Company is operational under safety measures and social distance and a strict protocol approved by the government. In addition, the Company has received a variety of financial help from the government to subsidize its operations and guaranty the continuance of employee salaries under the United States First Coronavirus Cares Act and the Small Business Administration. The extended effect of the pandemic in the financial position and result of operations is unknown at the present time and these financial statements do not contain any adjustments on this matter. However, the Company has taken measures to reduce the financial impact of the pandemic. Among these measures are:

- Expenses control
- Work remotely
- Include new destination countries to export their recyclable materials

As part of the Coronavirus Aid Relief and Economic Security Act (CARES Act), the Company applied and received a loan payable in 24 months at 1% interest named as Paycheck Protection Program (PPP) in the amount of \$334,285. This loan was used for the payment of payroll costs including health care benefits, rent, utilities and interest in mortgage and other debt obligations. Subsequent to balance sheet date, SBA forgave 100% of the loan because it was completely used in these expenses. Also, the Company received from SBA a long-term loan in the amount of \$150,000. This was a 30 years loan at 3.75% interest rate paying \$731 including interest starting in May 2021, refer to Note 5.

The success of these measures is only achievable upon the ability of the Company to accomplish the measures, and to the extent of time the pandemic continues in existence.





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INDEPENDENT AUDITOR'S REPORT

Board of Directors HOMECA RECYCLING CENTER CO., INC. Caguas, Puerto Rico

I have audited the accompanying financial statements of Homeca Recycling Center Co., Inc. which comprise the balance sheets as of June 30, 2021 and 2020, and the related statements of income, retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 1 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Homeca Recycling Center Co., Inc. as of June 30, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 9 to the financial statements, the Company has a claim brought by the United States Environmental Protection Agency (EPA). The claim brought by EPA is in relation to work performed by the Company at the Tallaboa Industrial Park in Peñuelas, PR. EPA is claiming that **Homeca Recycling Center Co., Inc.** is responsible for the release of asbestos at the Tallaboa Industrial Park including a School and a Head Start.

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License No. 4746 Expires December 1, 2023





Balance Sheets

<u>ASSETS</u>

	JUNE 30, 2021	JUNE 30 2020
Current Assets:		
Cash in Bank and in Hand (Note 1)	\$ 258,330	\$ 18,672
Accounts Receivable-Trade- net of an allowance for doubtful accounts of \$0 for 2021 and 2020 (Note 1)	156,945	133,104
Inventories- at cost (Note 1)	5,101,692	5,748,396
Prepaid Taxes and Other Expense	367,168	341,521
Marketable Equity Securities (Note 1)	105,349	98,624
Total Current Assets	5.989,484	6,340,317
Property and Equipment - at cost (Note 1, 5 and 6)	5,733,399	5,696,449
Capital Leases-at cost (Note 7)	36,657	68,322
Total Assets	<u>\$11,759,540</u>	<u>\$12,105,088</u>



Balance Sheets

LIABILITIES AND STOCKHOLDERS' EQUITY

	JUNE 30, 2021	JUNE 30, 2020
Current Liabilities:		
Checks Issued in Excess of Funds Available	\$ 0	\$ 126,530
Line of Credit (Note 1)	249,935	449,990
Accounts Payable-Trade	89,118	249,179
Accrued Expenses and Taxes	37,747	59,920
Accrued Expenses-EPA Penalty (Note 9)	146,000	146,000
Advances from Clients (Note 8)	0	89,201
Current Portion of Long - Term Debt (Note 1, 5 and 10)	426,509	84,937
Current Portion of Installment Notes Payable (Note 6)	40,420	35,065
Total Current Liabilities	989,729	1,240,822
Due to Related Parties (Note 2) Long - Term Debt, Net of Current Portion (Note 1, 5 and 10) Installment Notes Payable, Net of Current Portion (Note 6)	3,073,309 360,040 <u>11,580</u>	3,627,942 445,289 54,053
Total Liabilities	4,434,658	5,368,106
Stockholders' Equity: Common Stock, 10,000 authorized shares at \$100 par value, 100 shares issued and outstanding	10,000	10,000
Retained Earnings	7,314,882	6,726,982
Total Stockholders' Equity	7,324,882	6,736,982
Total Liabilities and Stockholders' Equity	\$11,759,540	<u>\$12,105,088</u>


Statement of Income, Retained Earnings and Comprehensive Income

For the Years Ended

	JUNE 30, 2021	JUNE 30 2020
REVENUES		
Net Sales Cost of Sales Gross Margin on Sales	\$ 13,530,531 <u>9,999,565</u> 3,530,966	\$ 9,238,820 7,022,672 2,216,148
OTHER REVENUE		
Other Revenue (Note 10)	19,549	344,285
Total Revenue	3,550,515	2,560,433
GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries and Wages Payroll Related Taxes and Benefits Office Expenses Rent Expense Repairs and Maintenance Professional Services Interest Utilities Corporate Taxes Depreciation and Amortization Insurance Expense Other Expenses Total Expenses	835,468 185,134 66,703 143,623 786,811 93,765 86,864 47,912 50,034 82,484 385,755 203,583 2,968,136	868,526 216,610 53,623 109,212 931,114 82,320 77,360 48,834 65,498 134,379 346,969 <u>138,344</u> <u>3,072,789</u>
Income (Loss) Before Income Tax Income Tax Expense (Note 3)	582,379 <u>1,204</u>	(512,356) 0
Net Income (Loss)	581,175	(512,356)
Other Comprehensive Loss: (Note 1) Unrealized Loss on Available for Sale Securities	6,725	(6,725)
Retained Earnings– Beginning of year Dividends Retained Earnings – End of Year	6,726,982 0 <u>7,314,882</u>	7,246,063 0 \$ 6,726,982
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Statement of Cash Flows

For the Years Ended

INCREASE (DECREASE) IN CASH:	JUNE 30, 2021	JUNE 30, 2020
Cash Flows from Operating Activities		
Cash Received- From Clients Other Income	\$13,506,690 19,549	\$ 9,354,076 344,285
Cash Paid- Payments to Suppliers Salaries, Wages and Payroll Taxes Interest Paid Income Tax Other General and Administrative	(9,639,452) (1,042,775) (86,864) (1,204) <u>(1,803,833)</u>	(7,709,462) (1,085,813) (77,360) (0) (1,775,914)
Net Cash Provided (Used) by Operating Activities	952,111	(950,188)
Cash Flows from Investing Activities: Property and Equipment Acquisition	(87,769)	(72,850)
Net Cash Used by Investing Activities	(87,769)	(72,850)
Cash Flows from Financing Activities: Advances from (Repayment to) Related Parties Advances from (to) Clients Advances from Line of Credit Issuance (Repayment) of Long Term Debt	(554,633) (89,201) (200,055) <u>219,205</u>	714,551 (15,171) 90,000 <u>(30,416</u>)
Net Cash Provided (Used) by Financing Activities	(624,684)	758,964
Net Increase (Decrease) in Cash	239,958	(264,074)
Cash-Beginning of Year	18,672	282,746
Cash-End of Year	\$ 258,330	\$ 18,672



Statement of Cash Flows

For the Years Ended

RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

	JUNE 30, 2021	JUNE 30, 2020
Net Income (Loss)	<u>\$ 581,175</u>	<u>\$ (512,356</u>)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation Bad Debts	82:484 0	134,379 0
Decrease (Increase) in Assets-		
Accounts Receivable Inventory Prepaid Expenses	(23,841) 646,704 (25,647)	115,256 (851,319) 0
Increase (Decrease) in Liabilities-		
Accounts Payable-Trade Accrued Expenses and Taxes	(286,591) (22,173)	164,529 (677)
Net Adjustments	370,936	(437,832)
Net Cash Provided (Used) by Operating Activities	<u>\$_952,111</u>	<u>\$ (950,188)</u>



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Homeca Recycling Center Co., Inc. is a corporation organized under the laws of the Commonwealth of Puerto Rico on April 6, 2001. The main commercial activity is the buying, processing and selling of recyclable material in bulk for export, as well as other related activities. Actually, the Company operates five (5) processing centers in Hormigueros, Ponce, Caguas and Loiza. On December 31, 2007, the Corporation sold it's demolition of structures and the removal of hazardous materials business activity to Homeca Recycling and Demolition, Corp., a related corporation. The purpose of this transaction was to segregate the demolition business from the Corporation's major commercial activity which is the processing and selling of recyclable material.

ACCOUNTING METHOD AND USE OF ESTIMATES

The Company financial statements were prepared using the accrual method of accounting. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ACCOUNTS RECEIVABLE

For all trade receivables due to the Company, the current allowance for doubtful accounts is estimated based on percentages of past due accounts and on the periodic analysis of the aging of accounts. Write-off is charged to the allowance when determined fully uncollectible. For 2021 and 2020, the total account receivable balance was subsequently collected, thus no balance of the reserve was necessary.

INVENTORIES

Inventories are stated at lower of cost or market. Valuation is based on the "first-in; firstout" flow method including production and related costs. Materials are segregated, classified, compacted and packed to be exported. Inventory consists of recyclable materials such as aluminum, bronze, steel and other metals, which are susceptible to market fluctuations. As of balance sheet date, the inventory consists of the following:

(Continues)...



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Plants	JUN€ 30, 2021	JUNE 30, 2020
Hormigueros	\$ 168,348	\$ 139,786
Caguas	1,891,950	1,938,482
Loiza	1,629,357	1,896,347
Guayama	914,393	1,222,541
Ponce- Mercedita	37,598	49,672
Ponce- South Ferrous	460,046	501,568
Total Inventories	\$ 5,101,692	<u>\$ 5,748,396</u>

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is computed based on the straight-line method over the estimated useful lives of the assets. Expenditures for repairs and maintenance are expensed as incurred; major additions and betterments are capitalized. During 2021 and 2020, property and equipment were purchased in the amount of \$86,500 and \$72,850 respectively. Property and equipment are summarized as follows:

	JUNE 30 ,	JUNE 30
	2021	2020
Machinery & Equipment	\$6,138,486	\$6,569,241
Land	4,886,400	4,886,400
	11,024,885	11,382,791
Less: Accumulated Depreciation	5,291,486	<u>5,759,192</u>
Net Property and Equipment	<u>\$5,733,399</u>	<u>\$5,696,449</u>

MARKETABLE EQUITY SECURITIES

Cost and fair value of available-for-sale equity securities at June 30, 2021, follows:

	Amortized Cost	Gro Unrea Ga	alized	Gross Unrealized Loss	Fair Value
Available for sale equity securities	\$250,000	\$	0	(\$144,651)	\$ 105,349

The change in net unrealized holding losses on available for sale equity securities in the amount of (\$144,651) have been charged to other comprehensive income (loss).

LINE OF CREDIT

Line of credit provided by a local bank in the amount of \$500,000 with an interest rate of 4.40% due in 2021. The collateral of said credit facility is an officer's certificate of deposit with the same bank. As of balance sheet date, the balance of the Line of Credit was \$249,935.



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

2. DUE FROM (TO) RELATED PARTIES

The amounts due from (to) related parties comprise net advances provided for working capital in the current year. The amounts consist of the following:

	JUNE 30,	JUNE 30,
	2021	2020
Homeca Recycling and Demolition, Corp.	\$(2,575,446)	\$(3,012,390)
Advances from Stockholders	(621,140)	(676,643)
Advances (from) to Employees and Others	123,277	<u>61,091</u>
Total	\$(3,073,309)	<u>\$(3,627,942)</u>

There is no definite due dates or repayment schedule for these amounts. In relation to Homeca Recycling and Demolition, Corp, since both companies are under the same common management, the final outcome of these related transactions depends on common management decisions.

3. TAX EXEMPTION GRANT

On February 9, 2006, the Company, under the Puerto Rico Industrial Incentive Act No. 135 of December 2, 1997, has been granted a twenty (20) years partial tax exemption for income, property, and municipal taxes on its recycling operations, as follows:

Income - 7% tax rate - October 31, 2003 to October 30, 2023 Property - 90% exempt - January 1, 2004 to December 31, 2023 Municipal - 60% exempt - January 1, 2004 to December 31, 2023

The Corporation records the provision for income tax based on the pre-tax operating income and applying the tax exemption grant. Based on the application of the grant and previous losses, the provision for income tax for 2021 and 2020 were \$0 and \$0, respectively.

The exemption requires the Company to maintain the established levels of employment, services as well as the operations in Puerto Rico.

4. COMMITMENTS

LEASE AGREEMENTS

Company has a rental agreement contract with the Municipality of Ponce for operating space in Puerto del Sur, Ponce Puerto Rico in a monthly payment of \$6,775 with a maturity on June 2022 and a renewal option of an additional five years.



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

5. LONG TERM DEBT

The Long-term debt consists of the following:

	JUNE 30, 2021	JUNE 30, 2020
3.75% note payable to SBA, payable in monthly of \$731 including interest, fist payment to May 2021, due on May 2051 and stockholders. Included in this is a P \$341,572, refer to Note 10.	b be made in secured by	149,900
 7.00% or 3% over prime whichever is greater not local bank, payable in 60 monthly ins \$7,043.06 plus interest due on Dece Secured by the land referred to in Not 	stallments of mber 2024	
stockholders.	295,808	380,326
Total Less: Current Portion	\$786,549 426,509	\$530,226 <u>84,937</u>
Long-Term Portion	<u>\$_360,040</u>	<u>\$ 445,289</u>

Maturity of these long term debts for the next five years is as follows:

	JUNE 30, 2021	JUNE 30, 2020
2021 2022 2023 2024 2025 2026 and thereafter	\$ 0 426,509 87,099 87,208 45,063 140,670	\$ 84,937 87,099 87,208 87,322 84,937 0
Less: Current Portion Long-Term Portion	786.549 426,509 \$_360,040	530,226 <u>84,937</u> \$ <u>0</u>



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

6. INSTALLMENT NOTES PAYABLE

The installment notes payable consist of the following:

Two Notes Payable to CAPEX. Both with interest of 10.74%, payable in monthly installments of \$2,236 due in October 2022. The second one payable in monthly installments of \$1,435 due in August 2022.

Maturity of these long term debts for the next five years is as follows:

	JUNE 30, 2021	JUNE 30, 2020
2021 2022	\$0 40,420	\$ 35,065 40,420
2023	11,580	13,633
	52,000	89,118
Less: Current Portion	40,420	35,065
Long-Term Portion	\$ 11,580	<u>\$ 54,053</u>

7/ CAPITAL LEASES

The Company is the lessee of various motor vehicles, and equipments under capital lease. These assets are amortized over their related lease terms or their estimated useful lives whichever is less. These are summarized as follows:

	JUNE 30, 2021	JUNE 30, 2020
Motor Vehicles and Equipment	\$ 610,376 572,710	\$ 610.376
Less-Accumulated Amortization	<u> </u>	542,054
Net Capital Lease	<u>\$ 36,657</u>	<u>\$ 68,322</u>

8. ADVANCES FROM CLIENTS

In the normal course of operations, the Company receives advance deposits from clients. These funds are credited to future sales of recyclable material.



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

9. CONTINGENCIES



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

9. CONTINGENCIES. (Continued)





NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

10. SMALL BUSINESS ADMINISTRATION (PPP) LOAN FROM COVID-19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (Covid-19) a global pandemic and recommended containment and mitigation measures worldwide. The business operations have been significantly impacted by lockdown measures and the imposition of related public health measures resulting from quarantines, self-isolations, governmental closure orders and partial or full closures of business and government offices.

Covid-19 has negatively impacted and is expected to continue to negatively impact to an extent the Company is unable to predict, the Company's revenues, which are driven primarily by revenues from exports and governmental agencies that have been affected by the lockdown. Accordingly, the Company was closed for one month and when the operations resumed, the Company experienced a decline in their revenues due to the pandemic, which would adversely affect the Company's revenues, liquidity and working capital.

As of the date of this financial statement the Company is operational under safety measures and social distance and a strict protocol approved by the government. In addition, the Company has received a variety of financial help from the government to subsidize its operations and guaranty the continuance of employee salaries under the United States First Coronavirus Cares Act and the Small Business Administration. The extended effect of the pandemic in the financial position and result of operations is unknown at the present time and these financial statements do not contain any adjustments on this matter. However, the Company has taken measures to reduce the financial impact of the pandemic. Among these measures are:

- Expenses control
- Work remotely
- Include new destination countries to export their recyclable materials

As part of the Coronavirus Aid Relief and Economic Security Act (CARES Act), the Company applied and received two loans payable in 24 months at 1% interest named as Paycheck Protection Program (PPP) in the amount of \$334,285 and \$341,572. These loans were used for the payment of payroll costs including health care benefits, rent, utilities and interest in mortgage and other debt obligations. SBA forgave 100% of the first PPP loan because it was completely used in these expenses. The second PPP loan is in the process to be forgave by SBA. Also, the Company received from SBA a long-term loan in the amount of \$150,000. This was a 30 years loan at 3,75% interest rate paying \$731 including interest starting in May 2021, refer to Note 5.

The success of these measures is only achievable upon the ability of the Company to accomplish the measures, and to the extent of time the pandemic continues in existence.





PO Box 53 Bayamon, PR 00960-0053 CPA ELIZARDO E. MEDERO MONTIJO CERTIFIED PUBLIC ACCOUNTANT & TAX CONSULTANT TEL.: 787-672-5427 Fax: 787-288-3091 E-Mail: cpa_elizardo@yahoo.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors HOMECA RECYCLING CENTER CO., INC. Caguas, Puerto Rico

I have audited the accompanying financial statements of **Homeca Recycling Center Co., Inc.** which comprise the balance sheets as of June 30, 2022 and 2021, and the related statements of income, retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Homeca Recycling Center Co., Inc.** as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 9 to the financial statements, the Company has a claim brought by the United States Environmental Protection Agency (EPA). The claim brought by EPA is in relation to work performed by the Company at the Tallaboa Industrial Park in Peñuelas, PR. EPA is claiming that **Homeca Recycling Center Co., Inc.** is responsible for the release of asbestos at the Tallaboa Industrial Park including a School and a Head Start.

License No. 4746 Expires December 1, 2023

San Juan, Puerto Rico March 3, 2023

Stamp Number 2789291 was affixed to original





Balance Sheets

ASSETS

	JUNE 30, 2022	JUNE 30, 2021
Current Assets:		
Cash in Bank and in Hand (Note 1)	\$ 86,965	\$ 258,330
Accounts Receivable-Trade- net of an allowance for doubtful accounts of \$0 for 2022 and 2021 (Note 1)	97,910	156,945
Inventories- at cost (Note 1)	4.996,035	5,101,692
Prepaid Taxes and Other Expense	368,775	367,168
Marketable Equity Securities (Note 1)	83,218	105,349
Total Current Assets	5.632,903	5,989,484
Property and Equipment - at cost (Note 1, 5 and 6)	6.317,078	5,733,399
Capital Leases-at cost (Note 7)	0	36,657
Total Assets	<u>\$11,949,981</u>	<u>\$11,759,540</u>



Balance Sheets

LIABILITIES AND STOCKHOLDERS' EQUITY

	JUNE 30, 2022	JUNE 30, 2021
Current Liabilities:		
Checks Issued in Excess of Funds Available	\$ 55,611	\$ O
Line of Credit (Note 1)	149,874	249,935
Accounts Payable-Trade	104,025	89,118
Accrued Expenses and Taxes	35,819	37,747
Accrued Expenses-EPA Penalty (Note 9)	156,000	146,000
Current Portion of Long - Term Debt (Note 1, 5 and 10)	84,937	426,509
Current Portion of Installment Notes Payable (Note 6)	11,580	40,420
Total Current Liabilities	597,846	989,729
Due to Related Parties (Note 2) Long - Term Debt, Net of Current Portion (Note 1, 5 and 10) Installment Notes Payable, Net of Current Portion (Note 6)	2,622,530 275,524 0	3,073,309 360,040 11,580
Total Liabilities	3,495,900	4,434,658
Stockholders' Equity: Common Stock, 10,000 authorized shares at \$100 par value, 100 shares issued and outstanding	10,000	10,000
Retained Earnings	8,444,081	7,314,882
Total Stockholders' Equity	8,454,081	7.324,882
Total Liabilities and Stockholders' Equity	\$11,949,981	\$11,759,540



Statement of Income, Retained Earnings and Comprehensive Income

For the Years Ended

	JUNE 30, 2022	JUNE 30, 2021
REVENUES		
Net Sales Cost of Sales Gross Margin on Sales	\$ 18,537,804 _ <u>13,611,846</u> 4,925,958	\$ 13,530,531 <u>9,999,565</u> 3,530,966
OTHER REVENUE		
Other Revenue COVID-19 PPP (Note 10)	341,572	19,549
Total Revenue	5,267,530	3,550,515
GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries and Wages Payroll Related Taxes and Benefits Office Expenses Rent Expense Repairs and Maintenance Professional Services Interest Utilities Corporate Taxes Depreciation and Amortization Insurance Expense Bad Debts Expense Other Expenses Total Expenses	1,126,159 235,195 80,767 321,060 1,428,835 111,813 34,125 58,425 59,394 96,943 357,933 3,030 <u>196,291</u> 4,109,970	835,468 185,134 66,703 143,623 786,811 93,765 86,864 47,912 50,034 82,484 385,755 0 0 0 0
Income (Loss) Before Income Tax Income Tax Expense (Note 3)	1,157,560 <u>6,230</u>	582,379 1,204
Net Income (Loss)	1,151,330	581,175
Other Comprehensive Loss: (Note 1) Unrealized Loss on Available for Sale Securities	(22,131)	6,725
Retained Earnings– Beginning of year Dividends	7,314,882	6.726,982 0
Retained Earnings – End of Year	<u>\$ 8,444,081</u>	<u>\$ 7,314,882</u>



Statement of Cash Flows

For the Years Ended

INCREASE (DECREASE) IN CASH:	JUNE 30, 2022	JUNE 30, 2021
Cash Flows from Operating Activities:		
Cash Received-		
From Clients Other Income	\$18,595,232	\$13,506,690
Cash Paid-	341,572	19,549
Payments to Suppliers	(13,435,671)	(9,639,452)
Salaries, Wages and Payroll Taxes	(1,363,282)	(1,042,775)
Interest Paid Income Tax	(34,125) (6,230)	(86,864) (1,204)
Other General and Administrative	(2,607,548)	(1,803,833)
Net Cash Provided (Used) by Operating Activities	1,489,948	952,111
Cash Flows from Investing Activities:		
Property and Equipment Acquisition	(643,965)	(87,769)
Net Cash Used by Investing Activities	(643,965)	(87,769)
Cash Flows from Financing Activities:		
Advances from (Repayment to) Related Parties	(450,779)	(554,633)
Advances from (to) Clients Repayment of Line of Credit	(0) (100,061)	(89,201)
Issuance (Repayment) of Long-Term Debt	(466,508)	(200,055) <u>219,205</u>
Net Cash Provided (Used) by Financing Activities	(1,017,348)	(624,684)
Net Increase (Decrease) in Cash	(171,365)	239,958
Cash-Beginning of Year	258,330	18,672
Cash-End of Year	\$ <u>86,965</u>	\$ 258,330



Statement of Cash Flows

For the Years Ended

RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

	JUNE 30, 2022	JUNE 30 2021
Net Income (Loss)	<u>\$1,151,330</u>	<u>\$ 581,175</u>
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation Bad Debts	96,943 0	82,484 0
Decrease (Increase) in Assets-		
Accounts Receivable Inventory Prepaid Expenses	59.035 105,657 (1,607)	(23,841) 646,704 (25,647)
Increase (Decrease) in Liabilities-		
Accounts Payable-Trade Accrued Expenses-EPA Fines Accrued Expenses and Taxes	70,518 10.000 <u>(1,928</u>)	(286,591) (0) <u>(22,173</u>)
Net Adjustments	338,618	370,936
Net Cash Provided (Used) by Operating Activities	<u>\$1,489,948</u>	<u>\$ 952,111</u>



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Homeca Recycling Center Co., Inc. is a corporation organized under the laws of the Commonwealth of Puerto Rico on April 6, 2001. The main commercial activity is the buying, processing and selling of recyclable material in bulk for export, as well as other related activities. Actually, the Company operates five (5) processing centers in Hormigueros, Ponce, Caguas and Loiza. On December 31, 2007, the Corporation sold it's demolition of structures and the removal of hazardous materials business activity to Homeca Recycling and Demolition, Corp., a related corporation. The purpose of this transaction was to segregate the demolition business from the Corporation's major commercial activity which is the processing and selling of recyclable material.

ACCOUNTING METHOD AND USE OF ESTIMATES

The Company financial statements were prepared using the accrual method of accounting. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ACCOUNTS RECEIVABLE

For all trade receivables due to the Company, the current allowance for doubtful accounts is estimated based on percentages of past due accounts and on the periodic analysis of the aging of accounts. Write-off is charged to the allowance when determined fully uncollectible. For 2022 and 2021, the total account receivable balance was subsequently collected, thus no balance of the reserve was necessary.

INVENTORIES

Inventories are stated at lower of cost or market. Valuation is based on the "first-in; first-out" flow method including production and related costs. Materials are segregated, classified, compacted and packed to be exported. Inventory consists of recyclable materials such as aluminum, bronze, steel and other metals, which are susceptible to market fluctuations. As of balance sheet date, the inventory consists of the following:

(Continues)...



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

<u>Plants</u>	-	JUNE 30, 2022	-	JUNE 30, 2021
Hormigueros	\$	172,752	\$	168,348
Caguas		1,705,089		1,891,950
Loiza		1,533,773		1,629,357
Guayama		877,586		914,393
Ponce- Mercedita		47,220		37,598
Ponce- South Ferrous		659,615		460,046
Total Inventories	\$	4,996,035	\$	5,101,692

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is computed based on the straight-line method over the estimated useful lives of the assets. Expenditures for repairs and maintenance are expensed as incurred; major additions and betterments are capitalized. During 2022 and 2021, property and equipment were purchased in the amount of \$643,899 and \$86,500 respectively. Property and equipment are summarized as follows:

	JUNE 30,	JUNE 30,
	2022	2021
Machinery & Equipment	\$6,814,115	\$6,138,486
Land	4,886,400	4,886,400
	11,700,515	11,024,885
Less: Accumulated Depreciation	5,383,437	<u>5,291,486</u>
Net Property and Equipment	<u>\$6,317,078</u>	<u>\$5,733,399</u>

MARKETABLE EQUITY SECURITIES

Cost and fair value of available-for-sale equity securities at June 30, 2021, follows:

	Amortized Cost	Gro Unrea Ga	lized	Gross Unrealized Loss	Fair Value
Available for sale equity securities	\$250,000	\$	0	(\$166,782)	\$ 83,218

The change in net unrealized holding losses on available for sale equity securities in the amount of (\$166,782) have been charged to other comprehensive income (loss).

LINE OF CREDIT

Line of credit provided by a local bank in the amount of \$500,000 with an interest rate of 4.40% due in 2022. The collateral of said credit facility is an officer's certificate of deposit with the same bank. As of balance sheet date, the balance of the Line of Credit was \$149,874.



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

2. DUE FROM (TO) RELATED PARTIES

The amounts due from (to) related parties comprise net advances provided for working capital in the current year. The amounts consist of the following:

	JUNE 30,	JUNE 30,
	2022	2021
Homeca Recycling and Demolition, Corp.	\$(2,627,512)	\$(2,575,446)
Advances from Stockholders	(243,693)	(621,140)
Advances (from) to Employees and Others	248,675	123,277
Total	<u>\$(2,622,530)</u>	<u>\$(3,073,309)</u>

There is no definite due dates or repayment schedule for these amounts. In relation to Homeca Recycling and Demolition, Corp, since both companies are under the same common management, the final outcome of these related transactions depends on common management decisions.

3. TAX EXEMPTION GRANT

On February 9, 2006, the Company, under the Puerto Rico Industrial Incentive Act No. 135 of December 2, 1997, has been granted a twenty (20) years partial tax exemption for income, property, and municipal taxes on its recycling operations, as follows:

Income		7% tax rate 🛥 October 31, 2003 to October 30, 2023
Property	-	90% exempt 🗐 January 1, 2004 to December 31, 2023
Municipal	-	60% exempt - January 1, 2004 to December 31, 2023

The Corporation records the provision for income tax based on the pre-tax operating income and applying the tax exemption grant. Based on the application of the grant and previous losses, the provision for income tax for 2022 and 2021 were \$6,230 and \$1,204, respectively. The Corporation is in the process of renew the grant.

The exemption requires the Company to maintain the established levels of employment, services as well as the operations in Puerto Rico.

4. COMMITMENTS

LEASE AGREEMENTS

Company has a rental agreement contract with the Municipality of Ponce for operating space in Puerto del Sur, Ponce Puerto Rico in a monthly payment of \$6,775 with a maturity on June 2022 and a renewal option of an additional five years.



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

5. LONG TERM DEBT

The Long-term debt consists of the following:

		JUNE 30, 2022	JUNE 30, 2021
3.75%	note payable to SBA, payable in monthly installments of \$731 including interest, fist payment to be made during 2022, due on May 2051 and secured by stockholders. During the year a second PPP loan of \$341,572 was forgave, refer to Note 10.	149,169	490,741
7.00%	or 3% over prime whichever is greater note payable to local bank, payable in 60 monthly installments of \$7,043.06 plus interest due on December 2024. Secured by the land referred to in Note 1, and by		
	stockholders.	211,292	295,808
	Total Less: Current Portion	\$ 360,461 <u>84,937</u>	\$786,549 <u>426,509</u>
	Long-Term Portion	<u>\$ 275,524</u>	<u>\$ 360,040</u>

Maturity of these long term debts for the next five years is as follows:

	JUNE 30, 2022	JUNE 30, 2021
2022 2023 2024 2025 2026 and thereafter	\$0 84,937 87,099 44,950 143,475	\$ 426,509 87,099 87,208 45,063 140,670
Less: Current Portion	360,461 84,937	786,549 426,509
Long-Term Portion	<u>\$_275,524</u>	<u>\$ 360,040</u>



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

6. INSTALLMENT NOTES PAYABLE

The installment notes payable consist of the following:

Two Notes Payable to CAPEX. Both with interest of 10.74%, payable in monthly installments of \$2,236 due in October 2022. The second one payable in monthly installments of \$1,435 due in August 2022.

Maturity of these long term debts for the next five years is as follows:

	JUNE 30, 2022	JUNE 30, 2021
2022 2023	\$ 0 <u>11,580</u>	\$ 40,420 <u>11,580</u>
	11,580	52,000
Less: Current Portion	11,580	40,420
Long-Term Portion	<u>\$0</u>	<u>\$ 11,580</u>

7. CAPITAL LEASES

The Company is the lessee of various motor vehicles, and equipment under capital lease. These assets are amortized over their related lease terms or their estimated useful lives whichever is less. These are summarized as follows:

	JUNE 30, 2022	JUNE 30, 2021
Motor Vehicles and Equipment	\$ 515,381	\$ 610,376
Less-Accumulated Amortization	<u> </u>	<u> </u>
Net Capital Lease	<u>\$0</u>	<u>\$ 36,657</u>

8. ADVANCES FROM CLIENTS

In the normal course of operations, the Company receives advance deposits from clients. These funds are credited to future sales of recyclable material.



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

9. CONTINGENCIES





NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

9. CONTINGENCIES, (Continued)





NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

10. SMALL BUSINESS ADMINISTRATION (PPP) LOAN FROM COVID-19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (Covid-19) a global pandemic and recommended containment and mitigation measures worldwide. The business operations have been significantly impacted by lockdown measures and the imposition of related public health measures resulting from quarantines, self-isolations, governmental closure orders and partial or full closures of business and government offices.

Covid-19 has negatively impacted and is expected to continue to negatively impact to an extent the Company is unable to predict, the Company's revenues, which are driven primarily by revenues from exports and governmental agencies that have been affected by the lockdown. Accordingly, the Company was closed for one month and when the operations resumed, the Company experienced a decline in their revenues due to the pandemic, which would adversely affect the Company's revenues, liquidity and working capital.

As of the date of this financial statement the Company is operational under safety measures and social distance and a strict protocol approved by the government. In addition, the Company has received a variety of financial help from the government to subsidize its operations and guaranty the continuance of employee salaries under the United States First Coronavirus Cares Act and the Small Business Administration. The extended effect of the pandemic in the financial position and result of operations is unknown at the present time and these financial statements do not contain any adjustments on this matter. However, the Company has taken measures to reduce the financial impact of the pandemic. Among these measures are:

- Expenses control
- Work remotely
- Include new destination countries to export their recyclable materials

As part of the Coronavirus Aid Relief and Economic Security Act (CARES Act), the Company applied and received two loans payable in 24 months at 1% interest named as Paycheck Protection Program (PPP) in the amount of \$334,285 and \$341,572. These loans were used for the payment of payroll costs including health care benefits, rent, utilities and interest in mortgage and other debt obligations. SBA forgave both PPP in a 100% because both were completely used in these expenses. Also, the Company received from SBA a long-term loan in the amount of \$150,000. This was a 30 years loan at 3.75% interest rate paying \$731 including interest, refer to Note 5.

The success of these measures is only achievable upon the ability of the Company to accomplish the measures, and to the extent of time the pandemic continues in existence.





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INDEPENDENT AUDITOR'S REPORT

Board of Directors HOMECA RECYCLING CENTER CO., INC. Caguas, Puerto Rico

I have audited the accompanying financial statements of Homeca Recycling Center Co., Inc. which comprise the balance sheets as of June 30, 2023 and 2022, and the related statements of income, retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 1 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Homeca Recycling Center Co., Inc.** as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 8 to the financial statements, the Company has a claim brought by the United States Environmental Protection Agency (EPA). The claim brought by EPA is in relation to work performed by the Company at the Tallaboa Industrial Park in Peñuelas, PR. EPA is claiming that **Homeca Recycling Center Co., Inc.** is responsible for the release of asbestos at the Tallaboa Industrial Park including a School and a Head Start.

License No. 4746 Expires December 1, 2026

San Juan, Puerto Rico February 7, 2024

Stamp Number 2794892 was affixed to original





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Balance Sheets

ASSETS

Current Assets:	JUNE 30, 2023	JUNE 30, 2022
Cash in Bank and in Hand (Note 1)	\$ 265,259	\$ 86,965
Accounts Receivable-Trade- net of an allowance for doubtful accounts of \$0 for 2023 and 2022 (Note 1)	116,559	97,910
Inventories- at cost (Note 1)	4,887,842	4,996,035
Prepaid Taxes and Other Expense	367,238	368,775
Marketable Equity Securities (Note 1)	84,006	83,218
Total Current Assets	5,720,904	5,632,903
Property and Equipment - at cost (Note 1. 5 and 6)	6,334,725	6.317,078
Total Assets	<u>\$12,055,629</u>	<u>\$11,949,981</u>

The Notes to the Financial Statements are an integral part of this Statement.



RX 26 Page 65 of 174

Balance Sheets

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:	JUNE 202;			JUNE 30, 2022
Checks Issued in Excess of Funds Available	\$	0	\$	55 611
Line of Credit (Note 1)	769,8	74	1	149,874
Accounts Payable-Trade	233,6	233,689		04,025
Accrued Expenses and Taxes	38,6	24		35,819
Accrued Expenses-EPA Penalty (Note 8)	156,0	00	1	56,000
Advances from Clients (Note 7)	320,0	00		0
Current Portion of Long - Term Debt (Note 1, 5 and 9)	87,0	99		84,937
Current Portion of Installment Notes Payable (Note 6)	28,992			<u>11,580</u>
Total Current Liabilities	1,634,2	78	5	97,846
Due to Related Parties (Note 2) Long - Term Debt, Net of Current Portion (Note 1, 5 and 9) Installment Notes Payable, Net of Current Portion (Note 6)	1,558,8 188,8 11,7	45		22,530 75,524 0
Total Liabilities	_3,393,6	<u>97</u>	3,4	<u>95,900</u>
Stockholders' Equity: Common Stock, 10,000 authorized shares at \$100 par				
value, 100 shares issued and outstanding	10,00	00		10,000
Retained Earnings	8,651,93	<u>32</u>	8,44	<u>44,081</u>
Total Stockholders' Equity	8,661,93	<u>32</u>	8,4	54,081
Total Liabilities and Stockholders' Equity	<u>\$12,055,62</u>	<u>9</u>	<u>\$11,94</u>	<u> 19,981</u>

The Notes to the Financial Statements are an integral part of this Statement.



RX 26 Page 66 of 174

Statement of Income, Retained Earnings and Comprehensive Income

For the Years Ended

REVENUES	JUNE 30, 2023	JUNE 30, 2022
Net Sales Cost of Sales Gross Margin on Sales	\$ 12,664,280 <u>8,390,254</u> 4,274,026	\$ 18,537,804 _ <u>13,611,846</u> 4,925,958
OTHER REVENUE		
Other Revenue COVID-19 PPP (Note 9)	0	341,572
Total Revenue	4,274,026	5,267,530
GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries and Wages Payroll Related Taxes and Benefits Office Expenses Rent Expense Repairs and Maintenance Professional Services Interest Utilities Corporate Taxes Depreciation and Amortization Insurance Expense Bad Debts Expense Other Expenses Total Expenses	$\begin{array}{r} 1,075,891\\ 304,889\\ 78,328\\ 239,183\\ 1,373,680\\ 113,746\\ 83,471\\ 53,583\\ 77,837\\ 151,212\\ 375,225\\ 0\\ \underline{138,381}\\ 4,065,426\end{array}$	$\begin{array}{r} 1,126,159\\ 235,195\\ 80,767\\ 321,060\\ 1,428,835\\ 111,813\\ 34,125\\ 58,425\\ 59,394\\ 96,943\\ 357,933\\ 3,030\\ \underline{196,291}\\ \underline{4,109,970} \end{array}$
Income (Loss) Before Income Tax Income Tax Expense (Note 3)	208,600 1,537	1,157,560 6,230
Net Income (Loss)	207,063	1,151,330
Other Comprehensive Loss: (Note 1) Unrealized Loss on Available for Sale Securities	788	(22,131)
Retained Earnings– Beginning of year Dividends Retained Earnings – End of Year	8,444,081 0 <u>\$ 8,651,932</u>	7,314,882 0 <u>\$ 8.444,081</u>

The Notes to the Financial Statements are an integral part of this Statement.



RX 26 Page 67 of 174

Statement of Cash Flows

For the Years Ended

INCREASE (DECREASE) IN CASH:	JUNE 30, 2023	JUNE 30, 2022
Cash Flows from Operating Activities:		
Cash Received- From Clients Other Income	\$12,647,168 0	\$18,595,232 341,572
Cash Paid- Payments to Suppliers Salaries, Wages and Payroll Taxes Interest Paid Income Tax	(8,208,008) (1,377,975) (83,471)	(13,435,671) (1,363,282) (34,125)
Other General and Administrative	(1,537) <u>(2,449,963</u>)	(6,230) <u>(2,607,548</u>)
Net Cash Provided (Used) by Operating Activities	526,214	1,489,948
Cash Flows from Investing Activities: Property and Equipment Acquisition	(168,859)	(643,965)
Net Cash Used by Investing Activities	<u>(168,859</u>)	(643,965)
Cash Flows from Financing Activities: Repayments to Related Parties Advances from (to) Clients Advances (Repayments) of Line of Credit Issuance (Repayments) of Long-Term Debt	(1,063,724) 320,000 620,000 (55,337)	(450,779) (0) (100,061) <u>(466,508</u>)
Net Cash Provided (Used) by Financing Activities	(179,061)	(1,017,348)
Net Increase (Decrease) in Cash	178,294	(171,365)
Cash-Beginning of Year	86,965	258,330
Cash-End of Year	<u>\$ 265.259</u>	<u>\$86,965</u>

The Notes to the Financial Statements are an integral part of this Statement.



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Statement of Cash Flows

For the Years Ended

RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

	JUNE 30, 2023	JUNE 30, 2022
Net Income (Loss)	<u>\$ 207,063</u>	<u>\$1,151,330</u>
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation Bad Debts	151,2 12 0	96,943 0
Decrease (Increase) in Assets-		
Accounts Receivable Inventory Prepaid Expenses	(18,649) 108,193 1,537	59,035 105,657 (1,607)
Increase (Decrease) in Liabilities-		
Accounts Payable-Trade Accrued Expenses-EPA Fines Accrued Expenses and Taxes	74,053 0 <u>2,805</u>	70,518 10,000 <u>(1,928</u>)
Net Adjustments	319,151	338,618
Net Cash Provided (Used) by Operating Activities	<u>\$ 526,214</u>	<u>\$1,489,948</u>

The Notes to the Financial Statements are an integral part of this Statement.



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RX 26

NOTES TO FINANCIAL STATEMENTS

JUNE 30; 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Homeca Recycling Center Co., Inc. is a corporation organized under the laws of the Commonwealth of Puerto Rico on April 6, 2001. The main commercial activity is the buying, processing and selling of recyclable material in bulk for export, as well as other related activities. Actually, the Company operates five (5) processing centers in Hormigueros, Ponce, Caguas and Loiza. On December 31, 2007, the Corporation sold it's demolition of structures and the removal of hazardous materials business activity to Homeca Recycling and Demolition, Corp., a related corporation. The purpose of this transaction was to segregate the demolition business from the Corporation's major commercial activity which is the processing and selling of recyclable material.

ACCOUNTING METHOD AND USE OF ESTIMATES

The Company financial statements were prepared using the accrual method of accounting. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ACCOUNTS RECEIVABLE

For all trade receivables due to the Company, the current allowance for doubtful accounts is estimated based on percentages of past due accounts and on the periodic analysis of the aging of accounts. Write-off is charged to the allowance when determined fully uncollectible. For 2023 and 2022, the total account receivable balance was subsequently collected, thus no balance of the reserve was necessary.

INVENTORIES

Inventories are stated at lower of cost or market. Valuation is based on the "first-in; firstout" flow method including production and related costs. Materials are segregated, classified, compacted and packed to be exported. Inventory consists of recyclable materials such as aluminum, bronze, steel and other metals, which are susceptible to market fluctuations. As of balance sheet date, the inventory consists of the following:

(Continues)...



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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Plants	JUNE 30, 2023	JUNE 30, 2022
Hormigueros	\$ 150,964	\$ 172,752
Caguas	1,582,732	1,705,089
Loiza	1,672,685	1.533,773
Guayama	692,878	877,586
Ponce- Mercedita	51,360	47,220
Ponce- South Ferrous	737,223	659,615
Total Inventories	<u>\$ 4.887.842</u>	\$ 4,996,035

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is computed based on the straight-line method over the estimated useful lives of the assets. Expenditures for repairs and maintenance are expensed as incurred; major additions and betterments are capitalized. During 2023 and 2022, property and equipment were purchased in the amount of \$168,860 and \$643,899 respectively. Property and equipment are summarized as follows:

	JUNE 30, 👘	JUNE 30,
	2023	2022
Machinery & Equipment	\$6,982,974	\$6,814,115
Land	4,886,400	4,886,400
	11,869,374	11,700,515
Less: Accumulated Depreciation	5,534,649	<u>5,383,437</u>
Net Property and Equipment	<u>\$6,334,725</u>	<u>\$6,317,078</u>

MARKETABLE EQUITY SECURITIES

Cost and fair value of available-for-sale equity securities at June 30, 2023, follows:

	Amortized Cost	Gro Unrea Ga	lized	Gross Unrealized Loss	Fair Value
Available for sale equity securities	\$250,000	\$	0	(\$165,994)	\$ 84,006

The change in net unrealized holding losses on available for sale equity securities in the amount of (\$166,782) have been charged to other comprehensive income (loss).

LINE OF CREDIT

Two lines of credit provided by a local bank in the total amount of \$900,000 with interest rate from 5% to 6% due in 2025 and 2024. The collateral of said credit facility are three officer's certificates of deposit with the same bank. As of balance sheet date, the balance of the Line of Credit was \$769,874.



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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

2. DUE FROM (TO) RELATED PARTIES

The amounts due from (to) related parties comprise net advances provided for working capital in the current year. The amounts consist of the following:

	JUNE 30,	JUNE 30
Hereas Dr. H. I.D. Weine	2023	2022
Homeca Recycling and Demolition, Corp.	\$(1,720,220)	\$(2,627,512)
Advances from Stockholders	(206,523)	(243,693)
Advances (from) to Employees and Others	367,937	248,675
Total	\$(1,558,806)	\$(2,622,530)

There is no definite due dates or repayment schedule for these amounts. In relation to Homeca Recycling and Demolition, Corp, since both companies are under the same common management, the final outcome of these related transactions depends on common management decisions.

3. TAX EXEMPTION GRANT

On February 9, 2006, the Company, under the Puerto Rico Industrial Incentive Act No. 135 of December 2, 1997, has been granted a twenty (20) years partial tax exemption for income, property, and municipal taxes on its recycling operations, as follows:

Income	-	7% tax rate -	-	October 31, 2003 to October 30, 2023
				January 1, 2004 to December 31, 2023
				January 1, 2004 to December 31, 2023

The Corporation records the provision for income tax based on the pre-tax operating income and applying the tax exemption grant. Based on the application of the grant and previous losses, the provision for income tax for 2023 and 2022 were \$1,537 and \$6,230, respectively. The Corporation is in the process of renewal the grant.

The exemption requires the Company to maintain the established levels of employment, services as well as the operations in Puerto Rico.

4. COMMITMENTS

LEASE AGREEMENTS

Company has a rental agreement contract with the Municipality of Ponce for operating space in Puerto del Sur, Ponce Puerto Rico in a monthly payment of \$6,901 with a maturity on June 2024 and a renewal option of an additional five years.



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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

5. LONG TERM DEBT

The Long-term debt consists of the following:

	JUNE 30, 2023	JUNE 30, 2022
3.75% note payable to SBA, payable in monthly installments of \$731 including interest, fist payment to be made during 2022, due on May 2051 and secured by stockholders. During 2022 a second PPP loan of \$341,572 was forgave, refer to Note 9.	149,169	149,169
 7.00% or 3% over prime whichever is greater note payable to local bank, payable in 60 monthly installments of \$7,043.06 plus interest due on December 2024. Secured by the land referred to in Note 1, and by 		
stockholders.	126,775	211,292
Total Less: Current Portion	\$ 275,944 <u>87,099</u>	\$ 360,461
Long-Term Portion	<u>\$ 188,845</u>	<u>\$ 275.524</u>

Maturity of these long-term debts for the next five years is as follows:

	JUNE 30, 2023	JUNE 30, 2022		
2023 2024 2025 2026 2027 and thereafter	\$0 87,099 44,950 2,692 141,203	\$ 84,937 87,099 44,950 2,692 140,783		
Less: Current Portion	275,944 87,099	360,461 <u>84,937</u>		
Long-Term Portion	<u>\$ 188.845</u>	<u>\$ 275,524</u>		



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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

6. INSTALLMENT NOTES PAYABLE

The installment notes payable consist of the following:

Two Notes Payable to CAPEX. Both with interest from 10.21% to 10.24%, payable in monthly installments of \$1,528 and \$2,236 due in February 2025 and October 2023, respectively. Secured by machinery and equipment financed.

Maturity of these long-term debts for the next five years is as follows:

		JUNE 30, 2023	JUNE 30. 2022
2023 2024 2025	5	\$ 0 28,992 _ <u>11,768</u>	\$ 11,580 0 0
		40,760	11,580
Less: Current Por	tion	28,992	11,580
Long-Term	Portion	<u>\$ 11,768</u>	<u>\$0</u>

7. ADVANCES FROM CLIENTS

In the normal course of operations, the Company receives advance deposits from clients. These funds are credited to future sales of recyclable material.



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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

8. CONTINGENCIES



CPA

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RX 26

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

8. CONTINGENCIES, (Continued)





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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

9. SMALL BUSINESS ADMINISTRATION (PPP) LOAN FROM COVID-19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (Covid-19) a global pandemic and recommended containment and mitigation measures worldwide. The business operations have been significantly impacted by lockdown measures and the imposition of related public health measures resulting from quarantines, self-isolations, governmental closure orders and partial or full closures of business and government offices.

Covid-19 has negatively impacted and is expected to continue to negatively impact to an extent the Company is unable to predict, the Company's revenues, which are driven primarily by revenues from exports and governmental agencies that have been affected by the lockdown. Accordingly, the Company was closed for one month and when the operations resumed, the Company experienced a decline in their revenues due to the pandemic, which would adversely affect the Company's revenues, liquidity and working capital.

As of the date of this financial statement the Company is operational under safety measures and social distance and a strict protocol approved by the government. In addition, the Company has received a variety of financial help from the government to subsidize its operations and guaranty the continuance of employee salaries under the United States First Coronavirus Cares Act and the Small Business Administration. The extended effect of the pandemic in the financial position and result of operations is unknown at the present time and these financial statements do not contain any adjustments on this matter. However, the Company has taken measures to reduce the financial impact of the pandemic. Among these measures are:

- Expenses control
- Work remotely
- Include new destination countries to export their recyclable materials

As part of the Coronavirus Aid Relief and Economic Security Act (CARES Act), the Company applied and received two loans payable in 24 months at 1% interest named as Paycheck Protection Program (PPP) in the amount of \$334,285 and \$341,572. These loans were used for the payment of payroll costs including health care benefits, rent, utilities and interest in mortgage and other debt obligations. SBA forgave both PPP in a 100% because both were completely used in these expenses. Also, the Company received from SBA a long-term loan in the amount of \$150,000. This was a 30 years loan at 3.75% interest rate paying \$731 including interest, refer to Note 5.

The success of these measures is only achievable upon the ability of the Company to accomplish the measures, and to the extent of time the pandemic continues in existence.



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Form 480.30(II)DI Rev. 06.18				
Liquidator: Reviewer: 20_18	GOVERNMENT OF PUER DEPARTMENT OF THE T			SerialNumber
Field Audited by:	come Tax Return for Ex			
unc	ler the Puerto Rico Inc	entives Programs		AMENDED RETURN 🔘
Date//	Industrial Devel	opment		TAXABLE YEAR:
TAXABLE YEAR F	REGINNING ON 07/01/2018	ND ENDING ON 06/30/2019	1 CALENDAR	2 C FISCAL 3 52-53 WEEKS Payment Stamp
Taxpayer's Name Homeca Recycling	Center Co.	Employer Identification Number 66-0596814		r ayment otamp
Postal Address		Department of State Registry No.		
PMB 323 LUIS MUNOZ MARIN		119517 Industrial Code Municipal Code		
URB. VILLA BLANCA		3400 46 Merchant's Registration Number		
	code 00725			
Location of Principal Industry or Business - Number, Str Bo.Tomas Castro Rd. 183	eet and country	Telephone Number - Extension		
Caguas, PR 00725		(787) 903 0450 Date Incorporated		
Type of Principal Industry or Business	Change of Address: Yes 🖝 No	Day <u>4</u> / Month <u>6</u> / Year <u>200</u> 1		
Collection and Process of Recycled Material E-mail Address of the Contact Person	Extension of Time: Yes X No	Place Incorporated Domestic Puerto Rico	Receipt No	
L-mail Audress of the Contact Ferson	Contrats with Governmental Entity: 🔵	Yes 🐼 No		Type of Entity
Partially exempt income under:	1		Indicate if you are a	a member of a group of related entities Yes No
Act 8 of 1987 (Schedule N Incentives) Case No.: Act 135-1997 (Schedule V Incentives) Case No.:	03-135-1-85			
Act 135-1997 (Schedule V Incentives) Case No				Group number
Act 20-2012 (Schedule AA Incentives) Case No.:				
1. Tax liability: a) Schedule N Incentives, Part II, b) Schedule V Incentives, Part	line 9	(1a)		00
c) Schedule X Incentives, Part I	V, line 11			00
d) Schedule AA Incentives, Part I e) Schedule P Incentives, Part II,	III, line 5	(1d)		00
f) Total (Add lines 1(a) throug	h 1(e))			(1f) 00
2. Less: a) Tax withheld at source b) Current year estimated tax pay	ments	(2a)	6,423	00
 c) Excess from previous years not 	included on line 2(b)	(2c)	306,932	
d) Tax withheld on partners distributat partnerships (Form 480.60 EC)				00
e) Amount paid with automatic exten	ision of time or with original return	1		00
 f) Tax withheld for professional ser g) Tax withheld at sources on eligi b) Total payments (Add lines 2(a)) 	ible interest	(2g)		00
h) Total payments (Add lines 2(a) 3. Balance of tax due (If line 1(f) is more than	through 2(g))			(2h) 313,355 00
line 2(h), enter the difference here, otherwise,	, on line 5) (a)	Tax		00
	(b)	Interest		00
	(d) (d)	Surcharges (3c) Total (Add lines 3(a) through 3(c))	(3d) 00
4. Addition to the Tax for Failure to Pay Estimated 5. Excess of tax withheld or paid (See instruct				
6. Amount paid with the return (Add lines 3(d) a	and 4 less line 5)			(6) 00
7. Amount overpaid to be credited to estimated 8. Contribution to the San Juan Bay Estuary S	Special Fund			
9. Contribution to the Special Fund for the Univ	ersity of Puerto Rico			(9) 00
10. Amount to be refunded	OA	TH		
We, the undersigned, president (or vice president or other princi declare under penalty of perjury, that this return (including the sch	pal officer) and treasurer (or assistant redules and statements attached) has b	treasurer) or agent of the exempt busin een examined by us and, to the best of o	ess for which this inco ur knowledge and belie	me tax return is made, each for himself, of, is a true, correct, and complete return.
made in good faith, pursuant to the Puerto Rico Internal Revenue	e Code of 2011, as amended, and the R	egulations thereunder.	-	. ,
President or vice-president's name	President or vice-president's sig	gnature	Date	
·	· · · ·			
Treasurer or assistant treasurer's name	Treasurer or assistant treasure	s signature	Date	
Agent's name	Agent's signature		Date	
I declare under penalty of perjury that this return (including the schedules	SPECIALIST'S and statements attached) has been exami		and belief is a true correc	ct and complete return. The declaration of the
person who prepares this return is with respect to the information received				
Specialist's name (Print)			ion number	Date
Firm's name				Self-employed specialist
Specialist's signature	Address			Zin code
Specialist's signature	Address			Zip code
Indiasta if you made neumenta for the propertient		AXPAYER	ha Spacialistle sim	noture and registre RV. 26
Indicate if you made payments for the preparation of	ryour return: Tes No.	If you answered "Yes", require the	ne opecialist s sigi	nature and registration hum. er.

Retention period: Ten (10) Page 78a of 174 (English translation)

Form 480.30(II)DI Rev. 06.18

Industrial Development Incentives - Page 2

FOIIII	480.30(II)DI Rev. 06.18	Exempt Business -	Со	mparative Balance Sheet			evei	opment Incentives - Page 2
		•		of the year		Endir	ng o	fthe year
	Assets		Ť	Total				Total
	Cash an hand and hanks			8,231 00	(4)			282,746 00
	. Cash on hand and banks (1) . Accounts receivable	113,492	20		(1)	248,360	00	
	Less: Reserve for bad debts))))	113,492 ₀₀	(2) (3)		00)	248,360
	. Inventories		<i>,,,</i>	4,581,557 00	(3)		00)	4,897,077 0
	Other current assets		ŀ	4,381,337 00	(4) (5)			0
	. Notes receivable			00	(6)			0
	. Investments			91,454 00	(0)			105,349 0
	. Depreciable assets	7,106,767	nol	2,101 00		7,106,767	00	100,010 0
	Less: Reserve for depreciation	5,985,105 O		1,121,662 00	(8) (9)	(6,166,867		939,900 0
). Loans receivable of stockholders or related entities (10)			00	(3)	<u> </u>	00/	0
	Land(11)			4,886,400 00	(10)			4,886,400 0
	2. Other long-term assets		-	337,317 00	(11)			341,521 0
	B. Total Assets			11,140,113 00	(12)			11,701,353 0
ᇣ	Liabilities and Net Worth			11/110/110 00	(13)			11,101,000 0
Part	Liabilities							
1	A Accounts payable (14)	335,685 0	00		(14)	571,170	00	
	5. Accrued expenses not paid (14)	54,910 O			(15)	60,597		
	6. Other current liabilities		00		(13)		00	
	7. Long-term notes payable	0	00		(10)		00	
	B. Notes payable to stockholders or related entities (18)	1,119,795	00		(18)	754,132	00	
	 Other long-term liabilities	2,703,033 0	00		(19)	3,059,391		
) Total Liabilities			4,213,423 00	(20)			4,445,290 0
1	Net Worth				(20)			
2	I. Capital stock							
ſ	(a) Preferred stock	C	20		(21a)		00	
	(b) Common stock	10,000 0	00		(21b)	10,000	00	
2	2. Additional paid in capital		00		(22)		00	
	B. Retained earnings	6,916,690 0	00		(23)	7,246,063	00	
	ł. Reserve	C	00		(24)		00	
	5. Total Net Worth			6,926,690 ₀₀	(25)			7,256,063 0
	5. Total Liabilities and Net Worth			11,140,113 00	(26)			11,701,353 0
•	Reconciliation of Net Incom	ne (or Loss) per Books	s wi	ith Net Taxable Income (o	r Los	s) per Return		
1	Net income (or loss) per books	315,478 0	_	7. Income recorded on bo				
	Income tax per books	C	00	return (Itemize, use sc		•		
3	Excess of capital losses over capital			(a) Exempt interest \$	nouu			
	gains	C	00	()		¢		
4	Taxable income not recorded on books this year (Itemize, use schedule if necessary)			.,				
	(a) CASH \$			(C)				
	(b) CONVERTION \$ -259,373			(d)				
	(c)\$			(e)				
	(d)\$			(f)				
	(e)\$			(g)				
	τοtal	-259,373 ₀	00				(7)	0
5	Expenses recorded on books this year not claimed					not charged against book		
≡I	on this return (Itemize, use schedule if necessary)					se schedule if necessary)		
Part	(a) Meal and entertainment (amount not							
ñ	claimed) \$ (b) Depreciation\$			(b)		\$		
	(c) Vessels, aircrafts and property located outside			(c)				
	`ofP.R.\$			(d)		\$		
				(e)		\$		
	(d) Expenses incurred or paid to stockholders,			(f)				
	persons or related entities \$			(q)		\$		
	(e) \$					\$		
	(f)\$			(i)				
	(ġ)\$					Ψ	(8)	0
	(h)\$							0
	(i)			10. Net taxable income	,		(3)	
	0/\$ Total		00			ss) per return	(10)	
6	Total (Add lines 1 through 5)	56,105 0	00	(Subtract line 9 from	inie o		(10)	56,105 ⁰
_	· · · · · · · · · · · · · · · · · · ·			riad: Tan (10) years				

Retention Period: Ten (10) years

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Industrial Development Incentives - Page 3

	Analysis of Unappropiated Retained Earnings per Books											
	1.	Balance at beginning of year	6,916,		5	Distributions:	(a) Cash		(5a)			00
		Net income per books	21	478 00			.,	ty				00
		Other increases (Itemize, use schedule if	/				., .	·····				00
<hr/>	1 I	necessary) UNREALIZED GAIN			6	Other decrease	.,	ifnecessary)				
Part IV		10000001 <i>y</i> /										
Ра	-	(3	13,	895 00					(6)			00
	1	Total (Add lines 1, 2 and 3)	·	,063 00	1	Total (Add line	E and G)					00
	4.	10tal (Add lines 1, 2 and 5)	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,	•				(/)			
					0			btract line 7 from	(0)	7,246	5 063	3 00
⊢	L			0.00		naire 4)			(0)	/,240	,005	
H	1	If a foreign corporation, indicate if the trade or busin	oss in Puorto Pico				audited by the F	ederal Internal Rev		Service (IRS)?	YES	NO N/A
	 ''	was held as a branch				Which years?_			/enue			x
	2	If a branch, indicate the percent that represents the in				•		ute dividends other	than s	`	-/	
	1	within Puerto Rico from the total income of the exempt I						excess of the curre				
	3	Did the exempt business keep any part of its records									1)	x
	ľ	system during this year?		(3) X		-		in a partnership or				
	4	The exempt business books are in care of:				more than one	e, submit detail)				2)	x
		Name THE CORPORATION						ial Partnership				
		Address										
						13. Did the corpora	ition at the end of t	he taxable year own	n, direc	tly or indirectly,		
		E-mail				50% or more of	f the voting stocks	of a corporation wh	io is er	ngaged in trade		
		Telephone				or business in	Puerto Rico?			(1	3)	x
	5.	Indicate accounting method used:						ng: (a) name and e				
		Cash O Accru	ial				-	and (c) taxable inc				
		Other (specify):						ductions of the corp				
	6.	Did the exempt business file the following document					-	ear does not coincic		the one of the		
		(a) Informative Return (Forms 480.6A, 480.6B, 480						nich this return is fil	'	t at the and af		
	₇	(b) Withholding Statement (Form 499R-2/W-2PR).				,		corporation, estate				
	ľ.	If the gross income exceeds \$3,000,000, did you submit audited by a CPA licensed in Puerto Rico?		(7) x				ndirectly, 50% or mo chedule showing the			4)	x
	R	Number of employees during the year:	0.5	(1)		identification n		chedule showing th	5 Haine		·/	
_		(a) Production: <u>89</u> (b) Non-production: <u></u>					centage owned:	%				
Part V	9	Did the corporation claim expenses connected to the				15. Enter the amou	-					
å	•	maintenance and depreciation of:	, , , , , , , , , , , , , , , , , , ,					ve other exempt a	ctivitie	s not covered		
		(a) Vehicles?		(9a) X				Acts? (Attach sche			6)	x
		(b) Vessels?		(9b) X		Under which a	ct?					
		(1) Was more than 80% of the total income der	ived from activities			17. Have you mad		on under:		(1	7)	x
		exclusively related to fishing or transportatio					(f) Act No. 8 of 1987 (f) Act No. 135-1997					
		cargo or lease?		9b1) 🛛 🗙	_	O Section 10	(b) Act No. 73-2008					
		(c) Aircrafts?		(9c) X				ritable contributio	ns to	municipalities		
		(1) Was more than 80% of the total income der				•	the taxable year:			//		v
L		exclusively related to transportation of		901)				miums paid by una	utnoriz	ed insurers (1	J)	X
		(d) Pacidantial property outside of Puerte Piece?			\square^{i}	20. Indicate the m			hore			
L		(d) Residential property outside of Puerto Rico?(1) Was more than 80% of the total income der		(30)				t Sharing Ot the Department c				
L		exclusively related to the lease of property to no		9d1)		Resources	• •	the Department C	" Lauc	n anu riuillall		
		(e) Housing? (except business employees)						enses related to s	ervice	s provided by		
L		(f) Employees attending conventions outside o						Гotal \$			2)	x
		the United States?		(9f) X				ding sales and us				x
1								eciation expenses				
1								erto Rico, for use				
1								decree?				X X
								ling sales and use			a)	x
1								d dividend during f	the pre	-		
\vdash	Г				-4'		e the amount \$			(2	4)	x
\vdash	Τ		(ompens	atior	to officers	D	ntogo of				
1		Name of officer	Social security r	number		Percentage of time		ntage of s owned	1	Compensation	I	
1						devoted to business	Common	Preferred				
1	\vdash											00
>	Ľ											00
Part VI	Ļ											00
ſ	\vdash											00
	\vdash				-							00
1	Ļ	atal companyation to officers						1				00
L	10	otal compensation to officers									\mathbf{X}	2600

Retention Period: Ten (10) year Page 80a of 174 (English translation)

Schedule E Rev. 03.16		D	EPRECIATION					20_18	
COMMONTH REAL	Tayablayaarb	07/	01/2018	(06/30/2019				
Taxpayer's name	Taxable year b		, and ending (JU	r			r Employer Identification Numbe	r
Homeca Recycli	ng Center (Co.	1				66-059	6814	-
 Type of property (in case of a specify the material used in th construction). 	a building, he	2. Date acquired.	 Original cost or other basis (exclude cost of land). Basis for automobiles may no exceed from \$30,000 per vehicle. 	r t	4. Depreciation claimed in prior years.		5. Estimated useful life to compute the depreciation.	 Depreciation claimed this year. 37 	
(a) Current Depreciation									
Machinery and Equ	ipment	07/01/2014	6,826,107	00	6,593,670	00	7	181,763	00
				00		00			00
				00		00			00
Total					6,593,670	00		181,763	00
(b) Flexible Depreciation									
				00		00			00
				00		00			00
				00		00			00
Total						00			00
(c) Accelerated Depreciation									
				00		00			00
				00		00			00
				00		00			00
Total						00			00
(d) Amortization (i.e. Goodwil)								
				00		00			00
				00		00			00
				00		00			00
Total						00			00
(e) Automobiles (See instructi	ions)			_					_
				00		00			00
				00		00			00
				00		00			00
Total			·			00			00
(f) Vehicles under financial le	ase (Form 480.7D)) (Amount of ve	ehicles) (0 ⁻	1)				00
TOTAL: (Add total of lines (a) through (f) of Colu	ımn 6. Transfe	r to Schedules K, L, M a	nd I	N Individual,				
whichever applies	, or the correspond	ing line of othe	er returns)				(10)	181,763	00

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Rev. 06.18	INCOME TAX FOR	EXEMPT BUSI	NESSES UNDE	R		20 18	
	To be fi Taxable year begining on 0.7 /	led with Form 480.30(01/2018 _{and} er	[II)DI nding on06/30	/2019		20_18	
Taxpayer's Name Homeca Recyc	ling Center Co.	Type of Decree:	Renegotiate	E		rIdentificationNumber -0596814	
Type of Business	ed material processing			Case Nu		03-135-I-85	;
Effective period for income: Begins: 10/31/2003 Ends: 10	/30/2023	Number of jobs direc Current: 95			gnated	service:	
0	Average Income (Applies only to r		. ,				
Basis period average income as deter			,				
Part II Net Income S	· · · · · · · · · · · · · · · · · · ·						
1. Net operating income (or loss) for the 2. Less: Investment income (See in	he year (Part V, line 45) structions) or loss) (Subtract line 2 from line 1. If an operatin				(2)	56,105	00
4. Net operating loss from preceding	year (See instructions)	-			. (4)	50,105	00
	e subject to special deductions (Subtract line inesses (See instructions Schedule V1 Ince		al or less than 0, do no	t continue)	(5)	56,105	00
a) Payroll deduction	```````````````````````````````````````	<i>,</i>	(6a)	56,105	00		
 b) Human resources training an 	d improvement expense deduction		(6b)		00		
	expense deduction ctures, machinery and equipment deductio				00		
e) Total deductions (Add lines 6	i(a) through 6(d))		(00)			56,105	00
Net industrial development income	after special deductions (Subtract line 6(e) f	from line 5)			. (7)		00
8. Deduction for purchases of product	s manufactured in Puerto Rico (See instruct	tions)	in a (Quila tria a tilia a Q fra		(8)		00
	after deduction for purchases of products mar (Schedule X Incentives, Part I)						00
	ne as Part I. See instructions)						00
	e subject to tax (Subtract line 11 from the s						00
Part III Tax Computa							
1. Fixed tax rate on IDI: (1a)		%					00
 I otal tax (Multiply line 12 by 3 Recenture of credit claimed in excent 	line 1) ess (Schedule B Incentives, Part I, line 3)				(2)		00
4. Less credits:							
a) Special credits granted (Se	e instructions)		(4a)		00		
 b) Credit for products manufact c) Credit for losses of United St 	ured in Puerto Rico (See instructions) ates parent company (See instructions)		(4b)		00		
d) Credit for taxes withheld or	royalty payments		(4c)		00		
e) Credit for donation of an eligib	le conservation easement or donation of el	igible land	(4e)		00		
	ment in urban centers (See instructions) by urban centers revitalization (See instruc				00		
 g) Credit for merchants affected h) Credit for purchases of product 	is manufactured in Puerto Rico (Schedule X	1 Incentives. Part I, line	e 6) (4g)		00		
i) Credit for investment in resear	ch and development (Schedule X1 Incentive	s, Part III, line 7(a))	(4i)		00		
 j) Credit for investment in machine 	ry and equipment (Schedule X1 Incentives, Par	rt IV, line 6 or 8, as applie	cable) (4j)		00		
	tric power (Schedule X1 Incentives, Part V, line egic projects (Schedule X1 Incentives, Pa				00		
m) Credit for industrial investmen	t (Schedule X1 Incentives, Part VIII, line 6(a))	(4m)		00		
 n) Other applicable credits 			(4n)		00		00
 Total credits (Add lines 4(a) th Total tax liability (Subtractline 4(o) fr 	rough 4(n))om the sum of lines 2 and 3. Enter the difference	here and on Form 120	30(II)DI Parti lina 1/	b))	(40)		00
6. Enter here: 95% of line 5) and 5% of line 5			(6b)		00
		tion Period: Ten (10) years					

Rev.	06.18	Sc	chedule V Incentives - Page	; 2
	Part IV Gross Profit on Sales or Production and Other Income			ב
	Net sales of goods or products (See instructions)	5 00		
1.	Less: Cost of goods sold or direct costs of production			
2	Inventory at the beginning of the year $1 \bigcirc "C" 2 "C" \circ "MV"$ (2) $4,581,557$ 00			
	Purchase of materials or merchandise			
5.	Direct wages (4) (0) Other direct costs (From Part VI, line 13) (5) (0) Cost of goods available for sale (Add lines 2 through 5) (6) 18,148,236 (0)			
6.	Cost of goods available for sale (Add lines 2 through 5)			
7.	Less: Inventory at the end of the year 10 "C" 2 "C" o "MV" (7) 4,897,077 00			
8.	Total cost of goods sold or direct costs of production (Subtrac line 7 from line 6)	00		
9.	Gross profit (or loss) on sale of goods or products (Subtract line 8 from line 1)	(9)	3,735,056 00	0
	Designated services income			0
	Rent			0
	Interests			0
13.	Royalties	(13)	00	0
	Other income (Submit detail)		00	-
	Total income (Add lines 9 through 14)			0
	Part V Deductions and Net Operating Income			
	Compensation to officers (Complete Part VI of the return)			
17.	Salaries, commissions and bonuses to employees	(17)	1,151,656 00	0
	Commissions to businesses			
19.	Social security tax (FICA)	(19)		_
20.	Unemployment tax	(20)	31,414 00	
21.	State Insurance Fund premiums	(21)	104,461 00	0
	Medical or hospitalization insurance			
	Insurance			0
	Interests			
25.	Rent	(25)	146,783 00	0
	Property tax: (a) Personal (b) Real			-
	Other taxes, patents and licenses (Submit detail)			-
	Losses from fire, hurricane, theft or other casualties			
	Automobile expenses (Mileage) (See instructions)			
	Other motor vehicle expenses (See instructions)			
	Meal and entertainment expenses (Total) (See instructions)			0
32.	Travel expenses	(32)		-
	Professional services	(33)		0
34.	Contributions to pension or other qualified plans (See instructions. Submit Form AS 6042.1)	(34)	00	
35.	Depreciation and amortization (See instructions. Submit Schedule E)	(35)	181,763 00	0
36.	Bad debts (See instructions. Submit detail)	(36)	00	0
37.			00	0
38.	Repairs	(38)	1,181,924 00	0
39.	Royalties		00	0
40.	Management fees		00	0
41.	Expenses incurred or paid for services received from persons not engaged in trade or business in Puerto Rico		00	0
42.	Expenses incurred or paid for qualified disaster assistance payments to employess (See instructions)		016.022	-
43.	Other deductions (See instructions. Submit detail)		216,033 00	-
44.	Total deductions (Add lines 16 through 43)		3,678,951 00	
45.	Net operating income (or loss) for the year (Subtract line 44 from line 15. Enter here and in Part II, line 1)	(45)	56,105 00)
	Part VI Other Direct Costs			_
1.	Salaries, wages and bonuses	. (8)	00	
	Social security tax (FICA) (0) 9. Repairs		00	
			00	
	Contraction (Submit Schedule E)		00	-
	Madical ashcaritalization incurrence	. (12)		<u> </u>
	Medical or nospitalization insurance (5) Other insurances (6) 0 (6) 0 (7) 13. Total other direct costs (Add lines 1 through 12. Transfer to Part IV,			
	Excise taxes / Use taxes	(13)		0

Otros Gastos Other Expenses	Detaile Detail	2018
Nombre del Contribuyente Taxpayer Name		Número de Identificación Patronal Employer Identification Number
Homeca Recycling Center Co.		66-0596814
Descripcion Description		Cantidad Amount
UTILITIES		58,780
BANK CHARGES		60,579
LICENSES		11,503
OFFICE EXPENSES		43,796
MISCELANEOUS		41,375
		216,033

ATTACHMENT V PAGE 2 PART V LINE 27 OHTER CONTRIBUTIONS, MUNICIPAL PATENTS Y LICENSES 66-059-6814 30 JUNIO 2019

PAYMENT	AMOUNT (\$)
MUNICIPALITY OF LOIZA PATENT	8,307.00
MUNICIPALITY OF CAGUAS PATENT	9,956.00
MUNICIPALITY OF PONCE PATENT	11,535.00
MUNICIPALITY OF GUAYAMA PATENT	3,239.00
MUNICIPALITY OF HORMIGUEROS PATENT	2,803.00
PAYMENT TO SALES AND USE TAX (IVU), TAXES AND LICENSES.	<u>55,516.00</u>

TOTAL

91,356.00

Schedule V1 Incentives	COMPUTATION OF THE SPECIAL DEDUCTIONS FOR EXEMPT BUSINESSES UNDER ACT 135-1997									
Rev. 06.18	To be filed with Form 480.30(II)DI							2) 18	
THE SECOND	Taxable year beginning on $0.7/01/2018$ and ending on $0.6/30, 2019$									
Taxpayer's Name Homeca Recycling	Type of Decree: Employer Identification Number Ling Center Co. Show 66-0596814						Number 5-I-85			
Type of Business	Effective period for income:		So New	C Renegot	liated			related with manu		5 1 05
Collection and recycled material processing	Begins: 10/31/2003 Ends: 10/	30/2023	O Conv	erted 🔿 Extende	d		nated service: C		Required by Decre	ee:70
Part I Computation of the	e special deductions	Payroll Dedu (a) (manufactu		Training and Ir (b) Exper		(c)	Research and D			on Buildings, nd Machinery
			,	(b) Exper	1565		Expen		Siluciulesa	
1. Deduction amount for the current ye		00	00			00	F	00		00
2. Add line 1, columns (a) through (00	56,105 00		56,105	00	ŀ	56,105 ₀₀		56,105 00
3. Industrial development income (Scher			50,105 00		50,105	100	F	507105100		307103 00
(If line 2 is more than line 3, do not co										
4. Less: Special deductions according w				00						
				00			00			
	penses (4b)	00					00			
	(4c)	00		00						
	ures and machinery (4d)	00		00		1	00			
			00			00	F	00		
5. Industrial development income to dete		-	56,10500		56,105		F	56,105 00		56,105 00
	n line 3) (5)		30710300			100	F	00,200,00		50,105 00
6. Amount of deduction for:										
(a) Payroll		172,748 00								
	oll up to 50% of line 5	1/2,/40/00								
(2) If line 3 is less than \$500,00	-	100,000 00								
	loyees, enter \$100,000		172,748 00							
	(1) or 6(a)(2)		1/2,/40/00			00				
	mprovement expenses (6b)					100	F	00		
	kpenses (6c)						F	100		
(d) Investment on buildings, structur	-									00
										100
7. Total deductions:			172,748 ₀₀			00	F	00		00
	gh 6(d), as applicable) (7a)		1,2,,10,00			100	-	00		00
		-	172,748 ₀₀			00	F	00		00
) (7c)		, , , , , , , , , , , , , , , , , , , ,			100	-	00		
8. Allowable deductions (Line 7(c) up to the										
If it is less than line 5, enter the amoun										
Incentives, Part II, line 6(e) as applicable.	· · ·						_			
	(8)		56,105 00			00		00		00
9. Carryforward deductions to subsequer										
more than line 5 and do not have to	, ,						_			
(See instructions)								00		00

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Rev. 06.18				Schedul	e V1 Incentives - Page 2
Part II Special Rules (Apply to the exempt business that is allowed to claim more than one of the deductions of Columns a is more than the Industrial Development Income of the year)	a, b, c	and d of Part I, and the	sum of said deductions	Limit for the year	Carryforward to future years
Order to claim the special deductions					
1. Industrial development income subject to special deductions (Schedule V Incentives, Part II, line 5)	(1)		56,105 00		
2. Less: Payroll deduction (only manufacture)					
(a) 15% of the production payroll (If line 1 is less than \$30,000 per production job, up to 50% of line 1)	(2a)	172,748 00			
(b) If line 1 is less than \$500,000 and the corporation keeps an average of 15 persons or more employed,					
enter \$100,000	(2b)	100,000 00			
(c) Enter the larger of line 2(a) or 2(b)	(2c)		172,748 00		
3. Industrial development income after the payroll deduction (Subtract line 2(c) from line 1. It cannot be less than zero)	(3)		00		
4. Enter line 2(c) but not to exceed the amount on line 1 (Enter on Schedule V Incentives, Part II, line 6(a))	(4)			56,105 00	
5. Industrial development income (Same as line 3)	(5)		00		
6. Less: Human resources training and improvement expenses deduction	(6)		00		
7. Industrial development income after deduction (Subtract line 6 from line 5. It cannot be less than zero)	(7)		00		
8. Enter line 6 but not to exceed the amount on line 5 (Enter on Schedule V Incentives, Part II, line 6(b))	(8)			00	
9. Industrial development income (Same as line 7)	(9)		00		
10. Less: Research and development expenses deduction					
(a) Preceding year	(10a)	00			
(b) Current year	(10b)	00			
(c) Total lines 10(a) and 10(b)	(10c)		00		
11. Industrial development income after deduction (Subtract line 10(c) from line 9. It cannot be less than zero)	(11)		00		
12. Enter line 10(c) but not to exceed the amount on line 9 (Enter on Schedule V Incentives, Part II, line 6(c))	(12)			00	
13. Excess of line 10(c) over line 9	(13)				00
14. Industrial development income (Same as line 11. It cannot be less than zero)	(14)		00		
15. Less: Special deduction for investment on buildings, structures, machinery and equipment					
(a) Preceding year	(15a)	00			
(b) Current year	(15b)	00			
(c) Total lines 15(a) and 15(b)	(15c)		00		
16. Industrial development income after deduction (Subtract line 15(c) from line 14. It cannot be less than zero)	(16)		00		
17. Enter line 15(c) but not to exceed the amount on line 14 (Enter on Schedule V Incentives, Part II, line 6(d))	(17)			00	
18. Excess of line 15(c) over line 14	(18)				00

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Gobierno de Puerto Rico

Departamento de Hacienda

Solicitud de Prórroga para Rendir la Planilla de Contribución sobre Ingresos

Confirmación de Radicación Electrónica

Request for Extension of Time to File the Income Tax Return

Confirmation of Electronic Filing



Período de Conservación: Diez (10) años Retention Period: Ten (10) years

orm AS							Número de		
ev. 8 ene 19					3202	283			
GOBIERNO DE PUERTO RICO - GOVERNMENT OF PUERTO RICO Departamento de Hacienda - Department of the Treasury					Año Contributivo	Taxable Year			
Liquidador SOLICITUD DE PRÓRROGA PARA RENDIR LA PLANILLA DE CONTRIBUCIÓN SOBRE INGRESOS Request for Extension of Time to File the Income Tax Return			REINGRESOS	O Natural Calendar	Económ Fiscal		53 Semana 53 Weeks		
Revisor	Año		Julio de 2018 y termina el Jul.1 of 2018 and ending on		2019		Sello de	Pago	
		ontribuyente -	Taxpayer Information			1	Gobierno de P	uerto R	
	e Seguro Social curity Number			e Identificación Pa ver Identification Numbe			Gor Area d Rentas Int RADICA ELECTRÓNIC	ADO	
			6	60-59-6814		006-61	10-11-2019 12	44:21 p.m. 🙀	
Nombre del Individuo Individual's First Name	Inicial Initial	Apellido Pate Last Name		cond Last Name			Secretario de l	tacienda	1
and the second			e of the Corporation, Partners	hip, Estate or Trust			Secretario de I	DEHACIET	
HOMECA REC						State State	.0		
Dirección Postal - Pos	tal Address PO BO	0X 323-200 P	MB 323-200 AVE.	RAFAEL C	Código Municipal	Número de re	ibo:		
CAGUAS		PR	Código Postal - Zip Code	00725		Importe:	•	0	
Teléfono Residenc	ia - Residential Telep	phone	Teléfono Ofic	ina - Office Teleph	one		Ocupación / N Occupation / Bu		
787	-391-6929		787-	903-0450		10			
Dirección de corre	o electrónico - E-m	nail address		home	carecycling@)gmail.com			
Contribuyentes que n	o coan individuos - 1	Taxnavers who are i	not individuale:		0	-			
		and the second second second second		G	10				
Marque Check	here if you will file a	lanilla por un pe return for a short	eríodo corto debido a u períod due to a change in d - Amount Included w	accounting period.	iódo de contabili	idad.			
Parte - Part II Im I. Cantidad aplicable	here if you will file a porte Incluido co	lanilla por un pe return for a short on esta Solicitue e la contribución (eríodo corto debido a u period due to a change in	accounting period.	ródo de contabili	idad.			0 0
Parte - Part II Im I. Cantidad aplicable Amount applicable f	here if you will file a porte Incluido co al total no pagado de to the total of tax due	lanilla por un per return for a short on esta Solicitue e la contribución (e (total tax liability)	eríodo corto debido a u period due to a change in d - Amount Included w	accounting period.	rodo de contabili	idad.		_	
Parte - Part II Im 1. Cantidad aplicable Amount applicable a. Cantidad	here if you will file a porte Incluido co al total no pagado de to the total of tax due pagada con esta so	lanilla por un per return for a short on esta Solicitue e la contribución (e (total tax liability) olicitud – Amount	eríodo corto debido a u period due to a change in d - Amount Included w responsabilidad contribut	accounting period. ith this Bequest va total)		idad.			
Parte - Part II Im 1. Cantidad aplicable Amount applicable t a. Cantidad b. Balance p 2. Cantidad pagada	here if you will file a porte Incluido co al total no pagado de to the total of tax due pagada con esta so endiente de pago (Re con esta solicitud	lanilla por un per return for a short on esta Solicitud e la contribución (e (total tax liability) olicitud – Amount este la línea 1a de aplicable a la G	eríodo corto debido a u period due to a change in d - Amount Included w responsabilidad contribut paid with this request	accounting period. ith this Bequest va total) ax due (Subtract line special (Anejo N	e 1a from line 1) Incentivos)				0
Parte - Part II Im 1. Cantidad aplicable Amount applicable t a. Cantidad b. Balance p 2. Cantidad pagada Amount paid with t 3. Cantidad pagada co	here if you will file a porte Incluido co al total no pagado de to the total of tax due pagada con esta so endiente de pago (Re con esta solicitud his request applicable on esta solicitud aplic	anilla por un per return for a short on esta Solicitud e la contribución (e (total tax liability) olicitud – Amount este la línea 1a de aplicable a la G e to the Special S cable al Prepago d	eríodo corto debido a u period due to a change in d - Amount Included w responsabilidad contribut paid with this request a la línea 1) - Balance of t ontribución Adicional E unax (Schedule N Incenti lel Impuesto sobre Repatr	accounting period. ith this Bequest va total) ax due (Subtract line special (Anejo N ves) (CIFRA DE iación (Formulario 4	e 1a from line 1) Incentivos) E INGRESO 0215) 480.3(II)DI, Anejo N				0 0
Marque Check Parte - Part II Im I. Cantidad aplicable Amount applicable f a. Cantidad b. Balance p 2. Cantidad pagada Amount paid with t 3. Cantidad pagada co Incentivos, Parte V) -	here if you will file a porte Incluido co al total no pagado de to the total of tax due pagada con esta so endiente de pago (Re con esta solicitud his request applicable on esta solicitud aplic Amount paid with this re	anilla por un per return for a short on esta Solicitud e la contribución (e (total tax liability) olicitud – Amount este la línea 1a de aplicable a la C e to the Special S cable al Prepago d equest apolicable to th	eríodo corto debido a u period due to a change in d - Amount Included w responsabilidad contribut paid with this request a la línea 1) - Balance of t omribución Adicional E utax (Schedule N Incenti	accounting period. ith this Bequest va total) ax due (Subtract line special (Anejo N ves) (CIFRA DE iación (Formulario 4 : (Form 480.30(II)DI, S	e 1a from line 1) Incentivos) INGRESO 0215) 480.3(II)DI, Anejo N chedule N Incentives,				
Marque Check Parte - Part II Im I. Cantidad aplicable Amount applicable f a. Cantidad b. Balance p 2. Cantidad pagada Amount paid with t 3. Cantidad pagada co Incentivos, Parte V) -	here if you will file a porte Incluido co al total no pagado de to the total of tax due pagada con esta so endiente de pago (Re con esta solicitud his request applicable on esta solicitud aplic Amount paid with this re	anilla por un per return for a short on esta Solicitud e la contribución (e (total tax liability) olicitud – Amount este la línea 1a de aplicable a la C e to the Special S cable al Prepago d equest apolicable to th	eriodo corto debido a u period due to a change in d - Amount Included w responsabilidad contribut paid with this request e la linea n) - Balance of t ontribución Adicional E unax (Schedule N Incenti lel Impuesto sobre Repatr he Prepayment of Tollgate Tax	accounting period. ith this Bequest va total) ax due (Subtract line special (Anejo N ves) (CIFRA DE iación (Formulario 4 : (Form 480.30(II)DI, S	e 1a from line 1) Incentivos) INGRESO 0215) 480.3(II)DI, Anejo N chedule N Incentives,				
Marque Check Parte - Part II Im I. Cantidad aplicable Amount applicable f a. Cantidad b. Balance p 2. Cantidad pagada Amount paid with t 3. Cantidad pagada co Incentivos, Parte V) - Part V)	here if you will file a porte Incluido co al total no pagado de to the total of tax due pagada con esta so endiente de pago (Re con esta solicitud his request applicable on esta solicitud aplic Amount paid with this re	lanilla por un per return for a short on esta Solicitud e la contribución (e (total tax liability) olicitud – Amount este la línea 1a de aplicable a la G e to the Special S cable al Prepago d equest applicable to t	eriodo corto debido a u period due to a change in d - Amount Included w responsabilidad contribut paid with this request e la linea n) - Balance of t ontribución Adicional E unax (Schedule N Incenti lel Impuesto sobre Repatr he Prepayment of Tollgate Tax	accounting period. ith this Request va total) ax due (Subtract line special (Anejo N ves) (CIFRA DE iación (Formulario 4 (Form 480.30(II)DI, S 	e 1a from line 1) Incentivos) E INGRESO 0215) 480.3(II)DI, Anejo N chedule N Incentives, INGRESO 0242)		ma es cierta, c		
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Conservación: Diez (10) años - Retention: Ten (10) years / VÉASE AL DORSO - SEE BACK
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Modelo SC 2644 Rev. 8 ene 19	Página
Parte - Part III Solicitud de Prórroga Automática - Request for Automatic Extension of Time	
Clase de contribuyente - Type of taxpayer	
1. Individuo - Individual 2. Sucesión - Estate 3. Fideicomiso - Trust	
4. Corporación - Corporation 9. Sociedad Especial - Special Partnership	
 5. Corporación bajo el Programa de Incentivos Contributivos de Puerto Rico - Corporation under the Puerto Rico Tax Incentives Program 10. Organización Sin Fines de Lucro - Not for Profit Organization 11. Compañía Inscrita de Inversión - Registered Investment Company 	6 mese months
6. Corporación Especial Propiedad de Trabajadores Employee-Owned Special Corporation 12. Fideicomiso para Beneficio del Fideicomitente - Grantor Trust	
7. Corporación de Individuos - Corporation of Individuals 13. Corporación extranjera que no tiene oficina en Puerto Rico - Foreign corporation that does not have an office in Puerto Rico	
8. Sociedad - Partnership	
14. Marque aquí si es socio en una sociedad sujeta a tributación bajo el Código de Rentas Internas Federal (Véanse instrucciones) Check here if you are a partner of a partnership subject to tax under the Federal Internal Revenue Code (See instructions)	6 mese months
Decimoquinto (15) día del décimo mes siguiente al cierre del año c Fifteenth (15) día y of the tenth month following the close of the taxable ye	ontributivo
	201
16. Persona sujeta a Ley 154-2010 - Person subject to Act 154-2010 a. Corporación - Corporation b. Individuo - Individual c. Sociedad - Partnership d. Sociedad a nombre de sus socios - Partnership on behalf of partnership	6 mese ers months
17. Otros Contribuyentes - Other Taxpayers	6 mese
a. Formulario 482(C) - Form 482.0(C) b. Formulario 480.1(SC) - Form 480.10(SC) c. Formulario 480.2(Al) - Form 480.20(Al)	months
18. Individuo extranjero no residente - Nonresident alien	6 mese months
ESTA PRÓRROGA NO EXTIENDE EL PAGO DE LA CONTRIBUCIÓN O CUALQUIER PLAZO DE LA MISMA, POR LO QUE CUALQUIER BALANCE PENDIENTE DE PAGO GENERARÁ INT RECARGOS DESDE LA FECHA DE VENCIMIENTO DE LA PLANILLA. ES IMPORTANTE QUE COMPLETE TODOS LOS ENCASILLADOS. THIS EXTENSION DOES NOT EXTEND THE TIME FOR THE TAX PAYMENT OR ANY INSTALLMENT THEREOF, THEREFORE, ANY BALANCE DUE WILL GENERATE INTERESTS AND SURCHAR THE DUE DATE OF THE RETURN. IT IS IMPORTANT THAT YOU COMPLETE ALL BOXES.	
THE DUE DATE OF THE RETURN. IT IS IMPORTANT THAT YOU COMPLETE ALL BOXES Conservación: Diez (10) años - Retention: Ten (10) years International de la conservación de	

RX 26 Page 90a of 174 (English translation)



PO Box 53 Bayamón, PR 00960-0053 CPA ELIZARDO E. MEDERO MONTIJO CERTIFIED PUBLIC ACCOUNTANT & TAX CONSULTANT

TEL.: 787-672-5427 E-MAIL: cpa_elizardo@yahoo.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors HOMECA RECYCLING CENTER CO., INC. Caguas, Puerto Rico

I have audited the accompanying financial statements of **Homeca Recycling Center Co., Inc.** which comprise the balance sheets as of June 30, 2019 and 2018, and the related statements of income, retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Homeca Recycling Center Co., Inc.** as of June 30, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 8 to the financial statements, the Company had two claims brought by the United States Environmental Protection Agency (EPA). In the first one, EPA is claiming a violation of the Clean Water Act and the Resource Conservation and Recovery Act at the Company's facilities located at Ponce, Hormigueros and Caguas. The second claim brought by EPA is in relation to work performed by the Company at the Tallaboa Industrial Park in Peñuelas, PR. EPA is claiming that **Homeca Recycling Center Co., Inc.** is responsible for the release of asbestos at the Tallaboa Industrial Park including a School and a Head Start.

License No. 4746 Expires December 1, 2020

San Juan, Puerto Rico December 4, 2019



FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019





CPA ELIZARDO E. MEDERO MONTIJO CERTIFIED PUBLIC ACCOUNTANT & TAX CONSULTANT

TEL.: 787-672-5427 E-MAIL: cpa_elizardo@yahoo.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors HOMECA RECYCLING CENTER CO., INC. Caguas, Puerto Rico

I have audited the accompanying financial statements of **Homeca Recycling Center Co., Inc.** which comprise the balance sheets as of June 30, 2020 and 2019, and the related statements of income, retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

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Auditor's Responsibility

PO Box 53

BAYAMÓN, PR 00960-0053

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Homeca Recycling Center Co., Inc.** as of June 30, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 9 to the financial statements, the Company has a claim brought by the United States Environmental Protection Agency (EPA). The claim brought by EPA is in relation to work performed by the Company at the Tallaboa Industrial Park in Peñuelas, PR. EPA is claiming that **Homeca Recycling Center Co., Inc.** is responsible for the release of asbestos at the Tallaboa Industrial Park including a School and a Head Start.

License No. 4746 Expires December 1, 2023

San Juan, Puerto Rico March 22, 2021

Stamp Number 2776941 was affixed to original





Balance Sheets

ASSETS

	JUNE 30, 2020	JUNE 30, 2019
Current Assets:		
Cash in Bank and in Hand (Note 1)	\$ 18,672	\$ 282,746
Accounts Receivable-Trade- net of an allowance for doubtful accounts of \$0 for 2020 and 2019 (Note 1)	133,104	248,360
Inventories- at cost (Note 1)	5,748,396	4,897,077
Prepaid Taxes and Other Expense	341,521	341,521
Marketable Equity Securities (Note 1)	98,624	105,349
Total Current Assets	6,340,317	5,875,053
Property and Equipment - at cost (Note 1, 5 and 6)	5,696,449	5,726,313
Capital Leases-at cost (Note 7)	68,322	99,987
Total Assets	<u>\$12,105,088</u>	<u>\$11,701,353</u>



Balance Sheets

LIABILITIES AND STOCKHOLDERS' EQUITY

	JUNE 30, 2020	JUNE 30, 2019
Current Liabilities:		
Checks Issued in Excess of Funds Available	\$ 126,530	\$ 0
Line of Credit (Note 1)	449,990	359,990
Accounts Payable-Trade	249,179	211,180
Accrued Expenses and Taxes	59,920	60,597
Accrued Expenses-EPA Penalty (Note 9)	146,000	146,000
Advances from Clients (Note 8)	89,201	104,372
Current Portion of Long - Term Debt (Note 1, 5 and 10)	84,937	649,760
Current Portion of Installment Notes Payable (Note 6)	35,065	0
Total Current Liabilities	1,240,822	1,531,899
Due to Related Parties (Note 2) Long - Term Debt, Net of Current Portion (Note 1, 5 and 10) Installment Notes Payable, Net of Current Portion (Note 6)	3,627,942 445,289 54,053	2,913,391 0 0
Total Liabilities	5,368,106	4,445,290
Stockholders' Equity: Common Stock, 10,000 authorized shares at \$100 par	40.000	10,000
value, 100 shares issued and outstanding	10,000	10,000
Retained Earnings	6,726,982	7,246,063
Total Stockholders' Equity	6,736,982	7,256,063
Total Liabilities and Stockholders' Equity	\$12,105,088	\$11,701,353



Statement of Income, Retained Earnings and Comprehensive Income

For the Years Ended

	JUNE 30, 2020	JUNE 30, 2019
REVENUES		
Net Sales Cost of Sales Gross Margin on Sales	\$ 9,238,820 7,022,672 2,216,148	\$ 17,245,588 <u>13,251,159</u> 3,994,429
OTHER REVENUE		
Other Revenue (Note 10)	344,285	0
Total Revenue	2,560,433	3,994,429
GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries and Wages Payroll Related Taxes and Benefits Office Expenses Rent Expense Repairs and Maintenance Professional Services Interest Utilities Corporate Taxes Depreciation and Amortization Insurance Expense Other Expenses Total Expenses	868,526 216,610 53,623 109,212 931,114 82,320 77,360 48,834 65,498 134,379 346,969 <u>138,344</u> 3,072,789	$\begin{array}{r} 1,151,656\\223,573\\43,796\\146,783\\1,181,924\\83,848\\88,575\\58,780\\91,356\\181,763\\313,440\\\underline{113,457}\\3,678,951\end{array}$
Income (Loss) Before Income Tax Income Tax Expense (Note 3)	(512,356) 0	315,478 0
Net Income (Loss)	(512,356)	315,478
Other Comprehensive Loss: (Note 1) Unrealized Loss on Available for Sale Securities	6,725	13,895
Retained Earnings– Beginning of year Dividends	7,246,063	6,916,690 0
Retained Earnings – End of Year	\$ 6,726,982	\$ 7,246,063



Statement of Cash Flows

For the Years Ended

INCREASE (DECREASE) IN CASH:	JUNE 30, 2020	JUNE 30, 2019
Cash Flows from Operating Activities:		
Cash Received- From Clients Other Income	\$ 9,354,076 344,285	\$ 17,110,720 0
Cash Paid- Payments to Suppliers Salaries, Wages and Payroll Taxes Interest Paid Income Tax Other General and Administrative	(7,709,462) (1,085,813) (77,360) (0) <u>(1,775,914)</u>	(13,691,184) (1,369,542) (88,575) (4,204) <u>(2,033,385</u>)
Net Cash Provided (Used) by Operating Activities	(950,188)	(76,170)
Cash Flows from Investing Activities: Property and Equipment Acquisition	(72,850)	0
Net Cash Used by Investing Activities	(72,850)	0
<u>Cash Flows from Financing Activities</u> : Advances from (Repayment to) Related Parties Advances from (to) Clients Advances from Line of Credit Issuance (Repayment) of Long Term Debt	714,551 (15,171) 90,000 <u>(30,416</u>)	356,358 89,818 359,990 (455,481)
Net Cash Provided (Used) by Financing Activities	758,964	350,685
Net Increase (Decrease) in Cash	(264,074)	274,515
Cash-Beginning of Year	282,746	8,231
Cash-End of Year	<u>\$ 18,672</u>	\$ 282,746



Statement of Cash Flows

For the Years Ended

RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

	JUNE 30, 2020	JUNE 30, 2019
Net Income (Loss)	\$ (512,356)	<u>\$ 315,478</u>
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation Bad Debts	134,379 0	181,763 0
Decrease (Increase) in Assets-		
Accounts Receivable Inventory Prepaid Expenses	115,256 (851,319) 0	(134,868) (315,520) (4,204)
Increase (Decrease) in Liabilities-		
Accounts Payable-Trade Accrued Expenses and Taxes Accrued Expenses-EPA Penalty	164,529 (677) 0	(124,505) 5,686 <u>0</u>
Net Adjustments	(437,832)	(391,648)
Net Cash Provided (Used) by Operating Activities	<u>\$ (950,188)</u>	<u>\$ (76,170)</u>



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Homeca Recycling Center Co., Inc. is a corporation organized under the laws of the Commonwealth of Puerto Rico on April 6, 2001. The main commercial activity is the buying, processing and selling of recyclable material in bulk for export, as well as other related activities. Actually, the Company operates five (5) processing centers in Hormigueros, Ponce, Caguas and Loiza. On December 31, 2007, the Corporation sold it's demolition of structures and the removal of hazardous materials business activity to Homeca Recycling and Demolition, Corp., a related corporation. The purpose of this transaction was to segregate the demolition business from the Corporation's major commercial activity which is the processing and selling of recyclable material.

ACCOUNTING METHOD AND USE OF ESTIMATES

The Company financial statements were prepared using the accrual method of accounting. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ACCOUNTS RECEIVABLE

For all trade receivables due to the Company, the current allowance for doubtful accounts is estimated based on percentages of past due accounts and on the periodic analysis of the aging of accounts. Write-off is charged to the allowance when determined fully uncollectible. For 2020 and 2019, the total account receivable balance was subsequently collected, thus no balance of the reserve was necessary.

INVENTORIES

Inventories are stated at lower of cost or market. Valuation is based on the "first-in; firstout" flow method including production and related costs. Materials are segregated, classified, compacted and packed to be exported. Inventory consists of recyclable materials such as aluminum, bronze, steel and other metals, which are susceptible to market fluctuations. As of balance sheet date, the inventory consists of the following:

(Continues)...



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Plants		E 30, 20	J 	UNE 30, 2019
Hormigueros	\$ 13	9,786	\$	47,020
Caguas	1,93	8,482	1	,523,374
Loiza	1,89	6,347	1	,739,383
Guayama	1,22	2,541		957,368
Ponce- Mercedita	4	9,672		31,023
Ponce- South Ferrous	50	1,568		598,909
Total Inventories	\$ 5,74	8,396	\$4	,897,077

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is computed based on the straight-line method over the estimated useful lives of the assets. Expenditures for repairs and maintenance are expensed as incurred; major additions and betterments are capitalized. During 2020 and 2019, property and equipment were purchased in the amount of \$72,850 and \$0 respectively. Property and equipment are summarized as follows:

	JUNE 30,	JUNE 30,
	2020	2019
Machinery & Equipment	\$6,569,241	\$6,496,391
Land	4,886,400	4,886,400
	11,382,791	11,382,791
Less: Accumulated Depreciation	5,759,192	5,656,478
Net Property and Equipment	\$5,696,449	\$5,726,313

MARKETABLE EQUITY SECURITIES

Cost and fair value of available-for-sale equity securities at June 30, 2020, follows:

		Gro	SS	Gross	
	Amortized	Unreal	lized	Unrealized	Fair
	Cost	Gai	in	Loss	Value
Available for sale					
equity securities	\$250,000	\$	0	(\$151,376)	\$ 98,624

The change in net unrealized holding losses on available for sale equity securities in the amount of (\$151,376) have been charged to other comprehensive income (loss).

LINE OF CREDIT

Line of credit provided by a local bank in the amount of \$500,000 with an interest rate of 4.40% due in 2020. The collateral of said credit facility is an officer's certificate of deposit with the same bank. As of balance sheet date, the balance of the Line of Credit was \$449,990.



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

2. DUE FROM (TO) RELATED PARTIES

The amounts due from (to) related parties comprise net advances provided for working capital in the current year. The amounts consist of the following:

	JUNE 30,	JUNE 30,
	2020	2019
Homeca Recycling and Demolition, Corp.	\$(3,012,390)	\$(2,443,088)
Advances from Stockholders	(676,643)	(485,102)
Advances (from) to Employees and Others	61,091	14,799
Total	<u>\$(3,627,942)</u>	<u>\$(2,913,391)</u>

There is no definite due dates or repayment schedule for these amounts. In relation to Homeca Recycling and Demolition, Corp, since both companies are under the same common management, the final outcome of these related transactions depends on common management decisions.

3. TAX EXEMPTION GRANT

On February 9, 2006, the Company, under the Puerto Rico Industrial Incentive Act No. 135 of December 2, 1997, has been granted a twenty (20) years partial tax exemption for income, property, and municipal taxes on its recycling operations, as follows:

Income - 7% tax rate - October 31, 2003 to October 30, 2023 Property - 90% exempt - January 1, 2004 to December 31, 2023 Municipal - 60% exempt - January 1, 2004 to December 31, 2023

The Corporation records the provision for income tax based on the pre-tax operating income and applying the tax exemption grant. Based on the application of the grant and previous losses, the provision for income tax for 2020 and 2019 were \$0 and \$0, respectively.

The exemption requires the Company to maintain the established levels of employment, services as well as the operations in Puerto Rico.

4. COMMITMENTS

LEASE AGREEMENTS

Company has a rental agreement contract with the Municipality of Ponce for operating space in Puerto del Sur, Ponce Puerto Rico in a monthly payment of \$6,775 with a maturity on June 2020 and a renewal option of an additional five years.



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

5. LONG TERM DEBT

The Long-term debt consists of the following:

The Long	g-term debt consists of the following.	JUNE 30, 2020	JUNE 30, 2019
8.50%	or 3% over prime to local bank, payable in monthly installments of \$4,853.33 plus interest, due on December 2019. Secured by the land referred to in Note 1, and by stockholders. Subsequent to balance sheet date this debt was paid in full.	\$0	\$ 181,077
3.75%	note payable to SBA, payable in monthly installments of \$731 including interest, fist payment to be made in May 2021, due on May 2051 and secured by stockholders.	149,900	0
7.00%	or 3% over prime whichever is greater note payable to local bank, payable in 60 monthly installments of \$7,043.06 plus interest due on December 2024. Secured by the land referred to in Note 1, and by stockholders.	380,326	468,684
	Total Less: Current Portion	\$530,226 84,937	\$649,761 649,761
	Long-Term Portion	<u>\$ 445,289</u>	<u>\$0</u>

Maturity of these long term debts for the next five years is as follows:

	JUNE 30, 2020	JUNE 30, 2019
2020 2021 2022 2023 2024 2025 and thereafter	\$0 84,937 87,099 87,208 87,322 <u>183,660</u>	\$ 649,761 0 0 0 0
Less: Current Portion Long-Term Portion	530,226 84,937 \$ 445,289	649,761 649,761 \$0



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

6. INSTALLMENT NOTES PAYABLE

The installment notes payable consist of the following:

Two Notes Payable to CAPEX. Both with interest of 10.74%, payable in monthly installments of \$2,236 due in October 2022. The second one payable in monthly installments of \$1,435 due in August 2022.

Maturity of these long term debts for the next five years is as follows:

	JUNE 30, 2020	JUNE 30, 2019
2020 2021 2022 2023	\$ 0 35,065 40,420 13,633	\$ 0 0 0 0
	89,118	649,761
Less: Current Portion	35,065	649,761
Long-Term Portion	<u>\$ 54,053</u>	<u>\$0</u>

7. CAPITAL LEASES

The Company is the lessee of various motor vehicles, and equipments under capital lease. These assets are amortized over their related lease terms or their estimated useful lives whichever is less. These are summarized as follows:

	JUNE 30, 2020	JUNE 30, 2019
Motor Vehicles and Equipment	\$ 610,376 542,054	\$ 610,376 510,280
Less-Accumulated Amortization	542,054	510,389
Net Capital Lease	<u>\$ 68,322</u>	<u>\$ 99,987</u>

8. ADVANCES FROM CLIENTS

In the normal course of operations, the Company receives advance deposits from clients. These funds are credited to future sales of recyclable material.



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

9. CONTINGENCIES





NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

9. CONTINGENCIES, (Continued)





NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

10. SMALL BUSINESS ADMINISTRATION (PPP) LOAN FROM COVID-19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (Covid-19) a global pandemic and recommended containment and mitigation measures worldwide. The business operations have been significantly impacted by lockdown measures and the imposition of related public health measures resulting from quarantines, self-isolations, governmental closure orders and partial or full closures of business and government offices.

Covid-19 has negatively impacted and is expected to continue to negatively impact to an extent the Company is unable to predict, the Company's revenues, which are driven primarily by revenues from exports and governmental agencies that have been affected by the lockdown. Accordingly, the Company was closed for one month and when the operations resumed, the Company experienced a decline in their revenues due to the pandemic, which would adversely affect the Company's revenues, liquidity and working capital.

As of the date of this financial statement the Company is operational under safety measures and social distance and a strict protocol approved by the government. In addition, the Company has received a variety of financial help from the government to subsidize its operations and guaranty the continuance of employee salaries under the United States First Coronavirus Cares Act and the Small Business Administration. The extended effect of the pandemic in the financial position and result of operations is unknown at the present time and these financial statements do not contain any adjustments on this matter. However, the Company has taken measures to reduce the financial impact of the pandemic. Among these measures are:

- Expenses control
- Work remotely
- Include new destination countries to export their recyclable materials

As part of the Coronavirus Aid Relief and Economic Security Act (CARES Act), the Company applied and received a loan payable in 24 months at 1% interest named as Paycheck Protection Program (PPP) in the amount of \$334,285. This loan was used for the payment of payroll costs including health care benefits, rent, utilities and interest in mortgage and other debt obligations. Subsequent to balance sheet date, SBA forgave 100% of the loan because it was completely used in these expenses. Also, the Company received from SBA a long-term loan in the amount of \$150,000. This was a 30 years loan at 3.75% interest rate paying \$731 including interest starting in May 2021, refer to Note 5.

The success of these measures is only achievable upon the ability of the Company to accomplish the measures, and to the extent of time the pandemic continues in existence.


Liqi	lidator:	Reviewer:	71119	GOVERNMENT OF PUE		2019	Serial	Number
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				uerto Rico Inc			AMEN	
Dat		1		dustrial Devel		granis	DEPARTAMEN	
R	MN		TAXABLE YEAR BEGINNING ON _1			June 2020	1 CALENDAR 200	FISCAL 3 52-53 W
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		esamiento de mate the Contact Person			1 Domestic (P	R)	Receipt No.	
C-	mail Audress of	une contact rerson		ne: Yes No Sovernmental Entities: C		uerto Rico	Amount	of Eptity
Pa	rtially exempt i	ncome under:				in the second		of Entity
\subset	Act8 of 1987 (Schedule N Incentives)	Case No.: Case No.: 03-135-I-85 entives, Part II, line 9 entives, Part III, line 5	Act73-2008 (Sched Act 20-2012 (Schedu	le AA (pcentives) C	aseNo :	Indicate if you are a membe	r of a group of related entit
a	Act 135-1997 (Schedule V Incentives)	Case No.: 03-135-I-85	Other ARTA	ENTO DE NO	aseNo.:		number
	1. Tax liability	v: a) Schedule N Inco	entives Part II line 9	Corr	spondencie y (Onservation	00	
	. are rearried	b) Schedule V Ince	entives, Part III, line 5	<u></u>	19100) (1b)	00	
		CI Schodulo Y Inco	ntivos Dort IV line 11		8 6b m	(1c) ᅇ	00	
		e) Schedule BB Inc	entives. Part II. line 3	PLANIL	LA SIN DA	(1e)	00	
		f) Schedule P Incer	ntives, Part II, line 19 (See	instructions)	PA(30 (1f) S	00	
	2. Less: a) Tax withheld at s	s 1(a) through 1(f)) ource	SECRETA	814.00	(2a)	(1g) 1,950 00	
	b	Current year estim	nated tax payments	no 2(b)	OC HACIEN	PA (2b)	00	
	ď	Tax withheld on part	ners distributable share from	ne 2(b) partnerships or spec	cial	(2c)	313,355 00	
		partnerships (Form	1 480 60 FC)			(24)	00	
E	T, T	I ax withheld at sou	utomatic extension of time o rce on services rendered (I	Form 480 6SP)		(26)	00	
Part	g	Tax withheld at so	urce on eligible interests			(20)	00	
	3. Balance of t	ax due (If line 1(g) is	dd lines 2(a) through 2(g) more than))				315,305
	line 2(h), en	ter the difference her	re, otherwise, on line 5)	(a)	Tax	(3a)	00	
				(D) (C)	Interests Surcharges	(3b) (3c)	00	
				(d)	Total (Add lines 3	(a) through 3(c))	(3d)	
	4. Addition to t	he Lax for Failure to F	Pay Estimated Tax (Schedul I (See instructions)	e T Incentives, Part	II, line 21)			315,305
	6. Amount pai	d with the return (Sub	otract line 5 from the sum o	f lines 3(d) and 4).			(6)	
	7. Amount over	erpaid to be credited	to estimated tax for 2020 Bay Estuary Special Fund				(7)	315,305
	Contribution	n to the University of	f Puerto Rico Special Fun	id			(9)	
1	10. Amount to	be refunded					(10)	2491/H I
th	e undersigned	(president vice-pres	ident treasurer secietant	OA	TH principal or fina	nce officer of th	a corporation for which t	his income toward
nac	le), declare und	er penalty of perjury,	ident, treasurer, assistant that this return (including turn, made in good faith, p	schedules and stat	ements attached)	, has been exam	ined by me, and to the be	est of my knowledge
Jell	or, is a true, col	reet and complete ret	turn, made in good faith, pl	insuanto tre Puer	io Rice Internal R	evenue Code of	zuii, as amended, and the	e Regulations thereun
	Authoriz	ed Officer's Name and	Title	Authoriz	ed Officer's Signal	ture		Date
				SPECIALIST'S	USE ONLY			
I de	complete return	alty of perjury that this r	eturn (including schedules and	d statements attached	d) has been examin	ned by me, and to	the best of my knowledge a	nd belief is a true, corre
Spe	cialist's name (F	rint)	e person who prepares this i		to the information istration Number	received and this	information may be verified	a.
		12 C	Self-	employed			FOR THE CPA USE	ONLY
	is name	o Mederi	Sp Sp	ecialist	2413	3	Al contena	
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Retention Period: TP/10/ware 109a of 174 (English than station) om)

Schedule V Incentives Rev. 06.20	INCOME TAX	FOR EXEMPT BUS ACT 135-1997	INESSES UNDER		0040
	Т	o be filed with Form 480.3	0(II)DI		2019
	Taxable year begining or	n <u>1 July</u> , <u>2019</u> and e	ending on <u>30 June</u> , <u>20</u>	20	
Taxpayer's Name Homeca Recycling Center Co.	. Inc.	Type of Decree:			Identification Number
Type of Business		O New	Renegotiated	Case Number:	6-0596814
Acoplo y procesamiento de ma	aterial reciclable	Converted	C Extended		03-135-I-85
Effective period for income: Begins: 31/10/2003 Ends: 30/10/2	2023		ectly related with manufact 9 Required by Decree:		ce:
	erage Income (Applies onl	y to renegotiated cas	ses)		
Basis period average income as determine					
Part II Net Income Subj					
1. Net operating income (or loss) for the year 2. Less: Investment income (See instruct	ear (Part V, line 59)			(1)	-576,8
Total industrial development income (or los	ss) (Subtract line 2 from line 1. If an o	perating loss. do not continu	ue. Enterzero (-0-) here and c	n line 5) (3)	
Net operating loss from preceding year	(See instructions)			(4)	
 5. Net industrial development income sub 6. Special deductions for exempt business 	piect to special deductions (Subt	ract line 4 from line 3. If it is equ	ual or less than 0, do not cont	inue) (5)	
a) Payroll deduction		Tincentives).	(6a)	00	
b) Human resources training and im	provement expense deduction		(6b)	00	
c) Research and development expd) Investment on buildings, structure	ense deduction	duatia a	(6c)	00	
e) Total deductions (Add lines 6(a) t	hrough 6(d))	uuciion	(6d)	(60)	
Net industrial development income after	special deductions (Subtract line	e6(e) from line 5)		0	
 Beduction for purchases of products ma Net industrial development income after of 	nufactured in Puerto Rico (See in	structions)			
 Basis period income under Act 73 (Sch 	edule X Incentives, Part I)			(10)	
 Less: Basis period income (Same as 	s Part I. See instructions)			(11)	
Net industrial development income sub	pject to tax (Subtract line 11 from	the sum of lines 9 and 10.	. See instructions) (O A	.ct 185-2014) (12)	
Part III Computation of 1 1. Fixed tax rate on IDI: (1a) (1a) (1a) (1a) (1a) (1a) (1a) (1a)	(1b) 4% (1c) Other	0/1			
2. Total tax (Multiply line 12, Part II b	v line 1)			0	
3. Recapture of credit claimed in excess (S 4. Less credits:	Schedule B Incentives, Part I, line	3)		(3)	
 a) Special credits granted (See inst 	structions)		(40)	00	
b) Credit for products manufactured i	in Puerto Rico (See instructions	:)	(4b)	00	
 c) Credit for losses of United States d) Credit for taxes withheld on roy. c) Credit for data states of an elisible of the states 	parent company (See instruction	ns)	(4c)	00	
e) Credit for donation of an eligible con	iservation easement or donation	1 of eligible land	(40)	00	
 Credit for construction investment 	in urban centers (See instruction	ns)	(44)	00	
 g) Credit for merchants affected by un h) Credit for purchases of products man 	ban centers revitalization (See in sufactured in Puerto Rico (School	nstructions)	(4g)	00	
 Credit for investment in research and 	d development (Schedule X1 Ince	entives Part III line 7(a))	(43)	00	
 j) Credit for investment in machinery and k) Credit to reduce the cost of electric point 	equipment(Schedule X1 Incentive	s Part IV line 6 or 8 as applic	cable) (43	00	
 Credit for investment in strategic p 	rojects (Schedule X1 Incentive	s Part VII line 5(a))	(40)	00	
 m) Credit for industrial investment (Sch 	edule X1 Incentives. Part VIII, lin	ne 6(a))	(100)	00	
 n) Other applicable credits o) Total credits (Add lines 4(a) through 5 Total tax liability (Subtract line 4(a) for the subtract line 4(b) for th	4(n))		(4n)	00	
J. I Oldi Lax Hability (Subtractime 4(0) from the	Sumotlines / and 3 Enterthe diffe	rence here and on Form 480.	.30(11)DI, Part I, line 1(b))	(5)	
o. Enter here: 95% of line 5	(ba)	00 and 5% of line 5.		(6b)	
	s or Production and Other In				
1. Net sales of goods or products (See	e instructions)		(1)	9,518,605 00	
Less: Cost of goods sold or direct costs 2. Inventory at the beginning of the year	1 C "C" 2 C "C" o "M	4.8	897,077 00		
3. Purchase of materials or merchandis	Se	(3) 7,8	873,991 00		
 Direct wages Other direct costs (From Part VI, line 		(4)	00		
Cost of goods available for sale (Add)	lines 2 through 5)		00		
Less: Inventory at the end of the year	1 "" 2 " "" ""	(7) 5.7	748.396 00	7 022 672 0	
 Total cost of goods sold or direct costs Gross profit (or loss) on sale of goods o Designated services income 	or production (Subtract line 7 fr	om line 6)	(8)	7,022,672 00	2 405 00
U. Designated services income				14.00	2,495,933
. INGIN	*****			(44)	
2. Interests 3. Royalties					
4. Other income (Submit detail)				(13)	
4. Other income (Submit detail) 5. Total income (Add lines 9 through 1				(14)	

Retention Period: Ten (10) years

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Rev. 06.20 Homeca Recycling Center Co., Inc.	66-0	314 Sche	dule V Incentives - Page 2
Part V Deductions and Net Operating Income			
A. Deductions reported on informative returns:			
1. Compensation to directors (Complete Part VI, page 3.	of the return)		00
2. Compensation to officers (Complete Part VII, page 3)	of the return)	(2)	100
3. Salaries, commissions and bonuses to employees (Si	ee instructions)	(3)	868,526 00
5. Services rendered	Department of the Treasury's Internship Program (Total \$)) (4)	82,320 00
7. Commissions to businesses	al \$(b) Real \$		00
8. Lease, rent and fees paid (See instructions) (a) Person	al \$109,212 (b) Real \$		109,212 00
9. Health or accident plans			00
IV. FIDDELLY, CONTINUENCY, DUDIIC TRADITIVINSURANCE AND DO)nds (See instructions)	(10)	340 909 1111
12 Internet and cable or satellite television services			13,131 00
13. Electric power		(13)	33.401100
14. Water and sewage		(14)	2 302 00
15. Advertising		(15)	00
16. Royalties	1 A 10 0010 /0	(16)	00
17. Special contribution for professional advisory services	under Act 48-2013 (See instructions)	(17)	00
19 Mortage interests		(18)	00
20. Interests paid in automobiles financing lease (Submit F	orm 480.7D)		00
21. Protessional associations fees paid for the benefit of e	nplovees	(21)	1 1001
ZZ. Certain other expenses (See instructions)		(22)	100
23. Subtotal (Add lines 1 through 22)		(23)	1,455,861 00
B. Deductions not reported on informative returns:			
24. Interests on business debts		(24)	11,300 00
a) Property taxes, patents and licenses.	0.325	105	13,151 00
b) Other taxes: Patents \$ 35,649 Licenses \$	<u>9,325</u> <u>10,421</u> Others \$ <u>16,698</u>		62,768 00
c) State insurance Fund premiums		(250	128 305 100
d) Sales and use tax (See instructions)		(DEd	100
26. Depreciation and amortization (Submit Schedule E	o \$3,000,000 (Submit Schedule E1)		134,379 00
27. Depreciation for businesses with volume less or equal t	o \$3,000,000 (Submit Schedule E1)	(27)	00
28. Contributions to pension or other qualified plans (See I 29. Deduction for employers who employ handicapped as	nstructions. Submit Form AS 6042.1)		00
30 Subtotal (Add lines 24 through 29)	rsons (See instructions)		415,963 00
C. Other deductions:			415,905 00
31. Social Security (FICA)		(31)	66,442 00
32. Unemployment insurance		(22)	21 863 00
33. Automobiles expenses (Mileage)	(See instructions)		00
34. Other motor vehicle expenses (See instructions)			00
36. Travel expenses (Total expenses \$	1		931,114 00
37. Meal and entertainment expenses (Total expenses \$.)) (See instructions)		00
38. Materials and office supplies		(38)	53,623 00
	less	(30)	100
40. Stamps, vouchers and tees		(40)	00
42 Uniforme		(41)	00
43. Parkings and toll			2,323 00
44. Office expenses (See instructions)			00
TJ. Dalik lees		(45)	59,955 00
40. Contributions to educational contributions accounts	for the employee's heneficiaries (Soo instructions)	(46)	00
The Expenses incurred or paid to stockholders, persons or related	entities outside of Puerto Rico (See instructions) (Total expenses \$) (47)	00
49 Losses from fires storm other acqualities or theth (Case	persons or related entities, fully deductible (See instructions)	(48)	00
50. Bad debts (See instructions)	instructions)		00
			00
- LAPENSES IN DIODELLY LEASED TO THE PUELLO RICO INDUSTRIAL	Development Company or Warehouse of the Puerto Rico Trade and I	-vnort Compony	00
			00
54 Expenses for dues, subscriptions and membershi	rams that cannot be capitalized (See instructions)	(53)	00
55. Other deductions (Submit detail)	rams that cannot be capitalized (See instructions)	(54)	00
56. Subtotal (Add lines 31 through 55)		(55)	65,645 00
57. Charitable contributions (See instructions)			1,200,965 00
58. Total deductions (Add lines 23, 30, 56 and	nd 57)		3,072,789 00
59. Net operating income (or loss) for the year (Line 15,	nd 57) Part IV less line 58. Enter here and in Part II, line1)	(59)	-576,856 00
Part VI Other Direct Costs			5. 0,000
Item	Amount Item		Amount
1. Salaries, wages and bonuses (1)			Amount
2. Social security tax (FICA)	00 10. Electric power	(10)	00
	00 11. Water and sewage	(11)	00
3. Unenployment tax	00 12. Rent	(12)	00
4. State Insurance Fund premiums	13. Packing products expenses	(13)	00
5. Health or accident plans	00 14. Meals expenses paid to production employ	ees	
 Property, contingency and public liability insurance and bonds	(Total expenses \$)	(14)	00
7. Excise taxes / Use taxes	00 15. Depreciation (Submit Schedule E)	(15)	00
8. Sales and use tax on imports	00 16. Other direct costs (Submit detail)	(16)	00
9. Repairs and maintenance	00 17. Total other direct costs (Add lines 1 through	16. Transfer	
	00 to Part IV, line 5)	(17)	00

66-05962

		Exempt Business	5-0	omparative Balance Sheet				
3 00		Begini	ning	of the year		Endi	ng of	the year
Assets				Total				Total
1. Cash on hand and banks	(1)			282,746 00	(4)			18,672
2. Accounts receivable		248,360	00		1 17	133,104		10,072
3. Less: Reserve for bad debts		(00)		(2)	1	00)	122 104
4. Inventories		1		4,897,077 00	1 .	<u> </u>	100,	<u>133,104</u> 5,748,396
5. Other current assets				4,007,077 00	(4)			5,740,590
6. Notes receivable				00	(5)			
7. Investments				105,349 00	(6)			00 624
8. Depreciable assets		7,106,767	00	100,049 00	,	7,179,617		98,624
9. Less: Reserve for depreciation		6,166,867	00	939,900 00	(8)	(6,301,246		070 074
		0,100,001	1001	333,300 00	(9)	(0,301,240	00)	878,371
 Loans receivable from stockholders or relation 								
entities				4 996 400 00	(10)			1 0 0 0 1 0 0
11. Land				4,886,400 00				4,886,400
12. Other long-term assets				341,521 00	(12)			341,521
3. Total Assets	(13)			11,701,353 00	(13)	8		12,105,088
Liabilities and Net Worth								
Liabilities								
4. Accounts payable	(14)	571,170			(14)	825,699	00	
5. Accrued expenses not paid	(15)	60,597	00		(15)	59,920	00	
6. Other current liabilities			00		(16)		00	
7. Long-term notes payable			00		(17)		00	
8. Notes payable to stockholders or related entiti		754,132			(18)	708,545	00	
9. Other long-term liabilities		3,059,391	00		(19)	3,773,942	00	
Total Liabilities	(20)			4,445,290 00	(20)			5,368,106
Net Worth					1.2			
1. Capital stock								
(a) Preferred stock	(21a)		00		(21a)		00	
(b) Common stock	(21b)	10,000	00		(21b)	10,000	00	
2. Additional paid in capital	(22)		00		(22)		00	
3. Retained earnings		7,246,063	00		(23)	6,726,982	00	
4. Reserve	(24)	(00		(24)		00	
5. Total Net Worth				7,256,063 00				6,736,982
				1,200,000 [[]]]	(25)			0.100.902
. I otal Liabilities and Net Worth	(26)		ŀ		(25)		-	
		ne (or Loss) per Books	s wi	11,701,353 00	(26)	per Return	-	
	et Incon	ne (or Loss) per Books -512.356 r	s wi	11,701,353 00 th Net Taxable Income (or	(26) Loss)	the second se		
Reconciliation of Net income (or loss) per books	et Incon	-512,356 (s wi	11,701,353 00 th Net Taxable Income (or 7. Income recorded on boo	(26) Loss) oksthis	year not included on this		and the second second second second
Reconciliation of Net Net income (or loss) per books Income tax per books Excess of capital losses over capital	et Incon	-512,356 (00	11,701,353 00 th Net Taxable Income (or 7. Income recorded on boo return (Itemize, use sch	(26) Loss) oksthis	year not included on this		
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Retention Period: Ten (10) years Page 112a of 174 (English translation)^{m)}

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Address Employer identification number 5. Indicate the block accounting method for tax purposes. 14. Did the exempt business at the end of the taxable year cover, directly indirectly, 50% or more of the voting stocks of a corporation who engaged in trade or business at the end of the corporation of the taxable year cover, directly indirectly, 50% or more of the voting stocks of a corporation who engaged in trade or business at the end of the corporation of the taxable year cover, directly indirectly, 50% or more of the voting stocks of a corporation who engaged in trade or business at the end of the corporation of the taxable year cover, directly indirectly, 50% or more of the corporation of the taxable year cover, directly indirectly, 50% or more of the corporation of the taxable year cover, directly or indirectly, 50% or more of the corporation, estate or thrus at the end of the taxable year cover, directly or indirectly, 50% or more of the corporation, estate or thus at the end of the taxable year cover, directly or indirectly, 50% or more of the corporation, estate or thus at the end of the taxable year cover, directly or indirectly, 50% or more of the corporation, estate or thus at the end of the taxable year cover, directly or indirectly, 50% or more of the corporation, estate or thus at the end of the taxable year cover, directly individual, partnerstip, were maintenance and depreciation of the same set on the second of the taxable year cover, directly individual, partnerstip, were maintenance and depreciation of passengers or cargo or lease? (i) Weak more than 80% of the total income derived from activities exclusively related to failing or transportation of passengers or cargo or lease? 110 (i) Was more than 80% of the total income derived from activities exclusively related to taxinsportation of passengers or cargo or lease? </td <td> (13)</td> <td>I)</td> <td>one, submit de</td> <td>more than</td> <td></td> <td></td> <td></td> <td></td> <td>4.</td>	(13)	I)	one, submit de	more than					4.
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10. Did the exempt business claim expenses conected to: Image: conventions outside of Puerto Rico or the United States? Image: conventions outside of Puerto Rico or the United States? Image: conventions outside of Puerto Rico or the United States? Image: conventions outside of Puerto Rico or the United States? Image: conventions outside of Puerto Rico or the United States? Image: conventions outside of Puerto Rico or the United States? Image: conventions outside of Puerto Rico or the United States? Image: conventions outside of Puerto Rico or the United States? Image: conventions outside of Puerto Rico or the United States? Image: conventions outside of Puerto Rico or the United States? Image: conventions outside of Puerto Rico or the United States? Image: conventions outside of Puerto Rico or the United States? Image: conventions outside of Puerto Rico or the United States? Image: conventions outside of Puerto Rico or the United States? Image: conventions outside of Puerto Rico or the United States? Image: conventions outside of Puerto Rico or the United States? Image: conventions outside of Puerto Rico or the United States? Image: conventions outside of Puerto Rico or the United States? Image: conventions outside of Rico or the Puerto Rico or the United States? Image: conventions outside of Rico or the United States? Image: conventions outside States? Image: conventis outside States? Image: conv	perations	ide of Puerto Rico, for use in its operations	perty acquired ou	personal prop	X	non related persons? (9d1)	clusively related to the lease of property to	exclusive	
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(b) Employees attending conventions outside of Puerto Rico or the United States? 25. Did the exempt business pay deemed dividend during the previous year If "Yes", indicate the amount \$ Compensation to Directors If "Yes", indicate the amount \$ Name of director Social security number Percentage of time devoted to industry or business Percentage of stocks owned Compensation Image: Compensation to Directors Componential security number Percentage of time devoted to industry or business Percentage of stocks owned Compensation Image: Compensation to directors Image: Compensation to Officers Image: Compensation to Officers Image: Compensation to Officers Name of officer Social security number Percentage of time devoted to industry or business Percentage of stocks owned Compensation					IXI	(10a)	g? (except business employees)	(a) Housing? (e	
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Name of officer Social security number devoted to industry or business Common Preferred Image: Common Preferred Image: Common Image: Common Image: Common Image: Common Preferred Image: Common Image: Common Image: Common Image: Common Image: Common Image: Common Image: Common Image: Common Image: Compensation to directors Image: Common Image: Common Image: Common Image: Compensation to directors Image: Common Image: Common Image: Common Image: Compensation to directors Image: Common Image: Common Image: Common Image: Compensation to directors Image: Common Image: Common Image: Common Image: Compensation to directors Image: Common Image: Common Image: Common Image: Common Image: Common Image: Common Image: Common Image: Compensation to directors Image: Common Image: Common Image: Common Image: Common Image: Common Image: Common Image: Common Image: Common Image: Common Image: Common Image: Common Image: Common Image: Common	<u></u>			1	1	Comp			<u> </u>
Image: Construction of the co	ompensation	stocks owned Compensation		entage of time	P	Social security number	Name of director		1
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Name of officer Social security number devoted to industry or business	mpensation	tocks owned Compensation	Percentage	entage of time	Pe		Name of officer		
I LOMMON Pretorror	Periodian	Preferred	Common	industry or business	devoted	Social security number	warne or officer		
		. IGIOROU	-						
					1				
Total compensation to officers	DV								

Retention Period: Ten (Page 113a of 174 (Englishittranslation)

Schedule E					
Rev. 08.19		EPRECIATION			0040
	D	EFRECIATION			2019
	Taxable year beginning on1	July, 2019 and ending on	30 June 2020		
Taxpayer's Name		and anothing on _		Social Security	or Employer Identification
Homeca Recycling Center C				(66-0596814 T
 Type of property (in case of a b specify the material used in the construction). 	uilding, 2. Date acquired.	 Original cost or other basis (exclude cost of land). Basis for automobiles may not exceed from \$30,000 per vehicle. 	4. Depreciation claimed in prior years.	 Estimated useful life to compute the depreciation. 	 Depreciation claimed this year. 37
(a) Current Depreciation					
Maquinaria y Equipo	01/07/2014	7,179,617 00	6,775,433 00	7	134
		00	00		
		00	00		
Total			6,775,433 00		134
(b) Flexible Depreciation					
		00	00		
		00	00		
Total		00	00		
(c) Accelerated Depreciation			00		
		00			
		00	00		
		00	00		
Total			00		
(d) Amortization (i.e. Goodwill)					
		00	00		
		00	00		
Total		00	00		
(e) Automobiles (See instructions))		00		
		00	00		
		00	00		
Total					
f) Vehicles under financial lease	(Form 480.7D) (Amount of vehi	cles)(01)	00	(00)	
	ough (f) of Column 6. Transfer to			(02)	

PRSoft, Inc. (www.prsoft.com)

Page 114a of 174 (English translation)

Otros Gastos Other Expenses	Detalle Detail	2019
Nombre del Contribuyente Taxpayer Name		Número de Identificación Patronal Employer Identification Number
Homeca Recycling Center Co., Inc.		66-0596814
Descripción Description		Cantidad Amount
MISCELLANEOUS		65,645
		65,645 PRSoft, Inc. (w R/) (s0,6)m)

PRSOFT, INC.

EXPENSES RECONCILIATION

Taxable Year Beginning July 1st, 2019 and Ending June 30, 2020

TAXPAYER NAME: Homeca Recycling Center Co., Inc.

EMPLOYER IDENTIFICATION NUMBER: 66-0596814

(D) TOTAL DEDUCTION CLAIMED IN THIS FORM (Column A+ Column B+ Column C)		868,526		82,320		109,212		346,969	13,131		33,401	2,302									0 1,455,861
(C) BUT (LESS): OTHER AD.ILISTMENTS																					\$
(B) BUT(LESS): ADJUSTMENT BY ACCUMULATION OR FINANCIAL YFAR	METHOD																				θ
(A) TOTAL QUANTITY ACCORDING TO INFORMATIVE DFCI ARATION		868,526		82,320		109,212		346,969	13,131		33,401	2,302									\$ 1,455,861
DEDLICTIONS REPORTED IN INFORMATIVE RETURNS		Salaries, commissions and employee bonuses	Salaries paid to young university students	Services provided	Commission to business	Rent and rent fees paid	Health or accident plans	Property, contingency, public liability and surety insurance	Telecommunication services	Internet and cable or satellite television services	Electrical energy	Water and sewerage	Announcements	Royalties	Special contribution for professional and advisory services under Law 48-2013	Mortgage interests	Interest paid on auto finance lease	Maintenance fees paid to residents' associations or condominiums	Tuition fees paid for the benefit of employees	Certain other expenses	X Total
	1	-	2	с	4	5	9	7	ω	6	10	11	12	13	14	15	16	17	18	19	X Total

Page 116a of 174 (English translation)

Schedule V1 Incentives COMPUTATION	I OF THE SPECIAL [DUCTIONS F	COMPUTATION OF THE SPECIAL DEDUCTIONS FOR EXEMPT BUSINESSES UNDER ACT 135-1997	UNDER ACT 135-1	266		
		To be filed with Form 480.30(II)DI	rm 480.30(II)DI			5	2019
Taxpaver's Name	Taxable year beginning	on 1 July,	2019 and ending on 30 June,	2020			
cling Center Co., Ir		Type of Decree:	e: O Reneaotiated	Employer Identification Number 66-0596814	cation Number 6814	Case 03-13	Case Number 03-135-I-85
Type of business Effective period for income: Acoplo y procesamiento de mat Begins: 31/10/2003 Ends: 3	30/10/2023	O Converted	•	Number of jobs dired designated service:	Number of jobs directly related with manufacture or designated service: Current: 99 Require	acture or Required by Decree:	s. 70
Part I Computation of the special deductions	Payroll Deduction (a) (manufacture)	luction ture)	(b) Expenses	(c) Expe	Research and Development Expenses	Investment on Buildings, (d) Structures and Machinery	n Buildings, d Machinery
Deduction amount for the current year	(1)	00		00			
Add line 1, columns (a) through (d)	(2) 00				2		00
 Industrial development income (Schedule V Incentives, Part II, line 5) ((If line 2 is more than line 3 do not continue Compared Part II). 	(£)	00		00	00		00
4. Less: Special deductions according with line 1:							
			00	00			
Training and improvement expenses				8 8			
(c) Research and development expenses	00		00				
 (4) investment on bundings, subcuries and machinery		~~~	00	00			
nt of		2		00	00		
		00		00	00		0
6. Amount of deduction for:							2
(a) Payroll							
(1) 15% of the production payroll up to 50% of line 5 (6a1)	130,279 00						
(2) If line 3 is less than \$500,000 and keep an							
average of 15 or more employees, enter \$100,000	100,000 00						
		130,279 00					
				00			
(c) Research and development expenses					00		
investment on buildings, structures, machinery and equipment							
							00
(a) Current year (Line 6(a)(3) through 6(d), as applicable) (7a)		130,279 00		00	00		G
(b) Preceding years (7b)					00		00
(c) lotal (Add lines 7(a) and 7(b)) (7c)		130,279 00		00	00		00
 Allowable deductions (Line /(c) up to the amount of line 5. If it is less than line 5, enter the amounts on Scherklie V 							
Incentives, Part II, line 6(e) as applicable. If it is more than line 5, complete							
Part II of this schedule)		~					
Carryforward deductions to subsequent years (If line 7(c) is		0		8	00		00
Prove than line 5 and do not have to complete Part II)							
(a) (b) (c) (c) (c) (c) (c) (c) (c) (c) (c) (c					00		00
26		Ketention Period: Ten (10) years	en (10) years			PRSoft, Inc	PRSoft, Inc. (www.prsoft.com)

Page 117a of 174 (English translation)

Order to claim the special deductions The next answer of the park) The next answer of the park) 1 In claim the special deductions The next answer of the park) The next answer of the park) 2 Less Park information claim the special deductions The next answer of the park) The next answer of the park) 3 Less Park information claim the special deductions The next answer of the park) The next answer of the park) 4 The it is the scheme former answer and the corrention leage at aneany of the park) The next answer of the park) The next answer of the park) 0 Claim the appendix deductions The next answer of the park) The next answer of the park) 0 Claim the appendix deductions The next answer of the park) The next answer of the park and the park of the claim of the park of the claim	(1) (2a) 130,279 ero) (2b) 130,279 ero) (3b) 100,000 (10) (3b) (100,000 (10a) (10a) (10b) (10b)
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	Enter line 15(c) but not to exceed the amount on line 14 (Enter on Schedule V Incentives, Part II, line 6(d))
	(18)

Rev. 06.20 Homeca Recycling Center Co., Inc.

Form Departame Je Hac	RICO - GOVERNMENT OF PUERTO RICO ienda - Department of the Treasury RMATIVA - SERVICIOS PRESTADOS TURN - SERVICES RENDERED	W1801	224896		
	Amended: (/_MM/ <u>AAMM</u>)	Número de Confirmación o Electronic Filing Co			
INFORMACIÓN DEL AGENTE RETENEDOR - WITHHOLDING AGENT'S INFORMATION	Descripción Description	Cantidad Pagada Amount Paid	Cantidad Retenida		
Número de Identificación Patronal - Employer Identification Number		AHOUR Palo	Amount Withheld		
66-0433747	1. Pagos por Servicios Prestados por Individuos No Sujetos a Retención (Vea instrucciones)				
Nombre - Name	Payments for Services Rendered by Individuals Not Subject to Withholding (See instructions)	0.00			
Autoridad de Energia Electrica Dirección - Address PO Box 364267	Código - Code:	0.00			
SAN JUAN, PR 00936-4267	2. Pagos por Servicios Prestados por Corporaciones y				
Código Postal - Zip Code Núm. de Teléfono - Telephone No. Correo Electrónico - E-mail (787)-521-4602 desembolsos@prepa.com	Sociedades No Sujetos a Retención (Vea instrucciones) Payments for Services Rendered by Corporations and Partnerships Not Subject to Withholding (See instructions)	0.00			
INFORMACIÓN DE QUIEN RECIBE EL PAGO - PAYEE'S INFORMATION Número de Seguro Social o Identificación Patronal - Social Security or Employer Identification Number	Código - Code:				
66-0596814	3. Pagos por Servicios Prestados por Individuos Sujetos				
Nombre - Name HOMECA RECYCLING CENTER C	a Retención Payments for Services Rendered by Individuals Subject to Withholding	0.00	0.00		
Dirección - Address URB VILLA BLANCA AVE LUIS MUNOZ MARIN 20 PMB 323 CAGUAS, PR 00725 Código Postal - Zip Code	4. Pagos por Servicios Prestados por Corporaciones y Sociedades Sujetos a Retención Payments for Services Rendered by Corporations and	864,925.00	1,950.00		
Aportación Especial por Servicios Profesionales y Consultivos bajo la Ley 48-2013 Special Contribution for Professional and Advisory Services under Act 48-2013	Partnerships Subject to Withholding Razones para el Cambio - Reasons for the Change				
12,973.88	reasons for an of our bio - reasons for the onlinge				
Gastos Reembolsados (Vea instrucciones) Reimbursed Expenses (See instructions) 0.00					
Responsabilidad de Pago a Proveedores de Salud (Vea instrucciones) Responsibility of Payment to Health Providers (See instructions) 0.00					
Número de Certificado de Relevo Waiver Certificate Number					
Servicios de Salud - Health Services					
Médicos Ley 14-2017, según enmendada - Physicians Act 14-2017, as amended	22				
Profesionales de la Salud bajo la Carta Circular Núm. 20-1 (Vea instrucciones) Health Professionals under Circular Letter No. 20-1 (See instructions)	Número Control - Control Number	Número Control Informativa O Control No. Original Informative F			
Marque aqui si recibió el Certificado de Relevo del proveedor de servicios eligiendo la contribución opcional (Vea instrucciones) - Check here if you received the Waiver Certificate from the service provider choosing the optional tax (See instructions)	753000236	Control No. Original Informative Return			
Marque aqui si los pagos reportados corresponden a servicios subcontratados - Check here if the payments reported correspond to outsourced services					
FECHA DE RADICACIÓN: 28 DE FEBRERO, VEA INSTRUCCIONES FILING DATE: FEBRUARY 28, SEE INSTRUCTIONS	Envie electrónicamente al Departamento de Hacienda. Entreg récords. Send to Department of the Treasury electronically. De	ue dos copias a quien recibe el p liver two copies to payee. Keep co	ago. Conserve copia para sus opy for your records.		



РО Box 53 Вауамón, PR 00960-0053 CPA ELIZARDO E. MEDERO MONTIJO CERTIFIED PUBLIC ACCOUNTANT & TAX CONSULTANT

TEL.: 787-672-5427 E-MAIL: cpa_elizardo@yahoo.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors HOMECA RECYCLING CENTER CO., INC. Caguas, Puerto Rico

I have audited the accompanying financial statements of **Homeca Recycling Center Co., Inc.** which comprise the balance sheets as of June 30, 2020 and 2019, and the related statements of income, retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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Modelo SC 2644 Form AS		AND HOUR		-0.00		Número de Serie	
Rev. 8 ene 19	AND DEPUENO						
R		Departamento de Haciel	O - GOVERNMENT OF PUERTO RICO nda - Department of the Treasury		O Natural	Año Contributivo - Taxable	
Liquidador			A PLANILLA DE CONTRIBUCIÓN SO ime to File the Income Tax Return	OBRE INGRESOS	Calendar	Fiscal	52-53 Weeks
Revisor			-2019 y termina 30-jun-2020 2019 and ending on 30-jun-2020	0		Sello de Pago	
Parte - Part I Info	rmación del Contribu	iyente - Taxpaye	er Information				
Número de So Social Secur	•		Número de Identificación Employer Identification Nu				
			660596814				
Nombre del Individuo Individuai's First Name	Inicial A Initial	pellido Paterno Last Name	Apellido Materno Second Last Name				
1.7	Sociedad, Sucesión o Fideico		rporation, Partnership, Estate or Trust	t			
		DE CASTRO	O CARR 183 KM 4.5	Código Municipal	Número de re Importe:	ecibo:	
Teléfono Residencia	Residential Telephone		Teléfono Oficina - Office Tele	phone		Ocupación / Negocio Occupation / Business	
			7879030450			Occupation / Dusiness	
1. Cantidad aplicable al t	otal no pagado de la cont	ribución (responsat	unt Included with this Reque	st			\$0 0 0
	ne total of tax due (total ta					, pangangan, pang	andra Paradara Mangana panapana
	gada con esta solicitud -					,	\$0 0 0
			1) - Balance of tax due (Subtract				\$0 0 0
2. Cantidad pagada co Amount paid with this	n esta solicitud aplicable request applicable to the	le a la Contribucio Special Surtax (Sch	ón Adicional Especial (Anejo nedule N Incentives) (CIFRA I	N Incentivos) DE INGRESO 0215)			\$0 0 0
Incentivos, Parte V) - Am	ount paid with this request app	licable to the Prepaym	to sobre Repatriación (Formularion nent of Tollgate Tax (Form 480.30(II)DI, CIFRA D	Schedule N Incentives,			\$0 0 0
			Juramento - Oath				
			uí suministrada y que según mi				y completa.
hereby declare under pen	alty of perjury, that I have e	examined the information	ation herein and to the best of my	y knowledge and belief	it is true, corre	ct and complete.	
				EI			
Título (Aplic Title (Ap	a si el contribuyente no plies if the taxpayer is not	es un individuo) an individual))	Nombre del con	tribuyente o r	representante autori rized agent's name	zado
	15-sep-2020				odo Elsad	án lan san san t	
	Fecha - Date				Firma		- January - Janu
Dirección del representar Duly authorized agent's ad					Signatu 787672542	27	RX 26
			tos - Retention; Ten (10) years	121a of 17	Teléfore n Telé		

Modelo SC 2644 Rev. 8 ene 19		Página 2
Parte ; Part III Solicitud de Prórroga Automática - Reu	t for Automatic Extension of Time	
1. Individuo - Individual 2. Sucesión -	Clase de contribuyente - Type of taxpayer - Estate 3. Fideicomiso - Trust	
4. Corporación - Corporation 5. Corporación bajo el Programa de Incentivos Contributivos de Puerto Rico - Corporation under the Puerto Rico Tax Incentives Program 6. Corporación Especial Propiedad de Trabajadores Employee-Owned Special Corporation 7. Corporación de Individuos - Corporation of Individuals 8. Sociedad - Partnership	 9. Sociedad Especial - Special Partnership 10. Organización Sin Fines de Lucro - Not for Profit Organization 11. Compañía Inscrita de Inversión - Registered Investment Company 12. Fideicomiso para Beneficio del Fideicomitente - Grantor Trust 13. Corporación extranjera que no tiene oficina en Puerto Rico - Foreign corporation that does not have an office in Puerto Rico 	6 meses months
14. Marque aquí si es socio en una sociedad sujeta a tributación Check here if you are a partner of a partnership subject to tax under ti		6 meses months
15. Fideicomiso de Empleados - Employee Trust	Decimoquinto (15) día del décimo mes siguiente al cierre del año con Fifteenth (15) day of the tenth month following the close of the taxable year	
16. Persona sujeta a Ley 154-2010 - Person subject to Act 154-201 a. Corporación - Corporation b. Individuo - Individual	and a second	6 meses months
17. Otros Contribuyentes - Other Taxpayers a. Formulario 482(C) - Form 482.0(C) b. Formula	ario 480.1(SC) - Form 480.10(SC) c. Formulario 480.2(Al) - Form 480.20(Al)	6 meses months
18. Individuo extranjero no residente - Nonresident alien		6 meses months
RECARGOS DESDE LA FECHA DE VENCIMIENTO DE LA PLANILLA. ES IMPO	ANY INSTALLMENT THEREOF. THEREFORE, ANY BALANCE DUE WILL GENERATE INTERESTS AND SURCHARGE	

Conservación: Diez (10) años - Retention: Ten (10) years

	n 480.30(II)DI Rev. 08.21 uidator: Reviewer:						l
		20 _20	GOVERNMENT OF PUE DEPARTMENT OF THE	IREASURY	20 _20	SerialN	lumber
Fiel	d Audited by:		ome Tax Return for Ex				
Dat		unc	ler the Puerto Rico Inc Industrial Devel	•	ns	TAXABLE YEAR: 1 O CA	LENDAR 2 🍊 FISCAL
R	M N	TAXABLE YEAR E	EGINNING ON July 1, 2020	AND ENDING ON	0, 2021	3 O 52-53 WEEKS: Taxabl	ding on <u>DAY / MONTH / YEAR</u>
Ta	axpayer's Name			Employer Identificatio	n Number	4 SHORT PERIOD: Begini and ending on <u>DAY</u> / <u>MONTH</u>	
P	HOMECA RECYCLI	NG CENTE	IR CO., INC.	Department of State Re			nt Stamp
	PMB 323 LUIS MUÑOZ M	ARIN AVE	#20	119517 Industrial Code Mu	nicipal Code	1	
	URB VILLA BLANCA			3311 Merchant's Registratio	46	-	
\sim	CAGUAS, PR 00725		o Code	0064371004	4	_	
	. Tomas de Castro, PR-183		Caguas, PR 00725	Telephone Number - E (787) 903_045			
М	anufacturer's Number		NAICS Code 42393	Date Incorporat		-	
Ty Coll	ype of Principal Industry or Business Lection and Recycled Material	Processing		Day 04_/Month 06_/ Place Incorpora		Receipt No	
	mail Address of the Contact Person		Extension of Time: 🏝 Yes 🔵 No	1 Domestic (PR)		Amount:	
	omecarecycling@gmail.com		Contracts with Governmental Entities:			Туре о	f Entity
	artially exempt income under: > Act8 of 1987 (Schedule N Incentives)	Case No ·	Act73-2008 (Schedler Act20-2012) (Schedler Act20-2012)	ule X Incentives) Case N	lo.:	Indicate if you are a member	of a group of related entities
	Act 135-1997 (Schedule V Incentives)	Case No.:	Other	CaseN		Group number	
⊢	1. Tax liability: a) Schedule N Ince		-I-85		(1a)	00	
	b) Schedule V Ince	entives, Part II	I, line 5		(1b)	1,203 00	
	d) Schedule AA Inc	centives, Part I	V, line 11 II, line 7		(1d)	00	
			, line 3 line 19 (See instructions)			00	
	g) Total (Add line	s 1(a) throug	h 1(f))			(1g)	1,203 00
	b) Current year estin	nated tax pay	ments		(2b)	00	
	 c) Excess from previo d) Tax withheld on part 	ous years not i ners distributat	ncluded on line 2(b) ble share from partnerships or spe	cial	(2c)	315,30500	
	partnerships (Forn	n 480.60 EC)			(2d)	00	
Part I			sion of time or with original retur es rendered (Form 480.6SP)			00 22,445 00	
Pa	g) Tax withheld at so	urce on eligib	le interests through 2(g))		(2g)	00 (2h)	337,75000
	3. Balance of tax due (If line 1(q) is	more than			(3a)	00	557,75000
	line 2(h), enter the difference he	re, otherwise,	(b)	Interests	(3b)	00	
			(c) (d)	Surcharges Total (Add lines 3(a) the	(3c)) (3d)	00
	4. Addition to the Tax for Failure to I		Tax (Schedule T Incentives, Par	t II, line 21)		(4)	00
	5. Excess of tax withheld or paid 6. Amount paid with the return (Sul	d (See instruc btract line 5 fro	ctions) om the sum of lines 3(d) and 4)			(5) (6)	<u>336,547</u> 00 00
	7. Amount overpaid to be credited	I to estimated	tax for 2021				336,547 00 00
	8. Contribution to the San Juan I 9. Contribution to the University c	of Puerto Rico	Special Fund			(9)	00
	10. Amount to be refunded			АТН		(10)	00
l, t	he undersigned (president, vice-pres	sident, treasur	er, assistant treasurer or othe	r principal or finance	officer of th	he corporation for which t	his income tax return is
ma bel	de), declare under penalty of perjury ief, is a true, correct and complete re	, that this retu turn, made in	rn (including schedules and sta good faith, pursuant to the Pue	itements attached), has rto Rico Internal Reven	s been exan ue Code of	2011, as amended, and the be	est of my knowledge and Regulations thereunder.
			<u> </u>				
	Authorized Officer's Name and	l Title	Author SPECIALIST	ized Officer's Signature			Date
l	declare under penalty of perjury that this	return (including	schedules and statements attache	ed) has been examined b	by me, and to	the best of my knowledge a	nd belief is a true, correct
	nd complete return. The declaration of the declarat	ne person who		gistration Number	eived and th	is information may be verified	J
[`]			Self-employed Specialist			FOR THE CPA USE	ONLY
Fir	m's name		opoliuliot		CPA License	e Number	
Ad	dress		Zip Code		CPA Associat	ion Stamp Number	CPA Association Stamp
<u>Ç</u> n	ecialist's Signature		I	Date			
^{Sp}	ooranistis orginature		NOTE TO				
In	dicate if you made payments for the	preparation of	NOTE TO fyour return:	D. If you answered "Ye	s", require	the Specialist's signature a	nd registration number.

Industrial Development Incentives - Page 2

				_	parative Balance Sheet				·
			Beginning	gof	-		Endir	ng of	the year
	Assets				Total				Total
	1. Cash on hand and banks	(1)		L	18,672 00	(1)			258,330 00
	2. Accounts receivable		133,104 00)		(2)	156,945	00	
	3. Less: Reserve for bad debts		(00)))	133,104 00	(3)	(00)	156,945 00
	Inventories	· · / I			5,748,396 00	(4)			5,101,692 00
	5. Other current assets				00	(5)			00
	S. Notes receivable				00	(6)			00
	7. Investments				98,624 00	(7)			105,349 00
	3. Depreciable assets		7,179,617 00)		(8)	6,748,861		
	9. Less: Reserve for depreciation		(6,301,246 00)))	878,371 00	(9)	(5,865,205	00)	883,656 00
	0. Loans receivable from stockholders or related			L					
	entities	(10)		L	00	(10)			00
1	1. Land			Г	4,886,400 00	(11)			4,886,400 00
1	2. Other long-term assets	(12)			341,52100	(12)			367,168 00
	3. Total Assets			L	12,105,08800	(13)			11,759,540 00
Part I	Liabilities and Net Worth			L					
P	Liabilities			L					
1	4. Accounts payable ((14)	825,699 00)		(14)	339,053	00	
1	5. Accrued expenses not paid ((15)	59,920 00)		(15)	37,747		
	6. Other current liabilities		00			(16)		00	
	7. Long-term notes payable	F	00			(17)		00	
1	8. Notes payable to stockholders or related entities ((18)	708,545 00			(18)	838,549	00	
1	9. Other long-term liabilities	(19)	3,773,94200)		(19)	3,219,309	00	
2	0 Total Liabilities	(20)		L	5,368,106 00	(20)			4,434,658 00
	Net Worth			L					
2	1. Capital stock			L					
	(a) Preferred stock (2		00	-		(21a)		00	
	(b) Common stock (2		10,000 00)		(21b)	10,000	00	
2	2. Additional paid in capital	(22)	00)		(22)		00	
	3. Retained earnings (· · · F	6,726,982 00)		(23)	7,314,882		
	4. Reserve (00)		(24)		00	
	5. Total Net Worth (L	6,736,982 00	(25)		-	7,324,882 00
2	6. Total Liabilities and Net Worth	(26)			12,105,088 00	(26)			11,759,540 00
	Reconciliation of Net In	nco	me (or Loss) per Books v	wit	h Net Taxable Income (o	r Loss	per Return		
	Net income (or loss) per books	(1)	581,175 00		7. Income recorded on bo	oks this	year not included on this		
	2. Income tax per books	(2)	1,204 00)	return (Itemize, use sc	hedule	ifnecessary)		
	 Excess of capital losses over capital 	(2)	00		(a) Exempt interests \$_		0		
	gains Taxable income not recorded on books this year	(3)	00	1	(b) CASH CONVERT	TION	\$ 310,432		
	(Itemize, use schedule if necessary)			L	(c)		\$		
	(a)\$			L	(d)				
	(b)\$			L	(e)		\$		
	(c)\$ (d) \$			L	(6)(f)				
	(d)\$ (e)\$			L	(I)(0)		\$		
	(f) \$			L			Ψ	(7)	310,432 00
	Total	(4)	00				ot charged against book		
5	Expenses recorded on books this year not claimed			L			eschedule if necessary)		
	on this return (Itemize, use schedule if necessary) (a) Meal and entertainment (amount not			L					
≡	deductible)\$			L					
Part III	(b) Depreciation \$			L	(D)		ð		
-	(c) Vessels, aircrafts and residential property			L			\$		
	located outside of P.R.\$				(d)		\$		
	(d) Expenses incurred or paid to stockholders,			L	(e)		\$		
	persons or related entities (amount not deductible)				(f)		\$		
	\$			L	(g)		\$		
	(e) Travel and lodging expenses (amount not			L	(h)		\$		
	deductible)\$			L	(i)		\$		
	(f) Indemnification for harassment and related							(8)	00
	(g)\$				9. Total (Add lines 7 an	d 8)		(9)	310,432 00
	(h)\$			1	0. Net taxable income	,			
	(i)\$			Ľ			-, p	(10)	271,947 00
	(j)\$		00			/			
	Total								
6		(0)			d Ten (10) years				<u> </u>

Retention Period: Ten (10) years Page 124a of 174 (English translation)

For	m 480.30(II)DI Rev. 08.21			<u> </u>	Indu	strial Development Ince	ntives - Page 3
L			ropriated Retained Ear			(=)	00
	1. Balance at beginning of year		2 00 5. Distributions:		າ erty		00
	 Net income per books Other increases (Itemize, use schedule i 		5 00	(c) Stoc	ks	(50)	00
≥	necessary) UNREALIZED GAIN	1	6. Other decreas	.,		• • •	
Part IV	Hecessary) ONICEALIZED GAIN			es (Ose scheduk	ennecessary)		
à		(3) 6,72	5 00			(6)	00
	4. Total (Add lines 1, 2 and 3)		2 00 7. Total (Add lin	es 5 and 6)			00
		(4)	8. Balance at the	e_{s} of $v_{e_{s}}$ (Su	htractline 7 from l	ine (1) (8) 7.3	314,88200
⊢			Questionnaire	e end or year (ou			511,001
⊢	1. If a foreign corporation, indicate if the trade or but		ES NO N/A 11. Did the exe	mot husiness cla	im expenses con	ected to:	YES NO N/A
	was held as a branch	(1)	(a) Housing	i? (except busine	ess employees) .		(11a) X
	2. If a branch, indicate the percent that represents the	e income from sources	(b) Employ	ees attending co	nventions outside	e of Puerto Rico or the	2
	within Puerto Rico from the total income of the exer	mpt business: 0.00%	United	States?			(11b) X
	Did the exempt business keep any part of its reconsistent during this year?	ords on a computerized			e Federal Internal	Revenue Service (IRS)?	2 (12) X
	4. The exempt business books are in care of:				ribute dividends of	her than stock dividends	-
	Name HOMECA RECYCLING CENTER CO		or distributi	ons in liquidation	in excess of the c	current and accumulated	k l
	Address PMB 323 LUIS MUNOZ MARIN AVE		earnings du	ring this year? If "	Yes", indicate amo	unt \$	_(13) 🛛 🗙
	CAGUAS, PR 00725		14. Is the exemption	ot business a partn	er in a partnership	or special partnership?(I	f (14) X
	E-mail <u>homecarecycling@gmail</u> Telephone 787-903-0450		Mame of the	Partnershin or Sp	ecial Partnership _		. (17)
	5. Indicate the book accounting method for tax pur	poses:	Employer id	entification number	r · –		
	🛎 Cash 🛛 🔿 Accr		15. Did the exe	mpt business at th	ne end of the taxa	ble year own, directly o	
	Other (specify):		indirectly, 5	0% or more of the	he voting stocks	of a corporation who is	S (15)
	 Did the exempt business file the following documents (a) Informative Return (Forms 480.6A, 480.6B, 	480 6C 480 6SP) (6a)	engaged in If "Yes" atta	uade or business ich a schedule sho	wing: (a) name ar	nd employer identification	. (15) x
	(b) Withholding Statement (Form 499R-2/W-2Pl	R) (6b)	number, (b)			income (or loss) before	
	Is the volume of business of the entity or aggregation	ted volume of business	net operati	ng loss and spec	ial deductions of	the corporation for the	e
	of the group of related entities, if the entity is a	member of said group,	taxable yea			es not coincide with the	e
	\$10,000,000 or more? (See instructions) (a) Do you include audited financial statement	ts as established in			for which this retu	irn is filed). ate or trust at the end o	f
	Section 1061.15 of the Code? (See instruct	ions) (/a)	the taxable			r_{1} , 50% or more of the	
	CPA Association Stamp Number 27769	65	corporation	's voting stocks?	If "Yes", attach a	a schedule showing the	
	(b) Do you include Schedule PCI - Uncertain Ta	x Positions? (/b)	x name and e	employer identific			
	(c) If the entity is a member of a group of related e business is not more than \$1,000,000, do you			ercentage owned: nount of exempt int			
Part V	statements or agreed-upon procedures signed by	a CPA licensed in Puerto	18 Does the e			ot activities not covered	Ē
Pal	Rico, as established in Section 1061.15(a)(5)(A)	of the Code? (7c)	under the I	ndustrial Incentive	es Acts? (Attach	schedule)	. (18) 🗶
	CPA Association Stamp Number		Under which		- Constanting		(19) X
	 If the entity is not a member of a group of related of business of the entity equal to or more than \$3 	I entities, is the volume	19. Have you r	nade a timely ele	ction under: 1987 Coct	ion 10(b) Act 73-2008	(19)
	\$10,000,000?	(8)		n 6(f) Act 135-1997			
	(a) Do you include audited financial statem	ents or agreed-upon	20. Enter the to	al amount of chari		to municipalities claimed	Ē
	procedures signed by a CPA licensed in Puer	to Rico, as established	during the f	axable year:			(21)
	in Section 1061.15(a)(3) of the Code? CPA Association Stamp Number <u>81</u>		21. Indicate if y	our books reflect	allocate expenses	unauthorized insurers .	. (21) X
	Number of employees during the year:				st Sharing		
	(a) Production: 75 (b) Non-production:	б				nt of Labor and Humar	n l
	10. Did the exempt business claim expenses conne	cted to the ownership,	Resources	mat husiness als	·	3197960000	
	use, maintenance and depreciation of: (a) Vehicles?	(10a)	x 24. Did the exe	empt business cla	rm expenses relation of the contract of the co	ted to services provided) (See inst.)	(24)
	(b) Vessels?	(10b)		pay the corresp	onding sales and	use tax?	(24a) X
	(1) Was more than 80% of the total income	derived from activities	25. Did the ex	empt business cl	aim depreciation	expenses for tangible	e
	exclusively related to fishing or transport cargo or lease?	ation of passengers or				o, for use in its operations	
	cargo or lease?	(10c)	x not covered	bay the correspo	onding sales and	use tax?	
	(1) Was more than 80% of the total income	derived from activities	26. Did the exe	empt business pa	ay deemed divide	and during the previous	3
	exclusively related to transportation of p lease?	assengers or cargo or	year? If "Yes	s", indicate the amo	ount \$	0	(26) X
	lease?(d) Residential property outside of Puerto Ric		X 27. Did you red	uest to change t	the accounting pe	eriod ?	. (27) x
	(1) Was more than 80% of the total income	derived from activities	Date of app	proval			
	exclusively related to the lease of property to	non related persons? (10d1)	X				
		Comp	ensation to Directors				
Γ			Percentage of time		f stocks owned	0	
	Name of director	Social security number	devoted to industry or business	Common	Preferred	- Compensatio	ווע
F			0.00	0.00	0.00		00
Part VI							00
Pa							00
L							00
L	Total compensation to directors	L	l	l	1		00
F			pensation to Officers			1	00
F			Percentage of time	Percentage o	f stocks owned		
L	Name of officer	Social security number	devoted to industry or business	Common	Preferred	- Compensatio	on
_			0.00	0.00	0.00		00
t <							00
Part VII							00
[00
L	Total compensation to officers						00
	Total compensation to onicers					1	00

^{10) years} RX 26 Page 125a of 174 (English translation)

DETAIL ATTACHED TO THE INCENTIVE FORM

Taxable Year Beginning July 1st, 2020 and Ending June 30, 20221

TAXPAYER NAME: <u>Homeca Recycling Center Co., Inc.</u> EMPLOYER IDENTIFICATION NUMBER: <u>66-0596814</u>

Indicate the part or parts of the form for which you complete this detail: Part IV, Line 3, Page 3 of the form - Other increases

	Description	Amount
1	UNREALIZED GAIN	6,725
2		
3		
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34		
35	ransfer this amount to the line of the form, as applicable)	

RX 26 Page 126a of 174 (English translation)

THE INF DECL							
	YEAR OF	EMPLOYER			ELECTRONIC		AMOUNT WITHELD
	THE INFORMATIVE	IDENTIFICATION		CONTROL	FILING CONTROL	ACCORDING TO	CLAIMED
	DECLARATION	NUMBER	NAME OF PAYER	NUMBER	NUMBER	INFORMATIVE RETURN	ON THIS RETURN
-	2021	66-0189525	CEMEX DE PUERTO RICO	90000053	W0244530720	10,545	10,545
	2021	66-0179709	DESTILERIA SERRALLES	90000138	W2055257632	1,500	1,500
	2021	66-0433747	AUTORIDAD ENERGIA ELECTRICA	753000247	W1609089312	10,400	10,400
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tal (Transfer the	emount of th	e Column B to the Par	Total (Transfer the amount of the Column B to the Part I line of the Annex B, as applicable			Ş	22,445

DETAIL ATTACHED TO THE INCENTIVE FORM

Taxable Year Beginning July 1st, 2020 and Ending June 30, 2021

TAXPAYER NAME: <u>Homeca Recycling Center Co., Inc.</u> EMPLOYER IDENTIFICATION NUMBER: <u>66-0596814</u> Indicate the part or parts of the form for which you complete this detail: <u>Part I, Line 2F, Page 1 of the form – Contribution Retained by Professional Services</u>

Rev. 03.19	ADDITION TO THE TAX TAX IN CASE OF EXE PUERTO RICO	MF IN	PT BUSINES CENTIVES P	SE PR(S UNDER THE	Đ		20 _20	
Taxpayer's Name HOMECA	RECYCLING CENTER CO,	II	NC.			6	Employer log = 0596	dentification Numb 814	ber
Part I Determination of	the Minimum Amount of Estimated T	ax to	o Pay						
1. Tax liability (See instructions)							(1)	1,20	3 00
2. Credits and overpayments (See in								337,75	0 00
3. Estimated tax (Subtract line 2 from I									0 00
4. Line 1 multiplied by 90%.								1,08	2 00
5. Total tax determined as it appears on									0 00
6. Enter the smaller of lines 4 and 5, as lo								1,08	2 00
7. Subtract line 2 from line 6 (If it is less th									0 00
Part II Addition to the Tax	for Failure to Pay				· · · · ·		·		
Section A - Failure to Pay					Dued	ate			
			(a)		(b)		(c)	(d)	
			First Installment		Second Installment	Third Ir	nstallment	Fourth Installm	nent
FISCAL YEAR (Enter the corr	responding dates)			_					_
8. Amount of estimated tax per installme	ent (See instructions)	(8)	0		0 00		0 00		00
9. Amount of estimated tax paid per ins	stallment (See instructions)	(9)	0	00	0 00		0 00	0	00
10. Payment date (See instructions)					0		0		0 00
11. Line 17 from previous column			0		0 00		0 00		
12. Add lines 9 and 11			0	00	0 00		0 00		0 00
13. Subtract line 8 from line 12 (If it is less t		(13)		00	0 ₀₀		0 00		00 C
14. Failure to Pay (If line 13 is zero, subtr			0		O 00				
			0	00	O 00 O 00		0 00		00
15. Add lines 14 and 16 from previous of		(15)			0 00		00		
16. If line 15 is equal or more that					Q 00		0 00		
-	nn. Otherwise, go to line 17	(16)			900				
17. Overpayment (If line 13 is mor		(47)		00			0 00		
	blumn. Otherwise, enter zero)	(17)		00	O 00		000		_
Section B - Penalty			0		0		0	-	
18. Multiply line 14 by 10%		(18)	0	00	0 00		000)	0 00
19. If the date indicated on line 10 for any i									
 line 18 is zero, multiply the result of 	of line 8 less line 17 from previous column								
by 10%; or									
• · · · · · · · · · · · · · · · · · · ·	bly the result of line 8 less line 17 from								
	ract the amount reflected on line 18 (See		0	0.0	0 00		0 0		
· ·			0	00			0 00 0 00		0 00 0 00
20. Add lines 18 and 19		(20)	0	00	0 00		0 100		
21. Addition to the Tax for Failure to Pay E									
20 of all columns. Transfer to the corr	responding line of the return)	(21)	riod: Ten (10) vears					L (00 00

Retention Period: Ten (10) years

Schedule V Incentives		EXEMPT BUSINESSES UNDER		
Rev. 08.21		ACT 135-1997		20 ²⁰
O LEAN THE AVERAGE OF AVERAGE		iled with Form 480.30(II)DI	01	
Taxpayer's Name	laxable year begining or any	<pre>r 1, 2020 and ending on June 30, 20 Type of Decree:</pre>		nployer Identification Number
HOMECA RECYCLING C	ENTER CO., INC.	New Renegotiated	6	6-0596814
TypeofBusiness Collection and Recycled	Material Processing	Converted S Extended	Case Num	nber: 03-135-I-85
Effective period for income:	/10/2022	Number of jobs directly related with manufacture	ordesignate	
Begins: 31/10/2003 Ends: 30			70	
	Average Income (Applies only to r	renegotiated cases)		
Basis period average income as deter	•			
Part II Net Income S				(1) 271,947 00
2. Less: Investment income (See in	structions)			(2) 00
		g loss, do not continue. Enter zero (-0-) here and on lin		,
5. Net industrial development incom	e subject to special deductions (Subtract line	e 4 from line 3. If it is equal or less than 0, do not continue	 e)	(4) 154,752 00 (5) 117,195 00
6. Special deductions for exempt bus	inesses (See instructions Schedule V1 Ince	entives):		117,195 **
 a) Payroll deduction b) Human resources training an 	d improvement expense deduction		0,000 (0 (00
c) Research and development	expense deduction		0 (00
d) Investment on buildings, struct	ctures, machinery and equipment deductio	ın (6d)	0 (-
 e) Total deductions (Add lines 6 7. Net industrial development income 	after special deductions (Subtract line 6(e))	from line 5)	((7) 17,195 00
8. Deduction for purchases of product	ts manufactured in Puerto Rico (See instruct	tions)		(8) 0 00
		nufactured in Puerto Rico (Subtract line 8 from line 7).		
11. Less: Basis period income (Sar	ne as Part I. See instructions)		((11) 00
12. Net industrial development incom	e subject to tax (Subtract line 11 from the s	um of lines 9 and 10. See instructions)	((12) 17,195 00
Part III Computation				
2. Total tax (Multiply line 12. Part	7% (1b)—4% (1c)—other [<u>%</u>		2 1,203 00
3. Recapture of credit claimed in exce	ess (Schedule B Incentives, Part I, line 3)		((3)
 Less credits: a) Special credits granted (Set 	e instructions)			00
b) Credit for products manufact	ured in Puerto Rico (See instructions)			00
 c) Credit for losses of United St d) Credit for taxes withheld or 	ates parent company (See instructions) n royalty payments			<u>00</u>
 e) Credit for donation of an eligib 	le conservation easement or donation of el	ligible land (4e)	(00
	ment in urban centers (See instructions) ts manufactured in Puerto Rico (Schedule X		(00
h) Credit for investment in resear	ch and development (Schedule X1 Incentive	es, Part III, line 7(a)) (4h)	(00
 i) Credit for investment in machine ii) Credit to reduce the cost of clear 	ry and equipment (Schedule X1 Incentives, Par tric power (Schedule X1 Incentives, Part V, line	rt IV, line 6 or 8, as applicable) (4i)		00
 k) Credit for investment in strate 	egic projects (Schedule X1 Incentives, Pa	art VII, line 5(a))	(00
	it (Schedule X1 Incentives, Part VIII, line 6(<u>20</u>
 m) Other applicable credits n) Total credits (Add lines 4(a) th 	rough4(m))			
5. Total tax liability (Subtract line 4(n) fi	rom the sum of lines 2 and 3. Enter the difference	ehere and on Form 480.30(II)DI, Part I, line 1(b))	((5) 1,203 00
	n Sales or Production and Other Incom	0 and 5% of line 5	(6	60 00
Loop: Cost of goods cold or direct	s (See instructions)	(1)	39,648	00
2. Inventory at the beginning of the		(2) 5,748,396 00		
 Purchase of materials or merce Direct wages 	handise	(4) 9,352,861 00		
5 Other direct costs (From Part	VI. line 17)	(5) 00		
	(Add lines 2 through 5) year 10 "C" 2 0 "C" or "MV"	(6) <u>15,101,257 (0)</u> (7) <u>5,101,692 (0)</u>		
 Less: Inventory at the end of the Total cost of goods sold or direct 	t costs of production (Subtract line 7 from l	ine 6) (8) 9 , 9	99,565	
9. Gross profit (or loss) on sale of g	oods or products (Subtract line 8 from line 1	1)		
				11) 00
12. Interests			(1	12) 00
14. Other income (Submit detail) .			(1	00

^{10) years} RX 26 Page 129a of 174 (English translation)

Rev	. 08.	21				Sched	ule V Incentives - Page 2		
Ра	rt V	Deductions and Net Operating Income							
		luctions that must be reported on informative retur	'ns:						
	1.	Compensation to directors (Complete Part VI, page 3	3 of the return)			. (1)	00		
	2.	Compensation to officers (Complete Part VII, page 3)	of the return)			. (2)	00		
	3.	Salaries, commissions and bonuses to employees (See instructions)		e Department of the Treasury (Total \$) (See inst.)	. (3)	835,468 00		
	4.	Salaries paid to young university students (Total \$	O) Internship Program (ofthe	e Department of the Treasury (Total \$) (See inst.)) (4)	00		
	5.	Payments for services rendered in Puerto Rico (See	instructions)			(5)	93,765 00		
	6.	Payments for services rendered outside of Puerto Ri	co (See instructions)			. (6)	00		
	7.	Services subcontracted			523) uctions)	. (7)	00		
	8. 0	Lease, rent and fees paid (See instructions) (Personal \$	• <u> </u>	5,6	<u>523</u>)	. (8)	143,623 00 385,755 00		
	9.	Insurance premiums (Except contributions to nealth or	accident plans) (See ir	ISTL	uctions)	. (9)	365,755 00		
	10.	relecommunication services				. (10)	00		
	11.	Internet and caple of satellite television services .		•••••		. (11)			
	12.	Advertising		•••••		. (12)	00		
	10.1	Ruvertising		•••••		. (13)	00		
	14.	Payments for virtual and technological tools and other	or subscriptions			(14)			
	16	Professional associations fees and memberships paid	for the benefit of the er	nnlo	оуее	(15)	00		
	17	Homeowners association fees		iipic		(10)			
	18	Payments for judicial or extrajudicial indemnificatio	n	•••••		(18)	00		
	19	Certain other expenses (See instructions)				(19)	00		
	20	Subtotal (Add lines 1 through 19)				(20)	1,470,087 00		
B.	Dec	luctions not reported on informative returns:							
	21.	Interests on business debts: Mortgages \$ 0	Automobile leases \$	5	0and Others \$86 , 864	(21)	86,864 00		
	00	Taylaa natanta and liaanaaa							
		(a) Property tax (Personal \$ <u>4 , 391</u>) (Real \$	9,325)		18,991	. (22a)	13,716 00		
		(b) Other taxes: Patents \$ <u>17,327</u> Licenses \$ _	19,166 and Others	\$	<u>18,991</u>	. (22b)	55,484 00		
		(c) State Insurance Fund Policy				. (22c)	83,013 00		
		(d) Sales and use tax				. (22d)	00		
		(e) Special contribution for professional and advisory s	services under Act 48-2	013	3, as amended	. (22e)	00		
	23.	Depreciation and amortization (Submit Schedule E N	o. <u> </u>		E1 No. <u>0</u> of <u>0</u>)	. (23)	82,484 00		
	24.	Depreciation for businesses with volume of \$3,000,000) or less (Submit Sched	ule	E1 No. <u>U</u> of <u>()</u>	. (24)	00		
	25.	Electric power				. (25)	34,050 00 2,386 00		
	26.	Water and sewage		•••••		. (26)	2,300 00		
	27.	Contributions to health or accident plans		•••••		. (27)			
							63,913 00 38,208 00		
	29.	Contributions to qualified paraions plans (Cas instruct)	iona Cubmit Farm AC 6	040	2.1)	. (29)	00		
	30. 24	Contributions to qualified pensions plans (See instruction	ons. Submit Form AS 0	042	2.1)	. (30)	00		
	31. 22	Deduction for employers who employ handicapped p	ersons (See instruction	15)		. (31)	460,118 00		
C	Oth	er deductions:				. (32)	100711000		
0.	33	Automobile expenses (Mileage0) (See	instructions)			(33)	00		
	34	Other motor vehicle expenses (See instructions)	instructions)			(34)			
	35	Renairs and maintenance				(35)	786,811 00		
	36	Travel expenses (Total expenses \$ 0)				(36)	00		
	37.	Meal and entertainment expenses (Total expenses \$	0) (See instru	ictic	ons)	(37)	00		
	38.	Materials and office supplies				. (38) L	66,703 00		
	39.	Materials used directly in the trade or business				(39)	00		
	40.	Stamps, vouchers and fees				. (40)	00		
	41.	Postage and shipping charges				. (41)	00		
							00		
							00		
						· · /	00		
							42,185 00		
	46.	Bad debts	lle e constant de la constant		- (0 i t)	. (46)	00		
	4/.	Contributions to educational contributions accounts for t	ine employee's beneficia	arie	s (See instructions)	. (47)	00		
	4ð.	Expenses incurred or paid to stockholders, persons or rel	lated entities outside of H	ruer	rto Rico (See instructions) (Total \$)	. (48)	00		
	49. E0	Deduction for expenses incurred or paid to stockholders	, persons or related enti	ues	, fully deductible (See instructions)	. (49)	00		
	50. 51	Lusses nom mes, sions, other casuallies, of them (Management fees	See instructions)	•••••		. (00)	00		
	52	Fynenses in property leased to the Puerto Pico Inductria	I Development Company	 V or	warehouse of the Puerto Rico Trade and Export Company	, (31)	00		
	JZ.	(See instructions)	a Bovelopment Compan	y 01		(52)	00		
	53	Other deductions (Submit detail)				(53)	142,232 00		
	54	Subtotal (Add lines 33 through 53)				(54)	1,037,93100		
	55	Charitable contributions				(55)	00		
	56.	Allowable deduction for investment in a Private Equit	v Fund (See instruction)	າຣ) .		. (56)	00		
	57.	Total deductions (Add lines 20, 32, 54, 55 and §	56)			. (57)	2,968,136 00		
	58.	Net operating income (or loss) for the year (Line 15	5, Part IV less line 57. E	nte	r here and in Part II, line 1)	. (58)	271,947 00		
Da		,							
Part VI Other Direct Costs Item Amount Item									
		Item		Amount					
		aries, wages and bonuses (1)	0 00	10.	Electric power	(10)	0 00		
2.	So	cial security tax (FICA) (2)	0 00	11.	Water and sewage	(11)	0 00		
3.	Un	employment tax	0 00	12.	Rent	(12)	0 00		
4.	Sta	te Insurance Fund Premiums (4)	00 00	13.	Packing products expenses	(13)	O 00		

Retention	Period:	Ten	(10)

0 00

0 00

0 00 0 00

5. Contributions to health or accident plans (5)

8. Sales and use tax on imports (8) 9. Repairs and maintenance (9)

6. Insurance premiums (Except contributions to health or accident plans) (6)

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0 00

0 00

RX 26 00

0 00

14. Meal expenses paid to production employees

16. Other direct costs (Submit detail) (16)

Part IV, line 5) (17)

17. Total other direct costs (Add lines 1 through 16. Transfer to

DETAIL ATTACHED TO THE INCENTIVE FORM

Taxable Year Beginning July 1st, 2020 and Ending June 30, 2021

TAXPAYER NAME: <u>Homeca Recycling Center Co., Inc.</u> EMPLOYER IDENTIFICATION NUMBER: <u>66-0596814</u> Indicate the part or parts of the form for which you complete this detail: <u>Annex V, Part II, Line 4, Net loss on operations in the previous year</u>

TAXABLE YEAR	OF THE EXPIRATION DATE	OF THE LOSS	(day/month/year)	0 30/06/2025	30/06/2026																			
(C) AMOUNT OF LOSS	AVAILABLE FOR THE	CURRENT YEAR	(Column A less Column B)		2,553,487																			
(B) LOSS CARRYFORWARD USED IN			AMOUNT USED	191,570	183,833																			
LOSS CAR		TAXABLE YEAR	(day/month/year)																					
(A)	AMOUNT OF LOSS	INCURRED ACCORDING TO THE FORM		191,570	2,737,320																			
TAXABLE	YEAR OF	IN WHICH INCURRED	THE LOSS	30/06/2015	30/06/2016																			Total (Transfer the total amount of the
				-	2	ო	4	5	9	7	∞	6	10	11	12	13	14	15	16	17	18	19	20	Fotal (Transfe

Schedule E Rev. 03.16		D	EPRECIATION			20 20	
A State of the sta						20_20	
	Taxable year be	eginningon <u>Jul</u>	y 1, 2020 and ending on u	June 30, 2021	Social Security o	r Employer Identification Number	r
Taxpayer's name HOMECA RECYCLING	CENTER CO.,	INC.			-	596814	
 Type of property (in case of a specify the material used in th construction). 	a building,	2. Date acquired.	3. Original cost or other basis (exclude cost of land). Basis for automobiles may not exceed from \$30,000 per vehicle.	4. Depreciation claimed in prior years.	5. Estimated useful life to compute the depreciation.	 Depreciation claimed this year. 37 	
(a) Current Depreciation							
MACHINERY AND EQU	IPMENT	07/01/2014	6,748,862 00	5,782,721 ₀₀	7	82,484	00
			00	00			00
			00	00			00
Total				5,782,721 00		82,484	00
(b) Flexible Depreciation							
			00	00			00
			00	00			00
			00	00			00
Total				00			00
(c) Accelerated Depreciation							
			00	00			00
			00	00			00
			00	00			00
Total				00			00
(d) Amortization (i.e. Goodwill)				1	1	_
			00	00			00
			00	00			00
			00	00			00
Total	ono)			00			00
(e) Automobiles (See instructi	UIIS)				1		
			00	00			00
			00	00			00
			00	00			00
Total				00			00
(f) Vehicles under financial le	ase (Form 480.7D)	(Amount of ve	ehicles) (0	1)	(02)		00
TOTAL: (Add total of lines (a)					(10)	82,484	
whichever applies,	, or the correspondi	ing line of othe	Retention Period: Ten (10) years		(10)	02,104	00

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DETAIL ATTACHED TO THE INCENTIVE FORM

Taxable Year Beginning July 1st, 2020 and Ending June 30, 20221

TAXPAYER NAME: <u>Homeca Recycling Center Co., Inc.</u> EMPLOYER IDENTIFICATION NUMBER: <u>66-0596814</u>

Indicate the part or parts of the form for which you complete this detail: <u>Annex V, Part V, Line 53, Page 3 of the form – Other deductions</u>

	Description	Amount
1	MISCELLANEOUS EXPENSES	142,232
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
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20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35	ransfer this amount to the line of the form, as applicable)	\$142,232

/1 Incentivos	ELAS DEDUCCIONES I	ESPECIALES	CÓMPUTO DE LAS DEDUCCIONES ESPECIALES PARA NEGOCIOS EXENTOS BAJO LA LEY 135-1997	S BAJO LA LEY 135-1997	
and the second s	Para Año comenzado el <u>01</u> de	ra rendirse con el e julio de 20	Para rendirse con el Formulario 480.3(II)DI de julio de 2020 terminado el 30 de junio	0 de 2021	2020
Nombre del Contribuyente HOMECA RECYCLING CENTER CO., INC		Tipo de Decreto:	o: Reneaaciación	Número de Identificación Patronal 66-0596814	Número de Caso 03-135-1-85
TIpo de Negocio ACOPLO Y PROCESAMIENTO Comienza: 1/10/200 Termina:	s: na:	Conversión		Número de empleos directamente relacionados con la manufactura o servicio designado: Actual: <u>81</u> Requerido por Decreto: <u>7</u> 0	ionados con la manufactura Requerido por Decreto: 70
Parte I Cómputo de las deducciones especiales	Deducción por Nômina (a) (manufactura)	Nómina Ira)	(b) y Mejoramiento	Gastos de Investigación (c) y Desarrollo	Inversión en Edificios, (d) Estructuras y Maguinaria
1. Cantidad de la deducción del año corriente	(1)	0 00		00 00 00 00 00	000
2.Suma de la línea 1, Columnas (a) a la (d)	(2) 0 00				
3. Ingreso de fomento industrial (Anejo V Incentivos, Parte II, linea 5) (3)	(3)	117,195 00		0 00	000
(Si la línea 2 es mayor que la línea 3, no continúe. Complete la Parte II)					
 4. Menos: Deducciones especiales según línea 1: (a) Deducción por nómina	(4a) (4b) (4b) (4c) (4c) (4d) (4e) (4e)	8	0 00	000	
5.Ingreso de fomento industrial para determinar la cantidad de la deducción (Línea 3 menos línea 4(e))	. (5)	117,195 00		000	117,19500
 6. Cantidad de la deducción por: (a) Nómina (b) 15% de la nómina de producción hasta un 50% de la línea 5 (c) Si la línea 5 (c) Si la línea 3 es menor de \$500,000 y mantiene empleadas 15 personas o más, anote \$100,000 (c) Si la línea 3 es menor de la línea 6(a)(1) o 6(a)(2) (c) Sastos de adiestramiento y mejoramiento de los recursos humanos (c) Gastos de investigación y desarrollo (c) Gastos de investigación y desarrollo (c) Gastos de investigación y desarrollo (c) Inversión en edificios, estructuras, maquinaria y equipo 	. (ed) 58,597 00 (ed) 58,597 00 (ed) 100,000 00 . (ed) . (ed)	100,000 00		0000	0
 7. Total de deducciones: (a) Año corriente (Lineas 6(a)(3) a la 6(d), según aplique)	(Ta) (Tb) (Tc)	100,000 00 100,000 00		000000000000000000000000000000000000000	0000
d 8. Deducciones admisibles (Linea 7(c) hasta la cantidad de la linea 5. Si es menor que la linea 5, anote las cantidades en el Anejo V Incentivos, Parte II, linea 6(e), según aplique. Si es mayor que la linea 5, complete la Parte II de este anejo)	(8)	100,000 00		0000	000
9. Deducciones para arrastrar a años subsiguientes (Si la línea 7(c) es mayor que la línea 5 y no viene obligado a completar la Parte II) (Véanse verte recciones)	(6)			00 0	000
X 26 174	δ.	Período de Conservación: Diez (10) años	ión: Diez (10) años		

Rev. 04.21

Incentivos - Página	V1 Incentivos - Página
Incentivos -	V1 Incentivos -
Incentivos	V1 Incentivos
	1

Among and a matrix of your construction of a static of und as a calculation of a bit of a static		Decise Feneriales (Antiona of accords and decision decision of the second			CALCULATION OF THE OWNER OWNER OF THE OWNER OWNE	Conception of the second state of the second s
Officient on reclamant las deducciones especiales 1. Unyone of neuron containing and enducciones especiales 1. Unyone of neuron containing and enducciones especiales 1. Other provides and the enduction of the neuron of 55 permission of 15 permission of 1	Parte II	regres Especiales (representation en regional exertito con detectio a rectamar mas de una de las deducciones de las Col dichas deducciones es mayor que el Ingreso de Fomento Industrial del año)	nnas a, b, cyddela Pâ	arte I, y la suma de	Límite para el año	Arrastre a años futuros
1. Inspect of contents inspect a production provided. Print I, line 5,	Orden para re	eclamar las deducciones especiales				
2 Memory and production (Si a) lines 1 termence des SOL000 per employ de producción, bada un SO,	1. Ingreso de foi	***************************************		117,195 00		
(a) Sub linear losi secondo y la corporación mantifera empleadas un promedio da 15 percinas o máx,		nenor de \$30,000 por empleo de producción, hasta un 50%	ER FOT M			
(c) Arole to mayor de la linea 2(e) 0.2(b)			000			
3. Ingreso de formento industrial depuies de la deducción por norma (Linea + menoce linea 2(c). (b) predes eur menor de cento) (c)			2	58,597 00		
4. Arrole la linea 2(c) hasta la cardidad que no exocia la linea 1 (Aroute en el Anejo V Incentricos, Parte II, linea 6(a)				58,598 00		
5. Ingreso do formanto industrial (gual a la linea 3)					58,597 00	
6. Menos: Deducción por gastos de adrestamiento y mejoramiento de los recursos humanos				58,598 00		
7. Ingreso de formanto industrial después de la deducción (Linea 5 menos linea 6. No puede ser menor de cero) (1) 58,598 (0) 8. Anote la linea 6 hasta el monto que no exceda la linea 5 (Anote en el Anejo V Incentivos, Parte II, linea 6(b)) (a) (b) 9. Ingreso de formento industrial (gual a la linea 7) (a) (b) (b) 10. Menos: Delucción por gastos de investigación y desarrollo (b) (b) (b) (b) 10. Menos: Delucción por gastos de investigación y desarrollo (c)		humanos		00 00		
8. Anole la linea 5 (Anole en el Anejo V Incentivos, Parte II, linea 6(b)) (a) 9. Ingreso de formento industrial (gual a la linea 7) (b) 10. Menos: Debución por gastos de investigación y desarrolio (c) 10. Menos: Debución por gastos de investigación y desarrolio (c) 10. Menos: Debución por gastos de investigación y desarrolio (c) 10. Menos: Debución por gastos de investigación y desarrolio (c) 11. Ingreso de formento industrial después de la deducción (Línea 9 menos linea 10(c). No puede ser menor de cero) (c) 11. Ingreso de formento industrial después de la inlea 9 (Anole en el Anejo V Incentivos, Parte II, linea 6(c)) (c) 13. Ecceso de la linea 10(c) sobre la linea 11. No puede ser menor de cero) (c) 14. Ingreso de formento industrial (gual a la linea 11. No puede ser menor de cero) (c) 15. Menos: Deducción especial por linerestion en edificio, estructuras, maquinaría y equipo (c) 16. Menos: Deducción especial por linerestine a f3(c), No puede ser menor de cero) (c) 16. Menos: Deducción especial por linerestine a f3(c), No puede ser menor de cero) (c) 17. Anole la linea 15(c) hasta el monto que no exceda la linea 45(p). No puede ser menor de cero) (c) 16. Menos: Interesti después de la deducción (Linea 4 menor de cero) (c) 16. Menos: Deducción especial por l	7. Ingreso de forr			58,598 00		
3. Ingreso de formento industrial (gual a la linea 7) (a) (b) (c)			and the second se		00 00	
10. Menos: Deducción por gastos de investigación y desarrolo (a) Año anterior (b) Año anterior (c) Telal líneas 10(a) y 10(b) (c) Telal líneas 10(a) y 10(b) (c) Telal líneas 10(b) asta el menos línea 10(c). No puede ser menor de cero) (c) Telal líneas 10(c) hasta el monto que no exceda la línea 9 (Anote en el Anejo V Incentivos, Parte II, línea 6(c)) (c) Año anterior (c) Telal línea 10(c) sobre ta línea 9 (Anote en el Anejo V Incentivos, Parte II, línea 6(c)) (c) Año anterior (c) Año anterior (c) Año anterior (c) Año anterior (c) Sobre ta línea 10(c) sobre ta línea 9 (c) Ano corriente (c) Año anterior (c) Telal línea 15(a) y 15(b) (c) Telal línea 15(c) No puede ser menor de cero) (c) Telal línea 15(c) hasta el monto que no exceda la línea 15(c). No puede ser menor de cero) (c) Telal línea 15(c) hasta el monto que no exceda la línea 15(c). No puede ser menor de cero) (c) Telal línea 15(c) hasta el monto que no exceda la línea 14 (Anote en el Anejo V Incentivos, Parte II, línea 6(d)) (c) Telal línea 15(c) hasta el monto que no exceda la línea 15(c). No puede ser menor de cero) 58.598 (no otro otro otro otro otro otro otro ot				58,598 00		
11. Ingreso de fomento industrial después de la deducción (Linea 9 menos linea 10(c). No puede ser menor de cero) (1) 12. Anote la linea 10(c) hasta el monto que no exceda la linea 9 (Anote en el Anejo V Incentivos, Parte II, linea 6(c)) (1) 13. Exceso de la linea 10(c) sobre la linea 9 (Anote en el Anejo V Incentivos, Parte II, linea 6(c)) (1) 13. Exceso de la linea 10(c) sobre la linea 11. No puede ser menor de cero) (1) 14. Ingreso de formento industrial (gual a la linea 11. No puede ser menor de cero) (1) 15. Menos: Deducción especial por inversión en edificios, estructuras, maquinaria y equipo (1) 16. Año anterior (15) 17. Anote la linea 15(c) hasta el monto que no exceda la linea 14 (Anote en el Anejo V Incentivos, Parte II, linea 6(d)) (16) 17. Anote la linea 15(c) hasta el monto que no exceda la linea 14 (Anote en el Anejo V Incentivos, Parte II, linea 6(d)) (16)	Men (b) (c)	gastos de investigación y desarrollo / 10(b)	0000	00100		
12. Anote la linea 10(c) hasta el monto que no exceda la linea 9 (Anote en el Anejo V Incentivos, Parte II, linea 6(c)) (12) 13. Exceso de la linea 10(c) sobre la linea 9 (13) 14. Ingreso de formento industrial (gual a la linea 11. No puede ser menor de cero) (14) 15. Menos: Deducción especial por inversión en edificios, estructuras, maquinaria y equipo (14) 16. Año anterior (15) (a) Año anterior (15) (b) Año corriente (15) (c) Total lineas 15(a) y 15(b) (16) (c) Total lineas 15(a) y 15(b) (16) (c) Total lineas 15(a) y 15(b) (16) (c) Total lineas 15(c) hasta el monto que no exceda la linea 14 (Anote en el Anejo V Incentivos, Parte II, linea 6(d)) (16)	11. Ingreso de fom			58,598 00		
13. Exceso de la línea 10(c) sobre la línea 9 (13) 14. Ingreso de formento industrial (guala la línea 11. No puede ser menor de cero) (14) 15. Menos: Deducción especial por inversión en edificios, estructuras, maquinaria y equipo (14) (a) Año contiente (15) (b) Año contiente (15) (c) Total líneas 15(a) y 15(b) (16) 16. Ingreso de formento industrial después de la deducción (Línea 14 menos línea 15(c). No puede ser menor de cero) (16) 17. Anote la línea 15(c) hasta el monto que no exceda la línea 14 (Anote en el Anejo V Incentivos, Parte II, línea 6(d)) (16)					00 00	
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15. Menos: Deducción especial por inversión en edificios, estructuras, maquinaria y equipo (15) 0 00 (a) Año anterior (15) (15) 0 00 (b) Año corriente (15) (15) 0 00 (c) Total líneas 15(a) y 15(b) (15) 0 0 00 16. Ingreso de fomento industrial después de la deducción (Linea 14 menos línea 15(c). No puede ser menor de cero) (16) 58,598/00 00 17. Anote la línea 15(c) hasta el monto que no exceda la línea 14 (Anote en el Anejo V Incentivos, Parte II, línea 6(d)) (17) 58,598/00 00	14. Ingreso de fom-			58,598 00		
(c) rotal lineas 15(a) Y 15(b) (15x) 0 00 16. Ingreso de fomento industrial después de la deducción (Línea 14 menos línea 15(c). No puede ser menor de cero) (15) 58,598 00 17. Anote la línea 15(c) hasta el monto que no exceda la línea 14 (Anote en el Anejo V Incentivos, Parte II, línea 6(d)) (17) (17)	15.	odir	0000			
(17)	16. Ingreso de fome			0 00 58,598 00		
	17. Anote la línea 1				0 00	
	18 Exceso de la li					

PO Box 53 BAYAMÓN, PR 00960-0053 CPA ELIZARDO E. MEDERO MONTIJO CERTIFIED PUBLIC ACCOUNTANT & TAX CONSULTANT

TEL.: 787-672-5427 E-MAIL: cpa_elizardo@yahoo.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors HOMECA RECYCLING CENTER CO., INC. Caguas, Puerto Rico

I have audited the accompanying financial statements of **Homeca Recycling Center Co., Inc.** which comprise the balance sheets as of June 30, 2021 and 2020, and the related statements of income, retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Homeca Recycling Center Co., Inc.** as of June 30, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 9 to the financial statements, the Company has a claim brought by the United States Environmental Protection Agency (EPA). The claim brought by EPA is in relation to work performed by the Company at the Tallaboa Industrial Park in Peñuelas, PR. EPA is claiming that **Homeca Recycling Center Co., Inc.** is responsible for the release of asbestos at the Tallaboa Industrial Park including a School and a Head Start.

License No. 4746 Expires December 1, 2023

San Juan, Puerto Rico January 26, 2022





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RX 26

	480.30(II)DI Rev. 08.21							
Liqu	idator: Reviewer:	2021	GOVERNMENT OF			2021	SerialN	lumber
Field	Audited by:	-				-		
I ICI	Addited by.		ome Tax Return for					
Det		unc	ler the Puerto Rico	Incent	tives Progra	ams		
Date R		-	Industrial De	evelop	ment		TAXABLE YEAR: 1 CA 3 C 52-53 WEEKS: Taxabl	
		TAXABLE YEAR E	BEGINNING ON July 01,	2021 AND E	ENDING ON June	30, 2022	and end	lingon
T	xpayer's Name	1			Employer Identifica		4 SHORT PERIOD: Beginn and ending on	ning on
F	IÓMECA RECYCLING CENTER (CO., INC			66-0596		•	nt Stamp
Po	stal Address				Department of State 1195	0 5	T dynici	nt Stamp
F	MB 323 LUIS MUNOZ MARIN A	/E #20				Municipal Code		
ι	IRB VILLA BLANCA				3311	46		
	aguas, PR 00725	<i>.</i>			Merchant's Registr			
Lo	cation of Principal Industry or Business			-⊢	0064371 Telephone Numbe		-	
B	cation of Principal Industry or Business O. TOMAS DE CASTRO CARR. 183 KM 4.5 AGUAS, PR 00725		j		7879030			
	anufacturer's Number		NAICS Code 42393		Date Incorpo		-	
Ти	pe of Principal Industry or Business		+2000	— I I	Day_04/Month_0	<u>6</u> /Year <u>2001</u>		
	COPLO Y PROCESAMIENTO DI	E MATERIAL	Change of Address: 🔂 Yes 🔽		Place Incorp	orated	Receipt No.	
E۰	mail Address of the Contact Person		Extension of Time: 🔽 Yes		Domestic (PR) Foreign		Amount:	
h	omecarecycling@gmail.com		Contracts with Governmental Entiti		Yes 🖌 No		Type of	f Entity
	rtially exempt income under:		Act 73-2008 (S	chodulo V	(Inceptives) Cas	oNo ·		
I	Act 8 of 1987 (Schedule N Incentives)	Case No ·					Indicate if you are a member Yes	of a group of related entities
~	Act 135-1997 (Schedule V Incentives)	CaseNo.: 03-	-135 Other	on cuult A		eNo.:	Group number	Large Taxpayer
			0.0.000		000			
	1. Tax liability: a) Schedule N Ince	entives, Part II,	line 9			(1a)	0 00	
	D) Schedule V Ince	entives, Part II	I, line 5			(1b)	6,229 00 0 00	
	C) Schedule X Ince	entives, Part l'	V, line 11 II, line 7		••••••	(1c)	0 00	
			, line 3				0 00	
	f) Schedule P Ince	ntives, Part II,	line 19 (See instructions) . h 1(f))			(1f)	0 00	
	g) Total (Add line	es 1(a) throug	h 1(f))				(1g)	6,229 00
	2. Less: a) Tax withheld at s	Source	ments	•••••		(2a)	<u>0 00</u> 0 00	
	c) Excess from previo	ous vears not i	included on line 2(b)	•••••		···· (20)	337.750 00	
	d) Tax withheld on part	iners distributat	ple share from partnerships c	rspecial		(20)		
	partnerships (Forn	n 480.60 EC)				(2d)	0 00	
			ision of time or with original				0 00	
Part	I AX WINNEID AT SOL	urce on service	es rendered (Form 480.6SP) le interests)		(2f)	7,837 00	
	h) Total payments (A	Add lines 2(a)	through 2(g))			···· (29)		345.587 00
	3 Balance of tax due (If line 1(a) is	more than	0 1011				0 00	010,001 00
	line 2(h), enter the difference he	re, otherwise,	, on line 5)	(a) Tax	X	(3a)	0 00 0 00	
				(0) Inte	rcharges	(30) (30)	0 00	
				(d) Tot	al (Add lines 3(a) through 3(c))) (3d)	0 00
	4. Addition to the Tax for Failure to	Pay Estimated	Tax (Schedule T Incentives				(4)	0 00
	5. Excess of tax withheld or paid	d (See instruc	ctions)				(5)	339,358 00
	6. Amount paid with the return (Su 7. Amount overpaid to be credited	btract line 5 fro	om the sum of lines 3(d) an	id 4)		••••••	(6)(7)	0 00 339,358 00
	8. Contribution to the San Juan I							0 00
	9. Contribution to the University of	of Puerto Rico	Special Fund					0 00
	10. Amount to be refunded						(10)	0 00
				OATH				
I, t	ne undersigned (president, vice-pres	sident, treasur	er, assistant treasurer or	other pri	incipal or finance	e officer of the	he corporation for which the	his income tax return is
bel	ne undersigned (president, vice-pre de), declare under penalty of perjury ef, is a true, correct and complete re	turn, made in	good faith, pursuant to the	Puerto F	Rico Internal Rev	venue Code of	2011, as amended, and the	Regulations thereunder.
	-						04/24/202	
	Authorized Officer's Name and	d Title	Α	uthorized	Officer's Signatu	re		Date
					SE ONLY			
Ιc	eclare under penalty of perjury that this	return (including	schedules and statements a	ttached) h	nas been examine	d by me, and to	o the best of my knowledge ar	nd belief is a true, correct
ar	d complete return. The declaration of the	he person who	prepares this return is with r	espect to	the information r	eceived and th	is information may be verified	1.
Sp	ecialist's name (Print)			Registr	ation Number			0.11.1/
			Self-employed Specialist				FOR THE CPA USE	UNLY
Fir	m's name		Specialist			CDA Liconor	a Number	
						CPA License		
۰. ۸	trocc		7! 0	ado				CDA Accordation
AD	dress		Zip C	uue		CPA Associat	tion Stamp Number	CPA Association Stamp
								Stamp
Sp	ecialist's Signature				Date	1		
			NOTE	το ταχ	(PAYER			
In	dicate if you made payments for the	preparation of	f your return: 👝 Yes 💽	No. If	you answered "	Yes", require	the Specialist's signature a	nd registranon number.
				Dariad Tan				

	1 400.30(1)DF Rev. 00.21		Exempt Business - Co						
			Beginning	ofthe			Endir	ng of	the year
	Assets				Total				Total
	1. Cash on hand and banks	(1)			258,330 00	(1)			86,965 00
	2. Accounts receivable	(2)	156,945 00			(2)	97,910		
	3. Less: Reserve for bad debts		(00)		156,945 00	(3)	(0	00)	97,910 00
	4. Inventories	(4)			5,101,692 00	(4)		-	4,996,035 00
	5. Other current assets	(5)			O 00 O 00	(5)		-	0 00
	6. Notes receivable7. Investments	I			105,349 00	(6) (7)			83,218 00
	8. Depreciable assets		6,748,861 00		100,040 00	(7)	7,329,496	00	00,21000
	9. Less: Reserve for depreciation		(5,865,205 00)		883,656 00	(9)	(5,898,818		1,430,678 00
	10. Loans receivable from stockholders or related					()			
	entities	(10)			0 00	(10)			0 00
	11. Land ((11)			4,886,400 00	(11)			4,886,400 00
	12. Other long-term assets (367,168 00	(12)			368,775 00
=	13. Total Assets ((13)			11,759,540 00	(13)		╞	11,949,981 00
Part	Liabilities and Net Worth								
	Liabilities 14. Accounts payable((14)	339,053 00			(14)	309,510	00	
	15. Accrued expenses not paid (37,747 00			(15)	35,819		
	16. Other current liabilities		0 00			(16)		00	
	17. Long-term notes payable ((17)	O 00			(17)		00	
	18. Notes payable to stockholders or related entities ((18)	838,549 00			(18)	372,041		
	19. Other long-term liabilities (3,219,309 00			(19)	2,778,530	00	
	20 Total Liabilities	(20)			4,434,658 00	(20)		-	3,495,900 00
	Net Worth								
	21. Capital stock (a) Preferred stock	21-3	0 00			(21a)	0	00	
	(b) Common stock		10,000 00			(21a) (21b)	10,000		
	22. Additional paid in capital		0 00			(210)		00	
	23. Retained earnings		7,314,882 00			(23)	8,444,081	00	
	24. Reserve		O 00			(24)	0	00	
	25. Total Net Worth (7,324,882 00	(25)		ŀ	8,454,081 00
Ц	26. Total Liabilities and Net Worth				11,759,540 00	(26)			11,949,981 00
\vdash			me (or Loss) per Books v						
	 Net income (or loss) per books Income tax per books 	(1)	1,151,330 00 6,229 00	Ι.			syear not included on this		
	3. Excess of capital losses over capital	(2)	-, -, -, -, -, -, -, -, -, -, -, -, -, -		return (Itemize, use sc		Ir necessary)		
	gains	(3)	0 00		(a) Exempt interests \$_		AVE L\$ 341,572		
	 Taxable income not recorded on books this year (Itemize, use schedule if necessary) 				••				
	(a) <u>CASH CONVERTION</u> 5 73,943				(c)		\$\$		
	(b)\$				(u)		\$		
	(c)\$				(C)(f)		\$		
	(d)\$ (e)\$				(a)		\$		
	(f) \$						Ψ		341,572 00
	Total	(4)	73,943 00	8.			not charged against book		
	on this return (Itemize, use schedule if necessary)						eschedule if necessary)		
	(a) Meal and entertainment (amount not				(a) Depreciation \$		0		
Part I	deductible)\$0 0 (b) Depreciation\$0 0				(b)		\$		
þ	(c) Vessels, aircrafts and residential property				(c)		\$		
	located outside of P.R. \$0				(d)		\$		
	(1) Evenessing wood expected to stack holders				(e)		\$		
	 (d) Expenses incurred or paid to stockholders, personsorrelatedentities (amount not deductible) 				(f)		\$		
	\$ 0				(g)		\$		
	(e) Travel and lodging expenses (amount not				(h)		\$		
	deductible) \$0 (f) Indemnification for harassment and related						\$		
				9.				(9)	341,572 00
	(ĥ)\$ (i)\$			10.	Net taxable income				
	(j)\$				(Subtract line 9 from	iine 6)		(10) [889,930 00
	Total		0 00						
	6. Total (Add lines 1 through 5)	(6)	1,231,502 00		(10)				RX 26
			Retention Pe	eriod T	en (1()) vears				

Retention Period: Ten (10) years Page 139a of 174 (English translation)

For	m 480.30(II)DI Rev. 08.21			winter of Details and Dece			istrial Develo	pment Incentives	- Page 3
⊢	1. Balance at beginning of year		7,314,882 0	riated Retained Ear		s 1	(5a)		0 00
	2. Net income per books		1,151,330 00		(b) Prop	erty	(5b)		0 00
5	3. Other increases (Itemize use schedule if					ks			0 00
Part IV	necessary)			6. Other decreas		e if necessary)			
Pa		(3)	0 00	0 UNREALIZE			(6)	22	2,131 00
	4. Total (Add lines 1, 2 and 3)	(4)	8,466,212 0						2,131 00
		.,		8. Balance at the	e end of year (Su	btract line 7 from l	ine4) (8)	8,444	4,081 00
				estionnaire					Folsolaria
	 If a foreign corporation, indicate if the trade or bus was held as a branch 	siness in Puer	to Rico YESIN (1)	ONA 11. Did the exe ✓ (a) Housing	mpt business cla 2 (except busine	im expenses con ess employees)	ected to:	(11a)	ES NO N/A
	If a branch, indicate the percent that represents the	e income from	sources	(b) Employe	ees attending cou	nventions outside	e of Puerto	Rico or the	
	within Puerto Rico from the total income of the exem 3. Did the exempt business keep any part of its record			United S 12 Have you be	States?	e Federal Internal	Revenue Se	(110) rvice (IRS)?(12)	レ レ
	system during this year?		(3)	Which years	?				
	4. The exempt business books are in care of: Name LA CORPORACION					ibute dividends ot in excess of the c			
	Address PMB 323 LUIS MUNOZ MARIN AVE #20 URE	3 VILLA BLANC	<u>A</u>	earnings dur	ing this year? If "	Yes", indicate amo	unt \$	<u> </u>	· -
	Caguas, PR 00725 E-mail homecarecycling@gmail.com			14. Is the exemp	ot business a partn	er in a partnership iil)	or special pa	rtnership?(If	141
	Telephone 7879030450			Name of the	Partnership or Sp	ecial Partnership _			
	5. Indicate the book accounting method for tax purp Cash Accru			Employer ide	entification number	r ne end of the taxa	hle vear owr	directly or	
	Other (specify):			indirectly, 5	0% or more of th	he voting stocks (of a corpora	ition who is	
	 Did the exempt business file the following docum (a) Informative Return (Forms 480.6A, 480.6B, 4 	ents? 80.6C 480.61	SP) (6a)	engaged in If "Yes" atta	trade or business	in Puerto Rico? . wing: (a) name an	id employer i	dentification	-
	(b) Withholding Statement (Form 499R-2/W-2PR)	?)	^(6b)	number, (b)	percentage owne	d, and (c) taxable	income (or	loss) before	
	Is the volume of business of the entity or aggregate of the group of related entities, if the entity is a n	nember of said	d aroup.			ial deductions of h taxable year do			
	\$10,000,000 or more? (See instructions)		(7) 🗹	one of the e	exempt business f	for which this retu	rn is filed).		
	(a) Do you include audited financial statemen Section 1061.15 of the Code? (See instruction	ts, as establi ons)	shed in (7a)			o, corporation, esta ectly or indirectly			
	CPA Association Stamp Number 2794859			corporation	s voting stocks?	If "Yes", attach a	schedule s	showing the (16)	
	 (b) Do you include Schedule PCI - Uncertain Tax (c) If the entity is a member of a group of related en 	I Positions? tities and the v	olume of		employer identific ercentage owned:				
>		nclude audited	financial	17. Enter the am	nount of exempt inte	erests:		0	
Part V	statements or agreed-upon procedures signed by a Rico, as established in Section 1061.15(a)(5)(A) of	i CPA licensed i of the Code?	in Puerto (7c)	18. Does the ei	xempt business h ndustrial Incentive	nave other exemp es Acts? (Attach s	ot activities r schedule)	not covered (18)	14
Ľ	CPA Association Stamp Number			Under which	1 act?				
	 If the entity is not a member of a group of related of business of the entity equal to or more than \$3, 	entities, is the .000.000 but le	ess than	Section	nade a timely ele n 3(f) Act No. 8 of	ction under: 1987 OSecti	ion 10(b) Act	(19)	
	\$10,000,000?		(8)	Section	n 6(f) Act 135-1997	O Othe	ers		
	 (a) Do you include audited financial statement procedures signed by a CPA licensed in Puerto 	o Rico, as esta	ablished	during the t	al amount of charr axable year: 0	table contributions	to municipali	ities claimed	
	in Section 1061.15(a)(3) of the Code?		(8a)		our books reflect	premiums paid by	unauthorize	d insurers (21)	
	CPA Association Stamp Number9. Number of employees during the year: <u>80</u>					allocate expenses			
	(a) Production: 74 (b) Non-production: 6	tod to the out		23. Employer n	umber assigned	by the Departmer	nt of Labor	and Human 97960000	
	10. Did the exempt business claim expenses connect use, maintenance and depreciation of:					im expenses relat	ed to servic	es provided	
	(a) Vehicles?		(10a) 🗸 (10b) 🗸	by nonresid	ents of Puerto Rid	co? (Total \$ onding sales and	$(S = \frac{0}{1000})$	ee inst.) (24) (24a)	マ マ
	(1) Was more than 80% of the total income (derived from a	activities	25. Did the exe	empt business cl	laim depreciation	expenses f	for tangible	
	exclusively related to fishing or transporta cargo or lease?	tion of passer	1gers or (10b1)	personal pro	perty acquired out	side of Puerto Riccontion decree?	o, for use in it	s operations (25)	
	(c) Aircrafts?		(10c) 🛛 🗸	(a) Did you	pay the correspo	onding sales and	use tax?	(25a)	
	(1) Was more than 80% of the total income of exclusively related to transportation of pa	assenders or c	cargo or	26. Did the exe	empt business pa indicate the amo	ay deemed divide	nd during th	ne previous O (26)	· · ·
	lease?		(10c1)	27. Did you rec	juest to change t	ount \$ he accounting pe	riod?	(27)	
	(d) Residential property outside of Puerto Rico(1) Was more than 80% of the total income	derived from a	activities	Date of req	uest iroval				
L	exclusively related to the lease of property to	non related per	rsons? ^(10d1)						
L			Compensa	ation to Directors					
	Name of director	Social secu	urity number devo	Percentage of time oted to industry or business		f stocks owned Preferred		Compensation	
_				C					0 00
Part VI		 							00
Ра		ļ							00
1									00
\vdash	Total compensation to directors								0 00
\vdash			Compens	Sation to Officers	Dorocators -	f ctocks owned			
	Name of officer	Social secu	urity number deve	Percentage of time oted to industry or business	Percentage of Common	f stocks owned Preferred		Compensation	
=				C					0 00
Part VII									00
ه									00
	Total componenties to efficien-								00
1	Total compensation to officers						1		0 00

^{10) years} RX 26 Page 140a of 174 (English translation)

A STATEMENT ATTACHED TO AND MADE A PART OF INCENTIVES RETRUNS

 Taxable year beginning on _______
 July _______
 01, _______
 2021 and ending on _______
 June _______
 30, ______
 2022 ______

TAXPAYER'S NAME: HOMECA RECYCLING CENTER CO., INC

EMPLOYER IDENTIFICATION NUMBER: 66-0596814

Indicate the part or parts of the return for which this Statement is completed: Part IV, Line 6, page 3 from the tax return - Other decreases

	DESCRIPTION	AMOUNT	
1	UNREALIZED LOSS	\$ 22,1	31
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			_
18			
19			
20			_
21			_
22			_
23			_
24			_
25			_
26			_
27			
28			
29			
30			
31			
32		<u> </u>	\neg
33			
34			
35			\neg
	ransfer this amount to the line of the return , as applicable)	.\$ 22,1	31

A STATEMENT ATTACHED TO AND MADE A PART OF INCENTIVES RETRUNS

 Taxable year beginning on July
 01
 2021
 and ending on June
 30
 2022

TAXPAYER'S NAME: HOMECA RECYCLING CENTER CO., INC

EMPLOYER IDENTIFICATION NUMBER: ______66-0596814

Indicate the part or parts of the return for which this Statement is completed: Part I, Line 2F, page 1 from the tax return - Tax withheld for professional services

	*TAXABLE YEAR OF THE INFORMATIVE RETURN	EMPLOYER IDENTIFICATION NUMBER	PAYEER'S NAME	CONTROL NUMBER	ELECTRONIC FILING CONFIRMATION NUMBER	(A) TOTAL AMOUNT WITHHELD ACCORDING TO INFORMATIVE RETURN	(B) AMOUNT WITHHELD CLAIMED ON THIS RETURN
1	2022	66-0433747	AUTORIDAD DE ENERGIA E	LE 753000236	W1406734752	\$ 6,637\$	6,637
2	2022	66-0928579	LITANI GROUP LLC	00000009	W1553336736	1,200	1,200
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
Fotal (Trans	sfer the total of Co	lumn B to the line of Part	I of Schedule B, as applicable)				\$ 7,837

* **IMPORTANT NOTE:** This column must be completed exclusively by taxpayers whose taxable year is a fiscal year. The taxable year to be included in this column corresponds to the taxable year indicated in the Informative Return (Forms 480.6SP or 480.6C) issued to the taxpayer and for which the taxpayer claims the portion of the amount withheld corresponding to the payments that were made during the period included within its economic year.

Schedule Rev. Aug 30 19 Rep. Jan 12 21	OF FULL		Taxable year beginning	UNCERTAIN TAX POSI		Social Security	2021 For Employer Identification Number
		TER CO., I	NC		Amountoi Schedules r Crincidded	Social Security	66-0596814
Part I	Questionnair						
 Did you ad Codification If you 	lopt an uncertain tax pos on subtopic 740-10, Inc I answered "Yes" to q	sition (UTP) i come Taxes, juestions 1	n your income tax return, in accord FASB ASC 740-10 or any other and 2, continue with Part II of t	return? 1 Yes 2 No dance with the Generally Accepted Accounting succesor pronouncement? 1 Yes this Schedule. Schedule and submit it with your return.		a (GAAP), specificall	y related to the Accounting Standards
Part II	Uncertain Ta	x Positior	IS	1			
UTP No.	Code Sectio (i.e. Section 1033.07)		Effect of the Position (Indicate if Permanent (P) or Temporary (T))		Brief Description of the Uncertain	Tax Position	
							RX 26

ADDITION TO THE TAX FOR FAILURE TO PAY ESTIMATED TAX IN CASE OF EXEMPT BUSINESSES UNDER THE PUERTO RICO INCENTIVES CODE

2021

	Stewy OF TUNE	Taxable year beginning on July		01 _, _2021 and ending on	June <u>30 , 2022</u>			
	axpayer's Name						dentification Number	
HC	MECA RECYCLING CENTER	R CO., INC				60	6-0596814	
F	Part I Determination of t	he Minimum Amount of Estimated T	ax to	o Pay				
1.	Tax liability (See instructions)						6,229 00	
	, , ,	structions)					345,587 00	
		ne 1. If it is zero or less, do not comple					0 00	
		· · · ·		,			5,606 00	
		the income tax return from the previous					1,203 00	
6.	Enter the smaller of lines 4 and 5, provi	ded you have filed an income tax return fo	or the	previous year. Otherwi	ise, enter the total of line	. 4 (6)	1,203 00	
7.	Subtract line 2 from line 6 (If it is less that	an zero, enter zero). This is the minimum	amo	ount of estimated tax that	t you should have paid .		O 00	
	Part II Addition to the Tax f	or Failure to Pay						
	Section A - Failure to Pay				Due	date		
	(a) (b) (c)							
				First Installment	Second Installment	Third Installment	Fourth Installment	
	FISCAL YEAR (Enter the corr	esponding dates)						
8.	Amount of estimated tax per installme	nt (See instructions)	(8)	O 00	O 00	0 0		
9.	Amount of estimated tax paid per inst	allment (See instructions)	(9)	O 00	O 00	0 0	0 00 O	
10.	Payment date (See instructions)		(10)					
			(11)		O 00	0.0		
12.	Add lines 9 and 11		(12)	O 00	O 00	O 0		
13.	Subtract line 8 from line 12 (If it is less t	han zero, enter zero)	(13)	O 00	O 00	0 0	0 O O	
14.	Failure to Pay (If line 13 is zero, subtr	act line 12 from line 8, otherwise,						
	enter zero)		(14)	O 00	O 00	0 0		
	•	olumn	(15)		O 00	0 0	0	
	-	n line 13, subtract line 13 from						
	-	n. Otherwise, go to line 17	(16)		0 00	0 0	0	
		e than line 15, subtract line 15						
		lumn. Otherwise, enter zero)	(17)	O 00	0 00	0 0	0	
	Section B - Penalty							
18.	Multiply line 14 by 10%		(18)	O 00	O 00	0 00	0 O O	
19.	If the date indicated on line 10 for any ir	nstallment is after its due date and:						
	• line 18 is zero, multiply the result of	f line 8 less line 17 from previous column						
	by 10%; or							
		ly the result of line 8 less line 17 from						
	previous column by 10% and subtr	act the amount reflected on line 18 (See						
			• •	0 00	0 00	00		
			(20)	O 00	O 00	0 0	0 O 00	
	•	stimated Tax (Add the amounts from line						
	20 of all columns. Transfer to line 4, F	Part I of the return)	(21)				O 00	
		Retenti	ion Pe	eriod: Ten (10) years			PRSoft, Inc (www.prsoft.com)	
Schedule V Incentives	INCOME TAX FOR EXEMI	PT BUSINESSE	S UNDER ACT 135-1	997				
---	--	---	---	---------------	--------------------------------------			
Rev. 08.21	To be	filed with Form 480.30)(II)DI		2021			
THE ROAD OF RULE	Taxable year begining onu			22				
Taxpayer's Name HOMECA RECYCLING CEN		Type of Decree:	-		oloyer Identification Number			
Type of Business		New	Renegotiated	Caco Num	66-0596814			
	TO DE MATERIAL RECICLABLE	Converted	✓ Extended	Case Num	03-135-I-85			
Effective period for income:			ctly related with manufacture c	or designated	Iservice:			
Begins: 10/31/2003 Ends: 10		Current: <u>80</u>	_ Required by Decree: 70					
	Average Income (Applies only to r	renegotiated case	es)					
Basis period average income as deter	,							
Part II Net Income S	2							
	he year (Part V, line 58) structions)				2)			
3. Total industrial development income (or loss) (Subtract line 2 from line 1. If an operatin	ig loss, do not continu e	e. Enter zero (-0-) here and on line	e5) (²) 0 00 3) 889,930 00			
4. Net operating loss from preceding	year (See instructions)				4) 800,937 00			
 Net industrial development income Special deductions for exempt bus 	e subject to special deductions (Subtract line in structions (Subtract line in structions Schedule V1 Ince	e 4 from line 3. If it is equa entives):	ai or less than 0, do not continue	;) (⁵⁾ 88,993 00			
a) Payroll deduction	、	·	(6a)	0 0)			
	d improvement expense deduction			0 00				
d) Investment on buildings, struc	expense deduction ctures, machinery and equipment deductio	n	(6C) (6d)					
 e) Total deductions (Add lines 6) 	b(a) through 6(d))				e) 0 00			
 Net industrial development income Deduction for purchases of product 	after special deductions (Subtract line 6(e)) ts manufactured in Puerto Rico (See instruction)	from line 5) tions)		(7) 88,993 00 8) 0 00			
9. Net industrial development income a	after deduction for purchases of products mar	nufactured in Puerto Ri	ico (Subtract line 8 from line 7).	····· (9 88,993 00			
10. Basis period income under Act 7	73-2008 (Schedule X Incentives, Part I)				0 0 00			
12. Net industrial development income	ne as Part I. See instructions) e subject to tax (Subtract line 11 from the s	um of lines 9 and 10.	See instructions)		1) 00 2) 88,993 00			
Part III Computation			,	(.				
1. Fixed tax rate on IDI: (1a)	7% (1b) 4% (1c) other	%			6,229 00			
2. Total tax (Multiply line 12, Part	: II by line 1) ess (Schedule B Incentives, Part I, line 3)							
4. Less credits:								
 a) Special credits granted (Se b) Credit for products manufact 	ee instructions) ured in Puerto Rico (See instructions)		(4a)	0 00				
c) Credit for losses of United St	ates parent company (See instructions)			0 00				
d) Credit for taxes withheld of	n royalty payments	ligible land	(4d)	0 00				
 e) Credit for donation of an eligit f) Credit for construction invest 	ole conservation easement or donation of el ment in urban centers (See instructions)		(4e)	0 00				
g) Credit for purchases of product	ts manufactured in Puerto Rico (Schedule X	1 Incentives, Part I, line	e 6) (4g)	0 00				
 h) Credit for investment in resear i) Credit for investment in machine 	ch and development (Schedule X1 Incentive ry and equipment (Schedule X1 Incentives, Pa	rt IV, line 6 or 8, as applic	(4h) cable) (4i))			
 j) Credit to reduce the cost of elect 	tric power (Schedule X1 Incentives, Part V, line	e 2)	(4j)	0 00				
 k) Credit for investment in strate l) Credit for industrial investment 	egic projects (Schedule X1 Incentives, Pa t (Schedule X1 Incentives, Part VIII, line 6(art VII, line 5(a)) a))	(4k)	0 00				
m) Other applicable credits			(4m)	0 00				
 n) Total credits (Add lines 4(a) th 5 Total tax liability (Subtract line 4(n) fr 	rough 4(m)) rom the sum of lines 2 and 3. Enter the difference	here and on Form 480	30(II)DI Part I line 1(h))	(4ı) 0 00 6,229 00			
6. Enter here: 95% of line 5		and 5% of line 5) <u>311</u> 00			
Part IV Gross Profit or	n Sales or Production and Other Incom	ne						
1 Net sales of goods or product	s (See instructions)			611,746	0			
Local Cast of goods cold or direct	at casts of production			0.1.11.10				
 Inventory at the beginning of the Purchase of materials or mercial 	year 1 "C" 2 "C" or "MV" ihandise	(2) 5 (3) 13	<u>,101,692 00</u> ,506,189 00					
			0 00					
 Other direct costs (From Part 6 Cost of goods available for sale 	VI, line 17) (Add lines 2 through 5)		0 00 ,607,881 00					
7. Less: Inventory at the end of the	year 1 "C" 2 V "C" or "MV" t costs of production (Subtract line 7 from I	(7) 4	,996,035 00	611,846 0	0			
 8. Total cost of goods sold or direct 9. Gross profit (or loss) on sale of g 	t costs of production (Subtract line 7 from I oods or products (Subtract line 8 from line ?	ine 6) 1)						
10. Designated services income	-			(10) 0 00			
13. Royalties				(13	0 00			
14. Other income (Submit detail) .	ough 14)			(14)			
10. Iorai moome (Auu mies 9 thi	ouyii 147	••••••	•••••••••••••••••••••••••••••••••••••••	(18	-,555,500 00			

^{10) years} RX 26 Page 145a of 174 (English translation)

Rev	vv. 08.21 Sch	hedu	ile V Incentives - Page 2
Pa	art V Deductions and Net Operating Income		
	Deductions that must be reported on informative returns:		
ľ	1. Compensation to directors (Complete Part VI, page 3 of the return)	(1)	0 00
	Compensation to directors (Complete Part VI, page 3 of the return) Compensation to officers (Complete Part VII, page 3 of the return)	(2)	0 00
	3 Salaries commissions and honuses to employees (See instructions)	(3)	1,126,159 00
	4. Salaries paid to young university students (Total \$ 0) Internship Program of the Department of the Treasury (Total \$ 0) (See inst.)	(4)	0 00
	5. Payments for services rendered in Puerto Rico (See instructions)	(5)	111,813 00
	 5. Payments for services rendered in Puerto Rico (See instructions) 6. Payments for services rendered outside of Puerto Rico (See instructions) 	(6)	0 00
	/ Services subcontracted	(7) L	0 00
	8. Lease, rent and fees paid (See instructions) (Personal \$_93,827) (Real \$_227,233)	(8)	321,060 00
	9. Insurance premiums (Except contributions to health or accident plans) (See instructions)	(9)	357,933 00
	10. Telecommunication services	10) 🔔	0 00
	11. Internet and cable or satellite television services	11)	0 00
	12. Bundles (See instructions)	12)	19,337 00
	13. Advertising	13)	0 00
	14. Royalties	14)	0 00
	15. Payments for virtual and technological tools and other subscriptions	15)	<u> </u>
	16. Professional associations fees and memberships paid for the benefit of the employee	16)	
	17. Homeowners association fees	17)	<u> </u>
	18. Payments for judicial or extrajudicial indemnification	18)	0 00
	19. Certain other expenses (See instructions)	19)	1,936,302 00
В.	20. Subtotal (Add lines 1 through 19)	20)	1,930,302 00
р .		21	34,125 00
	21. Interests on business debts: Mortgages \$0 Automobile leases \$0 and Others \$0	ליי	<u> </u>
	(a) Proparty tay (Parsonal $\xi = 3.104$) (Paal $\xi = 0.325$)	221	12,429 00
	(a) Property tax (Personal \$3,104) (Real \$9,325)	2a) 12h1	68,900 00
	(c) State Insurance Fund Policy	201	102,967 00
	(d) Sales and use tax	201	0 00
	(d) Sales and use tax	201	0 00
	23 Depreciation and amortization (Submit Schedule No. 1 of 1)	20	96,943 00
	24 Depreciation for businesses with volume of \$3,000,000 or less (Submit Schedule F1 No. 0, of 0.)	24)	0 00
	23. Depreciation and amortization (Submit Schedule E No. <u>1</u> of <u>1</u>)	24)	36,027 00
	26 Water and sewage	26)	3,061 00
	26. Water and sewage	27)	14,535 00
	28. Social Security tax (FICA)	28)	86,151 00
	29. Unemployment tax	29)	31,542 00
	30. Contributions to qualified pensions plans (See instructions. Submit Form AS 6042.1)	30)	0 00
	31 Deduction for employers who employ handicapped persons (See instructions)	31)	0 00
	31. Deduction for employers who employ handicapped persons (See instructions)	32)	486,680 00
C.	Other deductions:		
	33. Automobile expenses (Mileage0) (See instructions)	33)	0 00
	34 Other motor vehicle expenses (See instructions)	34)	0 00
	35 Repairs and maintenance	35)	1,428,835 00
	36. Travel expenses (Total expenses \$0) 37. Meal and entertainment expenses (Total expenses \$0) (See instructions) 33. Materials and office supplies	36)	0 00
	37. Meal and entertainment expenses (Total expenses \$0) (See instructions)	37)	0 00
	38. Materials and office supplies	38)	80,767 00
	39. Materials used directly in the trade or business	39) 🔔	0 00
	40. Stamps, vouchers and fees	40)	0 00
	41. Postage and shipping charges	41)	0 00
	42. Uniforms	42)	0 00
	43. Parking and toll		0 00
	44. Office expenses		0 00
	45 Bank fees		61,624 00
	46. Bad debts		3,030 00
	47. Contributions to educational contributions accounts for the employee's beneficiaries (See instructions)	47)	0 00
	48. Expenses incurred or paid to stockholders, persons or related entities outside of Puerto Rico (See instructions) (Total \$0)	48)	<u> </u>
	49. Deduction for expenses incurred or paid to stockholders, persons or related entities, fully deductible (See instructions)	49) -	0 00
	50. Losses from fire's, storms, other casualties, or theft (See instructions)	UU)	0 00
	51. Management fees		
	(See instructions)	521	0 00
	53. Other deductions (Submit detail)	531 531	112,732 00
	54. Subtotal (Add lines 33 through 53)	541 F	1,686,988 00
	55. Charitable contributions		0 00
	56. Allowable deduction for investment in a Private Equity Fund (See instructions)		0 00
	57. Total deductions (Add lines 20, 32, 54, 55 and 56)	571	4,109,970 00
	57. Total deductions (Add lines 20, 32, 54, 55 and 56)	58)	889,930 00
D			
Pa	art VI Other Direct Costs	_	
	Item Amount Item		Amount
1	I. Salaries, wages and bonuses	0)	0 00
2	2. Social security tax (FICA)	1)	0 00
2	3. Unemployment tax $(12, 10, 10, 10, 10, 10, 10, 10, 10, 10, 10$		0 00
	4. State Insurance Fund Premiums	3)	0 00
		~ -	
			0 00
6	5. Insurance premiums (Except contributions to health or (1/2)	"⊢	0.00
	accident plans)		
7	7. Excise taxes / Use taxes		0 00

0 00							
	Part IV, line	5)					(17)
	rart iv, inc	5)	 	•••••	•••••	• • • • • • • • • • • • • • • • • • • •	(,
Dotontion Do	riod: Ten (10) years						
Relention Fe	nou. ren (10) years	-	 _				

8. Sales and use tax on imports (8)

9. Repairs and maintenance (9)

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0 0016. Other direct costs (Submit detail)(16)0 0017. Total other direct costs (Add lines 1 through 16. Transfer to

0 00

RX 26⁰00

A STATEMENT ATTACHED TO AND MADE A PART OF INCENTIVES RETRUNS(((

 Taxable year beginning on _July
 01 , _2021 and ending on _June
 30 , _2022 _____

TAXPAYER'S NAME: HOMECA RECYCLING CENTER CO., INC

EMPLOYER IDENTIFICATION NUMBER: 66-0596814

Indicate the part or parts of the return for which this Statement is completed: Schedule V, Part II, Line 4 - Net operating loss from preceding year

		(A)	AMOUN	(B) IT USED IN	(C) AMOUNT AVAILABLE FOR	
	YEAR IN WHICH THE LOSS	LOSS INCURRED	PREVIO	US YEARS	CURRENT YEAR	
	WAS INCURRED	ACCORDING	TAXABLE YEAR	AMOUNT USED	(Subtract Column B from	EXPIRATION DATE
	(Day/Month/Year)	TO RETURN		AMOONT OSED	Column A)	(Day/Month/Year)
1	30/06/2016	\$ 2,737,320		\$ 338,585	\$ 2,398,735	30/06/2026
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						

Total (Transfer the total of Column	ı			
C to the line of the Schedule, as				
applicable)	\$	2,737,320	\$ 338,585 \$	2,398,735

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Schedule E Rev. 12.21		D	EPRECIATION			20
	Taxable year be	peginning on Jul	ly 01_, 2021 and ending on	June30, 2022	Schec	lule E No 1
Taxpayer's name	•				Social Security o	r Employer Identification Number
HOMECA RECYCLING CE	ENTER CO., INC		•		6	6-0596814
 Type of property (in case of a specify the material used in th construction). 	building, Je	2. Date acquired.	3. Original cost or other basis (exclude cost of land). Basis for automobiles may not exceed from \$30,000 per vehicle.	4.Depreciation claimed in prior years.	5. Estimated useful life to compute the depreciation.	6. Depreciation claimed this year.
(a) Current Depreciation						
MAQUINARIA Y EQUIPO		07/01/2014	7,329,496 00	5,801,875	00 7	96,943 00
			O 00	00	00 00	O 00
		1	O 00	00	0 00	0 00
Total				5,801,875	00	96,943 00
(b) Flexible Depreciation						
		· · · · · · · · · · · · · · · · · · ·	00		00	00
			00		00	00
		,			00	00
Total		ı		00	00	O 00
(c) Accelerated Depreciation						
		,			00	00
			00		00	00
			00		00	00
Total		I		00		O 00
(d) Amortization (i.e. Goodwill)	i)		,			
		,	00		00	00
		1	00		00	00
		1	00		00	00
Total		L	L	00		0 00
(e) Automobiles (See instruction	ons)	JR				
		· · · · · · · · · · · · · · · · · · ·	00		00	00
			00		00	00
		·	00		00	00
		<u> </u>				
Total				0 (00	O 00
(f) Vehicles under financial le						O 00
TOTAL: (Add total of lines (a to the corresponding			er to Schedules J, K, L, M a	and N Individual, whichev	ver applies, or	96.943 00

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A STATEMENT ATTACHED TO AND MADE A PART OF INCENTIVES RETRUNS

 Taxable year beginning on _______
 July _______
 01, _______
 2021 and ending on _______
 June _______
 30, ______
 2022 ______

TAXPAYER'S NAME: HOMECA RECYCLING CENTER CO., INC

EMPLOYER IDENTIFICATION NUMBER: 66-0596814

Indicate the part or parts of the return for which this Statement is completed: Schedule V, Part V, Line 53 - Other deductions

	DESCRIPTION	AMOUNT
1	GASTOS MISCELLANEOS	\$ 112,732
2		
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34		
35		
Total (T	ransfer this amount to the line of the return, as applicable)	<u>\$ 112,732</u>

Schedule V1 Incentives	COMPUTATION (OF THE SPECIAL D	EDUCTIONS F	OR EXEMPT BUS	SINESSES (JNDER ACT 135-19	97		
Rev. 08.21			To be filed with F	orm 480.30(II)DI				2	021
T N N N N N N N N N N N N N N N N N N N	Та	able year beginning on	1		June 30				
Taxpayer's Name HOMECA RECYCLING CEN	TER CO., INC		Type of Decre	e: Renegotia	ated	Employer Identific 66-059	6814	03-1	Number 35-1-85
Type of Business ACOPLO Y PROCESAMIEN	TO Effective period for income: Begins: 0/31/200 Ends:		Conve	erted 🔽 Extended		Number of jobs direct designated service:	tly related with manufa Current: 80	acture or Required by Decre	ee: <u>70</u>
Part I Computation of	the special deductions	Payroll Ded	uction	Training and Im	provement	Research and		Investment (
	•	(a) (manufact		(b) Expens		(c) Expe	nses	(d) Structures ar	nd Machinery
1. Deduction amount for the current	year (1)		O 00	_	0	00	O 00		O 00
	Jh (d) (2)			_		_			
3. Industrial development income (So	chedule V Incentives, Part II, line 5) (3)	_	88,993 00	-	0	00	O 00		O 00
(If line 2 is more than line 3, do no	t continue. Complete Part II)								
4. Less: Special deductions according	g to line 1:								
(a) Payroll deduction	(4a)			O 00		O 00			
(b) Training and improvement	expenses (4b)	O 00				0 00			
(c) Research and development	t expenses (4c)	O 00		O 00					
	uctures and machinery (4d)	O 00		O 00		O 00			
(e) Total lines 4(a) through 4(d	l) (4e)		O 00		0	00	O 00		
5. Industrial development income to d				_	I	_			
the deduction (Subtract line 4(e) f	from line 3) (5)	_	88,993 00	-	0	00	O 00		88,993 00
6. Amount of deduction for:									
(a) Payroll									
(1) 15% of the production pa	ayroll up to 50% of line 5 (6a1)	44,496 00							
(2) If line 3 is less than \$500	0,000 and keep an								
average of 15 or more e	mployees, enter \$100,000	100,000 00							
(3) Enter the larger of line 6	6(a)(1) or 6(a)(2)		100,000 00	_		_			
(b) Human resources training an	nd improvement expenses (6b)			_	0	<u>00</u>			
(c) Research and development	t expenses (6c)						O 00		
(d) Investment on buildings, stru	ctures, machinery and								
equipment									O 00
7. Total deductions:						_			
(a) Current year (Line 6(a)(3) th	rough 6(d), as applicable)		100,000 00		0	00	O 00		0 00
(b) Preceding years						_	O 00		O 00
	(b)) (7c)		100,000 00	_	0	00	O 00		O 00
8. Allowable deductions (Line 7(c) up	to the amount of line 5.								
If it is less than line 5, enter the am	ounts on Schedule V								
Incentives, Part II, line 6(e), as applica	ble. If it is more than line 5, complete		88.000						
Part II of this schedule)			88,993 00		0	00	O 00		O 00
9. Carryforward deductions to subseq	uent years (If line 7(c) is						0,00		0,00
more than line 5 and do not have	e to complete Part II)								
(See instructions)							O 00		O 00

Retention Period: Ten (10) years

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Part II Special Rules (Apply to the exempt business that is allowed to claim more than one of the deductions of Column is more than the Industrial Development Income of the year)	ns a, b, c and d c	f Part I, and the sun	n of said deductions	Limit for the year	Carryforward to future years
Drder to claim the special deductions					
. Industrial development income subject to special deductions (Schedule V Incentives, Part II, line 5)	(1)		88,993 00		
. Less: Payroll deduction (only manufacture)					
(a) 15% of the production payroll (If line 1 is less than \$30,000 per production job, up to 50% of line 1)	(2a)	0 00			
(b) If line 1 is less than \$500,000 and the corporation keeps an average of 15 persons or more employed,					
enter \$100,000	(2b)	0 00			
(c) Enter the larger of line 2(a) or 2(b)	(2c)	-	0 00		
. Industrial development income after the payroll deduction (Subtract line 2(c) from line 1. It cannot be less than zero)	(3)		88,993 00		
. Enter line 2(c) but not to exceed the amount on line 1 (Enter on Schedule V Incentives, Part II, line 6(a))	(4)			0 00	
. Industrial development income (Same as line 3)	(5)	_	88,993 00		
. Less: Human resources training and improvement expenses deduction	(6)		0 00		
. Industrial development income after deduction (Subtract line 6 from line 5. It cannot be less than zero)	(7)		88,993 00		
Enter line 6 but not to exceed the amount on line 5 (Enter on Schedule V Incentives, Part II, line 6(b))	(8)			0 00	
Industrial development income (Same as line 7)	(9)		88,993 00		
0. Less: Research and development expenses deduction					
(a) Preceding year	(10a)	0 00			
(b) Current year	(10b)	0 00			
(c) Total lines 10(a) and 10(b)	(10c)	-	0 00		
I. Industrial development income after deduction (Subtract line 10(c) from line 9. It cannot be less than zero)	(11)		88,993 00		
2. Enter line 10(c) but not to exceed the amount on line 9 (Enter on Schedule V Incentives, Part II, line 6(c))	(12)			0 00	
B. Excess of line 10(c) over line 9	(13)				0
4. Industrial development income (Same as line 11. It cannot be less than zero)	(14)	_	88,993 00		
5. Less: Special deduction for investment on buildings, structures, machinery and equipment					
(a) Preceding year	(15a)	0 00			
(b) Current year	(15b)	0 00			
(c) Total lines 15(a) and 15(b)	(15c)	_	0 00		
6. Industrial development income after deduction (Subtract line 15(c) from line 14. It cannot be less than zero)	(16)		88,993 00		
7. Enter line 15(c) but not to exceed the amount on line 14 (Enter on Schedule V Incentives, Part II, line 6(d))	(17)			0 00	
3. Excess of line 15(c) over line 14	(18)				0

Retention Period: Ten (10) years

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PO Box 53 Bayamón, PR 00960-0053 CPA ELIZARDO E. MEDERO MONTIJO CERTIFIED PUBLIC ACCOUNTANT & TAX CONSULTANT

TEL.: 787-672-5427 E-MAIL: cpa_elizardo@yahoo.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors HOMECA RECYCLING CENTER CO., INC. Caguas, Puerto Rico

I have audited the accompanying financial statements of Homeca Recycling Center Co., Inc. which comprise the balance sheets as of June 30, 2022 and 2021, and the related statements of income, retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Homeca Recycling Center Co., Inc.** as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 9 to the financial statements, the Company has a claim brought by the United States Environmental Protection Agency (EPA). The claim brought by EPA is in relation to work performed by the Company at the Tallaboa Industrial Park in Peñuelas, PR. EPA is claiming that **Homeca Recycling Center Co., Inc.** is responsible for the release of asbestos at the Tallaboa Industrial Park including a School and a Head Start.

License No. 4746 Expires December 1, 2023

San Juan, Puerto Rico March 3, 2023



MEDERO CONTADOR PÚBLICO AUTORIZADO ERTO

	n 480.30(II)DI	Rev. 08.21 Reviewer:		00.00					Coriol	Number	
				20 _22_	DEPARTM	MENT OF PUE	TREASURY	20 _22_	Serial	Number	
Fiel	d Audited by:						empt Business				
Dat		/		unc		ial Devel	entives Progra	ims	TAXABLE YEAR: 1 O C	ALENDAR 2 🏵 FISCAL	
R	MN			TAXABLE YEAR E			AND ENDING ON June	30, 2023	3 O 52-53 WEEKS: Taxal	iding onDAY / MONTH/ YEAR	
T	axpayer's Nam	1e					Employer Identifica 66-0596	tion Number	4 O SHORT PERIOD: Begin and ending on/ MONTH	nning on <u>DAY</u> / <u>MONTH</u> / <u>YEAR</u>	
	HOMECA R ostal Address	ECYCLING	CENT	<u>rer co.,</u>	INC.		Department of State			ent Stamp	
		LUIS MUÑO	DZ MA	RIN AVE	#20		119517 IndustrialCode	Municipal Code	-		
	RB VILLA						3311	46			
	CAGUAS, PR 00725 Zip Code O643710044										
	Location of Principal Industry or Business - Number, Street and Country Bo. Tomas de Castro PR-183 Km.4.5, Caguas, PR 00725 (787)903_0450										
L	anufacturer's				NAICS Code4239	3	Date Incorpor		-		
Ty and	pe of Principal d Recycled	Industry or Bu Material	siness C Proces	ollecting ssing	Change of Address: 🔵	Yes 😿 No	Day <u>04</u> /Month_06 Place Incorpo		Receipt No.		
E	-mail Address o	f the Contact P	erson		Extension of Time: 🕿	Yes ONo	1 Domestic (PR) 2 Foreign		Amount:		
		cling@gma		m	Contracts with Governme	ntal Entities: C	Yes X No		Туре	of Entity	
		t income under		Case No ·			lule X Incentives) Case ule AA Incentives) Case		- Indicate if you are a membe	r of a group of related entities	
		(Schedule V In		Case No.:	O Other		,	eNo.:	Group number	Large Taxpayer	
\vdash	1. Tax liabili	ity: a) Schedul	e N Ince	03-135-1 entives. Part II.				(1a)	00		
		b) Schedul	e V Ince	entives, Part II	I, line 5			(1b)	2,237 00		
		d) Schedul	e AA Ind	centives, Part I	I, line 7			(1d)	00		
									00		
	2. Less:	g) Total (A	Add line	s 1(a) throug	h 1(f))				(1g) 00	2,237 00	
		b) Current ye	ear estin	nated tax pay	ments			(2b)	00		
		 c) Excess fro d) Tax withhel 	m previo Id on part	ous years not i nersdistributat	ncluded on line 2(b ble share from partne) rships or spe	339,358 ₀₀				
		partnership	os (Ėorn	n 480.60 EC)		· · ·		(2d)	00		
Part I		f) Tax withhe	eld at sou	irce on service	es rendered (Form 4	80.6SP)	n	(2f)	00 66,733 00		
Pa		g) Tax withheh) Total payr	eld at so ments (A	urce on eligib	le interests			(2g)	00 (2h)	406,091 00	
	3. Balance o	ftax due (If lin	ne 1(a) İs	more than				(3a)	00		
	line 2(n), e	enter the differ	rence ne	re, otherwise	on line 5)	(b)	Interests	(3b)	00		
						(c) (d)	Surcharges Total (Add lines 3(a)	^(3c) [)) through 3(c)		00	
						entives, Par	t II, line 21)		(4)	00	
	5. Excess o 6. Amount p	of tax withheld baid with the re	l or paid turn (Sul	d (See instrue btract line 5 fro	om the sum of lines	3(d) and 4)				403,854 00 00	
	7. Amount c	overpaid to be	credited	I to estimated	tax for 2021					403,854 00	
	9. Contributi	ion to the Uni	versity c	of Puerto Rico	Special Fund				(9)	00	
	10. Amount t	to be refunde	ed				ATH		(10)	00	
l, t	he undersigne	ed (president,	vice-pres	sident, treasu	er, assistant treasu	irer or othe	r principal or finance	e officer of tl	he corporation for which	this income tax return is	
bel	lief, is a true, c	correct and cor	nplete re	turn, made in	good faith, pursuant	t to the Pue	rto Rico Internal Reve	enue Code of	2011, as amended, and the	est of my knowledge and e Regulations thereunder.	
	Author	rized Officer's N	lame and	litle	S		ized Officer's Signature S USE ONLY	e		Date	
	declare under pe	enalty of perjury	that this	return (including	schedules and state	ments attache	ed) has been examined	d by me, and to	o the best of my knowledge a is information may be verified	and belief is a true, correct	
	ecialist's name			le person who			gistration Number				
					Self-employ Specialist				FOR THE CPA USE	ONLY	
Fir	rm's name							CPA License	e Number		
						7:- 0 -					
Ad	dress					Zip Code		CPA Associat	tion Stamp Number	CPA Association Stamp	
Sn	ecialist's Signa	ture					Date	-			
1 20		-					TAXPAYER				
In	idicate if you n	nade payments	s for the	preparation of	your return: 🔵	res ON	o. If you answered "	Yes", require	the Specialist's signature	and registration number.	

Industrial Development Incentives - Page 2

			Exempt Business - C	omparative Balance Shee	et			
Т			•	ofthe year		End	ing of t	he year
	Assets			Total			Ť	Total
				86,965 (0			
	Cash on hand and banks		97,910 00	00,000	0	(1) (2) 116,559		265,259 0
	Accounts receivable		00) 01,910	97,910			00)	116,5590
	Less: Reserve for bad debts			4,996,035		(3)	00)	
	Inventories				00	(4)	-	4,887,8420
	Other current assets				00	(5)		0
	Notes receivable			83,218 0		(6)		84,006 0
	Investments		7,329,496 00	03,2100		(7) (8) 6,982,974		84,0060
	Depreciable assets		5,898,818 00	1 420 679 6				1 449 2250
	Less: Reserve for depreciation	(9)	3,000,010 00)	1,430,6780		(9) (5,534,649	/00/	1,448,3250
10	Loans receivable from stockholders or related							
	entities					(10)	-	
	. Land			4,886,400		(11)		4,886,400 0
	Other long-term assets			368,775 C 11,949,981 C	_	(12)		434,476 0
_	. Total Assets	13)		11, 747, 701(00	(13)		12,122,8670
Part	Liabilities and Net Worth							
	Liabilities		00			1 000 5 60		
	Accounts payable		309,51000 35,81900			(14) 1,003,563		
	Accrued expenses not paid ((15) 38,624		
	Other current liabilities		00			(16) 320,00		
	. Long-term notes payable (00 372,041 00			(17)	00	
	Notes payable to stockholders or related entities ((18) 316,704		
	Other long-term liabilities		2,778,53000			(19) 1,782,744	100	2 461 625
20) Total Liabilities	20)		3,495,900 0	00	(20)		3,461,6350
	Net Worth							
21	. Capital stock							
	(a) Preferred stock (2)		00		(2	21a)	00	
	(b) Common stock (2)		10,000 00		(2	21b) 10,000	00	
	Additional paid in capital		00			(22)	00	
	. Retained earnings (8,444,08100			(23) 8,651,232		
	. Reserve		00	0 454 001		(24)	00	0.661.000
	. Total Net Worth			8,454,081		(25)	-	8,661,232 0
26	. Total Liabilities and Net Worth	_		11,949,981		(26)		12,122,867 0
	Reconciliation of Net Ir	loor		vith Net Taxable Income	(or Lo	oss) per Return		
1.	Net income (or loss) per books	(1)	206,363 00	7. Income recorded on	books	this year not included on this	;	
2.	Income tax per books	(2)	2,237 00	return (Itemize, use	sched	lule if necessary)		
3.	Excess of capital losses over capital		00	(-) -				
1	gains Taxable income not recorded on books this year	(3)	00			<u>\$</u>		
4.	(Itemize, use schedule if necessary)			(c)		\$\$	-	
	(a) <u>CASH CONVERTION \$ 111,015</u>			(d)		<u>\$</u>	-	
	(b)\$					\$		
	(c)\$					ə \$		
	(d)\$							
	(e)\$					\$		
	()v Total	(4)	111,015 00					00
5.		~~F		1		rn not charged against bool		
	on this return (Itemize, use schedule if necessary)					use schedule if necessary		
_	(a) Meal and entertainment (amount not			(a)Depreciation \$			-	
ran III	deductible)\$ 0 (b)Depreciation\$ 0			(b)		\$		
л а				(c)		\$	-	
	(c) Vessels, aircrafts and residential property located outside of P.R.\$					\$		
						\$		
	(d) Expenses incurred or paid to stockholders,			(C) (f)		\$	-	
	persons or related entities (amount not deductible)							
	<u>\$</u> 0					\$\$		
1	(e) Travel and lodging expenses (amount not			(h)		\$	-	
	deductible)\$(f) Indemnification for harassment and related					<u>\$</u>		
	costs\$			1				
	(g) \$			9. Total (Add lines 7 a	and 8)	. (9)	0 0
	costs\$0 0 (g)\$ \$			10. Net taxable incom	e (or	loss) per return		
	(i) \$					6)	(10)	319,615 0
	(j) \$		00	,	-	,		
1	Total Total (Add lines 1 through 5)		319,615 00					
۵		101	319 615 00	1				<u>RX 26</u>

Retention Period: Ten (10) years Page 155a of 174 (English translation)

For	m 480.30(II)DI Rev. 08.21					strial Developm	ent Incentives - Page
		Analysis of Unappr	opriated Retained Ear				0.00
L	1. Balance at beginning of year		00 5. Distributions:		l		0 00
	2. Net income per books		3 00		erty		0 00
>	3. Other increases (Itemize, use schedule if			.,	(S	• • • •	0 00
Part IV	necessary)_UNREALIZED_GAIN		6. Other decreas	es (Use schedule	ent necessary)		
Pal		788					
		(0)				(6)	0 00
	4. Total (Add lines 1, 2 and 3)	(4) 8,651,232		es 5 and 6)	¬	(7)	0 00
⊢			8. Balance at the	end of year (Sub	otract line / from li	ne4) (8)	8,651,232 00
L			Questionnaire				
L	1. If a foreign corporation, indicate if the trade or bu	siness in Puerto Rico	SNON/A 11. Did the exe	mpt business clai	im expenses cone	ected to:	(11a) YES NO N/A
L	was held as a branch 2. If a branch, indicate the percent that represents the		(a) Housing	? (except busine ees attending cor	ess employees) aventions outside	of Puerto Ric	
L	within Puerto Rico from the total income of the exem		United	States?			(11b) X
	3. Did the exempt business keep any part of its reco	ds on a computerized	12. Have you be	een audited by the	e Federal Internal	Revenue Servic	e (IRS)? (12)
	system during this year?	(3)	K Which years				
	4. The exempt business books are in care of:			mpt business distri			
L	Name <u>THE CORPORATION</u> Address <u>PMB 323 LUIS MUÑOZ MARIN A</u>	VE #20		ons in liquidation i ring this year? If "\			
L	URB VILLA RICA, CAGUAS, PR	00725		ot business a partne			``/=
	E-mail <u>homecarecycling@gmail</u> .	com	more than	one, submit deta	il)		(14)
	Telephone 787-903-0450		Name of the	Partnership or Spe	ecial Partnership _		
	5. Indicate the book accounting method for tax purp		Employer ide	entification number mpt business at th	o and of the taxel	blo voor our	irectly or
	Cash Accru	ai		0% or more of th			
	6. Did the exempt business file the following docum	ients?	engaged in	trade or business	in Puerto Rico? .		(15) X
	(a) Informative Return (Forms 480.6A, 480.6B, 4	80.6C, 480.6SP) (6a) 🔁	≤ If "Yes", atta	ch a schedule sho	wing: (a) name an	d employer ider	ntification
	(b) Withholding Statement (Form 499R-2/W-2PR)) ⁽⁰⁰⁾	k number, (b)	percentage owned	d, and (c) taxable	income (or loss	s) before
	Is the volume of business of the entity or aggregat of the group of related entities, if the entity is a r	ed volume of business		ng loss and speci r (even when such			
	\$10,000,000 or more? (See instructions)			r (even when sucr exempt business f			
	(a) Do you include audited financial statemen	ts as established in	16 Did any indi	vidual, partnership			e end of
L	Section 1061.15 of the Code? (See instructi CPA Association Stamp Number 279489)	ons) (7a) 🔁	the taxable	e year own, dire			
L	CPA Association Stamp Number 2794895	Desitions (7b)	corporation	s voting stocks?		schedule sho	wing the ⁽¹⁶⁾
L	 (b) Do you include Schedule PCI - Uncertain Tax (c) If the entity is a member of a group of related en 	tities and the volume of	Forter the pr	employer identific ercentage owned:			
				ount of exempt inte		0	
Part V	statements or agreed-upon procedures signed by a	CPA licensed in Puerto	18. Does the e	xempt business h	ave other exemp	t activities not	covered
å	Rico, as established in Section 1061.15(a)(5)(A)	of the Code? (/c)	x under the li	ndustrial Incentive	es Acts? (Attach s	schedule)	
L	CPA Association Stamp Number8. If the entity is not a member of a group of related	entities is the volume	Under which	nade a timely elec	ction under:		(19) X
L	of business of the entity equal to or more than \$3	.000.000 but less than	Section	n 3(f) Act No. 8 of 1	1987 OSecti	on 10(b) Act 73-2	(- /
L	\$10,000,000?		X Section	n 6(f) Act 135-1997	O Othe	ers	
L	(a) Do you include audited financial stateme			al amount of charit		to municipalities	s claimed
L	procedures signed by a CPA licensed in Puert	o Rico, as established	during the t	axable year:	0	upouthorized in	
	in Section 1061.15(a)(3) of the Code? CPA Association Stamp Number	(00)		our books reflect p method used to a	allocate expenses	unautionzed li	
	9. Number of employees during the year: 95			- Split O Co			
	(a) Production: 88 (b) Non-production:	7	23. Employer n	umber assigned b		nt of Labor and	
L	10. Did the exempt business claim expenses connect	ted to the ownership,	Resources	mot husingss al-	m ovnonoon rol-t	<u>3197960</u>	
L	use, maintenance and depreciation of: (a) Vehicles?	(10a) 🕇	24. Dia the exe	mpt business clai ents of Puerto Ric	nn expenses relati		inst) (24)
L	(b) Vessels?	(aut)	x (a) Did you	pay the correspo	onding sales and	use tax?	(24a) X
	(1) Was more than 80% of the total income	derived from activities	25. Did the exe	empt business cla	aim depreciation	expenses for	tangible
	exclusively related to fishing or transporta cargo or lease?	tion of passengers or	x personal pro	perty acquired out	side of Puerto Rico	, for use in its of	perations (25) X
	cargo or lease?	(100) (10c)		by a tax exemp pay the correspo	nding sales and i	ise tax?	(/
	(1) Was more than 80% of the total income	derived from activities	26. Did the exe	empt business pa	y deemed divide	nd during the	previous
	exclusively related to transportation of pales?		vear? If "Yes	", indicate the amo	ount\$0	Ū	(26) 🗙
L	(d) Residential property outside of Puerto Rico			juest to change the	ne accounting pe	riod?	
L	(d) Residential property outside of Puerto Rico (1) Was more than 80% of the total income	derived from activities	Date of req				
L	exclusively related to the lease of property to	non related persons? (10d1)	28 and 29	Answer is NO		_	
F			ensation to Directors				
F			Percentage of time	Percentage of	f stocks owned		
L	Name of director	Social security number	devoted to industry or business		Preferred	Co	mpensation
							00
Part VI							00
Par							00
Γ				ļ]			00
L	Total companyation to directors						00
\vdash	Total compensation to directors		ensation to Officers				0 00
\vdash		Comp					
L	Name of officer	Social security number	Percentage of time devoted to industry or business		f stocks owned	Co	ompensation
L		,		Common	Preferred		
∣⋝							00
Part VII							00
٩							00
L							00
1	Total compensation to officers						0 00

Retention Period: Ten (10) years

^{10) years} RX 26 Page 156a of 174 (English translation)

DETAIL ATTACHED TO THE INCENTIVE FORM

Taxable Year Beginning July 1st, 2022 and Ending June 30, 2023

TAXPAYER NAME: <u>Homeca Recycling Center Co., Inc.</u> EMPLOYER IDENTIFICATION NUMBER: <u>66-0596814</u>

Indicate the part or parts of the form for which you complete this detail: Part IV, Line 3, Page 3 of the form - Other increases

	Description	Amount
1	UNREALIZED GAIN	788
2		
3		
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12		
13		
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	l ransfer this amount to the line of the form, as applicable)	

RX 26 Page 157a of 174 (English translation)

DETAIL ATTACHED TO THE INCENTIVE FORM

Taxable Year Beginning July 1st, 2022 and Ending June 30, 2023

TAXPAYER NAME: Homeca Recycling Center Co., Inc. EMPLOYER IDENTIFICATION NUMBER: 66-0596814 Indicate the part or parts of the form for which you complete this detail: Part I, Line 2F, Page 1 of the form – Contribution Retained by Professional Services

	Y EAR OF	EIMPLOTER					
					ELECTRONIC	I O I AL AMOUNT WITHHELD	AMOUNT WITHELD
	THE INFORMATIVE	IDENTIFICATION		CONTROL	FILING CONTROL	ACCORDING TO	CLAIMED
	DECLARATION	NUMBER	NAME OF PAYER	NUMBER	NUMBER	INFORMATIVE RETURN	ON THIS RETURN
1	2023	66-0580736	RULLAN RUIZ GROUP, INC.	90000013	W1557573984	304	304
2	2023	66-0433747	Autoridad de Energía Electrica	7533000229	W1315076448	66,429	66,429
e							
4							
5							
9							
7							
ω							
6							
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30							
Total (Tran:	sfer the amount of the	e Column B to the Pan	ansfer the amount of the Column B to the Part I line of the Annex B, as applicable			\$	\$ 66,733

Schedule Rev. Aug 30 19 Rep. Jan 12 21			UNCERTAIN TAX POSITIONS	TIONS	20 ²²
	o Julia ao An	Taxable year beginning on	July 1, 2022 and ending on	gon June 30, 2023	
Taxpayer's name HOMECA REC3	Taxpayer's name HOMECA RECYCLING CENTER CO.,	, INC.		Amount of Schedules PCI included Social Security 66	Social Security or Employer Identification Number 66-0596814
Part I	Questionnaire				
1. Are you	required to submit audited financial	1. Are you required to submit audited financial statements with your income tax return?	im? 🕉 1 Yes 🔵 2 No		
2. Did you	adopt an uncertain tax position (UTP)	in your income tax return, in accordanc	ce with the Generally Accepted Accounting	2. Did you adoptan uncertain tax position (UTP) in your income tax return, in accordance with the Generally Accepted Accounting Principles in the United States of America (GAAP), specifically related to the Accounting Standards	y related to the Accounting Standards
Codific	ation subtopic 740-10, Income Taxes	Codification subtopic 740-10, Income Taxes, FASB ASC 740-10 or any other succesor	ccesor pronouncement? 01 Yes	2 No	
• • If yo	ou answered "Yes" to questions 1 ou answered "No" to questions 1 (If you answered "Yes" to questions 1 and 2, continue with Part II of this Schedule. If you answered "No" to questions 1 or 2, do not continue with this Schedule and 	Schedule. edule and submit it with your return.		
Part II	Uncertain Tax Positions	SU			
UTP No.	Code Section (i.e. Section 1033.07(a)(D)(ii))	Effect of the Position (Indicate if Permanent (P) or Temporary (T))		Brief Description of the Uncertain Tax Position	
Рас					
ae 1:					
59a (
of 17					
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nali					
sh ti					
rans					
RX latio					
	-		Retention Period: Ten (10) years		

Rev. 03.19	ADDITION TO THE TAX IN TAX IN CASE OF EXE PUERTO RICO	MF IN	PT BUSINESS CENTIVES PF	ES UNDER THE		2	<u>22</u>	
Taxpayer's Name HOMECA	RECYCLING CENTER CO,			,		EmployerIde 66-05968	entification Number	r
Part I Determination of	the Minimum Amount of Estimated Ta	ax to	o Pay					
1 Tax liability (See instructions)						(1)	2,237	660
,	nstructions)						406,091	-
	ine 1. If it is zero or less, do not complet							00
			,				2,013	
	the income tax return from the previous						0	00
	ong as has filed a income tax return for the		· ,				2,013	00
7. Subtract line 2 from line 6 (If it is less th	-		•				0	00
Part II Addition to the Tax				, , ,		· · · · ·		_
Section A - Failure to Pay				Due	date			
			(a)	(b)		(C)	(d)	
CALENDAR YEAR			First Installment	Second Installment	Thi	rd Installment	Fourth Installme	nt
FISCAL YEAR (Enter the cor	responding dates)							_
8. Amount of estimated tax per installme	ent (See instructions)	(8)	0 00	0 00		0 00	0	00
9. Amount of estimated tax paid per ins			0 00	0 00		0 00	0	00
	()							
10. Payment date (See instructions)		(10)						_
11. Line 17 from previous column		(11)		0 00		O 00		00
12. Add lines 9 and 11		(12)	0 00	0 00		O 00		00
13. Subtract line 8 from line 12 (If it is less	than zero, enter zero)	(13)	0 00	0 ₀₀		0 00	0	00
14. Failure to Pay (If line 13 is zero, subt	ract line 12 from line 8, otherwise,							
enter zero)		(14)	0 00	0 00		0 00		00
15. Add lines 14 and 16 from previous of	column	(15)		000		00		
16. If line 15 is equal or more that								
	nn. Otherwise, go to line 17	(16)		Q 00		0 00		
17. Overpayment (If line 13 is more								
from line 13, and go to line 11 of next co	olumn. Otherwise, enter zero)	(17)	00	0 00		O 00		
Section B - Penalty								
18. Multiply line 14 by 10%		(18)	0 ₀₀	0 00		0 ₀₀	0	00
19. If the date indicated on line 10 for any	installment is after its due date and:							
• line 18 is zero, multiply the result of	of line 8 less line 17 from previous column							
by 10%; or								
 line 18 is more than zero, multiplication 	bly the result of line 8 less line 17 from							
previous column by 10% and subt	tract the amount reflected on line 18 (See							
			0 00	0 00		0 00		00
20. Add lines 18 and 19		(20)	0 00			0 00	0	00
21. Addition to the Tax for Failure to Pay E							2	
20 of all columns. Transfer to the corr	responding line of the return)	(21)					0	00

Retention Period: Ten (10) years

Schedule V Incentives	INCOME TAX FOR		NESSES UNDER		
Rev. 08.21		ACT 135-1997			20 ²²
OVER THE REPORT OF A		led with Form 480.30(22	
	Taxable year begining on July		nding on <u>ourie</u> 30, 20		
Taxpayer's Name HOMECA RECYCLING CENT	TER CO., INC.	Type of Decree:	Renegotiated	66	bloyerIdentificationNumber 5-0566814
TypeofBusiness Collection and Recycle	d Material Processing	Converted	Extended	Case Numb	^{ber:} 03-135-I-85
Effective period for income:			ctly related with manufacture		
Begins: 10/31/2003 Ends: 10		Current: 95	_ Required by Decree: 70)	
	Average Income (Applies only to r	enegotiated case	es)		
Basis period average income as dete	•				
Part II Net Income S					
	he year (Part V, line 58) structions)				
3. Total industrial development income	(or loss) (Subtract line 2 from line 1. If an operatin	a loss. do not continu e	e. Enter zero (-0-) here and on lin		2) 3) 319,615 00
4. Net operating loss from preceding	year (See instructions)				4) 287,653 00
	e subject to special deductions (Subtract line		al or less than 0, do not continu e	e) (31,962 00
	inesses (See instructions Schedule V1 Ince		(6a)	0 00)
b) Human resources training an	nd improvement expense deduction		(6b)	0 00	
	expense deduction			0 0	
	ctures, machinery and equipment deductio S(a) through 6(d))			0 00	
7. Net industrial development income	after special deductions (Subtract line 6(e)	from line 5)			e) 00 7) 31,962 00
8. Deduction for purchases of production	ts manufactured in Puerto Rico (See instruct	tions)		(8) 00
	after deduction for purchases of products mar				
10. Basis period income under Act a 11 Less: Basis period income (Sar	73-2008 (Schedule X Incentives, Part I) . ne as Part I. See instructions)			(1	0) 00 1) 00
12. Net industrial development incom	e subject to tax (Subtract line 11 from the s	um of lines 9 and 10.	See instructions)		31,962 00
Part III Computation					
1. Fixed tax rate on IDI: (1a)	7% (1b)—4% (1c)—other [t II by line 1)	%			2,237 00
2. Total tax (Multiply line 12, Part	t II by line 1) ess (Schedule B Incentives, Part I, line 3)				00
4. Less credits:				(ə	· · · · · · · · · · · · · · · · · · ·
a) Special credits granted (Se	e instructions)		(4a)	00	
 b) Credit for products manufact c) Credit for losses of United St 	ured in Puerto Rico (See instructions) tates parent company (See instructions)		(4b)	00	_
d) Credit for taxes withheld of	n royalty payments		(4c)	00	
 e) Credit for donation of an eligit 	ble conservation easement or donation of el	igible land		00	
 f) Credit for construction invest g) Credit for purchases of produce 	ment in urban centers (See instructions) ts manufactured in Puerto Rico (Schedule X	1 Incontivos Dart Lling		00)
 g) Credit for purchases of produc h) Credit for investment in resear 	ch and development (Schedule X1 Incentive	es. Part III. line 7(a))	e 0) (4g)	00	
i) Credit for investment in machine	ry and equipment (Schedule X1 Incentives, Par	rt IV, line 6 or 8, as applic	cable) (4i)	00	
j) Credit to reduce the cost of elec	tric power (Schedule X1 Incentives, Part V, line egic projects (Schedule X1 Incentives, Pa	e 2) vrt //IL line 5(e))	(4j)	00	
 k) Credit for investment in strat l) Credit for industrial investmer 	it (Schedule X1 Incentives, Part VIII, line 6(a))	(4K)	00	
m) Other applicable credits	•			00	
n) Total credits (Add lines 4(a) th	rough 4(m)) rom the sum o <u>f lines 2 and 3. Enter the difference</u>	bere and on Form /80	30/II)DI Part I line 1/b))	(4r	1) 00 2,237 00
6. Enter here: 95% of line 5		and 5% of line 5) <u>111</u> 00
	n Sales or Production and Other Incom				
1. Net sales of goods or product	s (See instructions)		(1) 12,7	75,295 0	0
Less: Cost of goods sold or direct	ct costs of production		06.005.00		
 Inventory at the beginning of the Purchase of materials or merce 	year 10"C" 2 2 "C" or "MV" chandise	(3) 8,2	96,035 00 282,061 00		
4 Direct wages		(4)	0 00		
5. Other direct costs (From Part	VI, line 17)	(5)	000 278,09600		
 Cost of goods available for sale Less: Inventory at the end of the 	(Add lines 2 through 5) year 1○ "C" 2 ఔ "C" or "MV"		387,842 00		
8. Total cost of goods sold or direct	t costs of production (Subtract line 7 from l	ine 6)		90,2540	
9. Gross profit (or loss) on sale of g	oods or products (Subtract line 8 from line 1	1)			4,385,041 00
12. Interests				(12	00
14. Other income (Submit detail) . 15. Total income (Add lines 9 thr	rough 14)				4,385,041 00

^{10) years} RX 26 Page 161a of 174 (English translation)

<u>Rev. 08.21</u> Sc	hedule V Incentives - Page 2
Part V Deductions and Net Operating Income	
A. Deductions that must be reported on informative returns:	
1. Compensation to directors (Complete Part VI, page 3 of the return)	(1) 00
2. Compensation to officers (Complete Part VII, page 3 of the return)	(2) 00
3. Salaries, commissions and bonuses to employees (See instructions)	(3) 1,075,891 00
4. Salaries paid to young university students (Total 0) Internship Program of the Department of the Treasury (Total 0) (See inst.)	(4) 00
5. Payments for services rendered in Puerto Rico (See instructions)	(5) 113,746 00
6. Payments for services rendered outside of Puerto Rico (See instructions)	(6) 00
7. Services subcontracted	(7) 00
 Lease, rent and fees paid (See instructions) (Personal \$<u>119,133</u>) (Real \$<u>120,050</u>) Insurance premiums (Except contributions to health or accident plans) (See instructions) 	(8) 239,183 00
9. Insurance premiums (Except contributions to health or accident plans) (See instructions)	(9) 260,459 00
10. Telecommunication services	10) 00
11. Internet and cable or satellite television services	11) 00
12. Bundles (See instructions)	12) 7,439 00
13. Advertising	
14. Royalties	14) 00
15. Payments for virtual and technological tools and other subscriptions	15) 00
16. Professional associations fees and memberships paid for the benefit of the employee	16) 00
17. Homeowners association fees	17) 00 18) 00
18. Payments for judicial or extrajudicial indemnification	18) 00
19. Certain other expenses (See instructions)	19) 00 20) 1,696,71800
20. Subtotal (Add lines 1 through 19)	20) 1,090,71000
B. Deductions not reported on informative returns:	83,471 00
21. Interests on business debts: Mortgages \$0_Automobile leases \$_0and Others \$3, 471	21) 00, 11 00
22. Taxes, patents and incerses.	11,380 00
22. Taxes, patents and licenses: (a) Property tax (Personal $\frac{2,575}{35,222}$) (Real $\frac{8,805}{20,047}$)	86,50400
(b) Other takes. Faterins $\frac{557}{222}$ Licenses $\frac{527}{20}$, $\frac{517255}{225}$	134,901 00
(c) Solar insurance rund rollcy	12,549 00
(d) Sales and use tax	22d) <u>12,349</u> 00
 (d) Sales and use tax (e) Special contribution for professional and advisory services under Act 48-2013, as amended 23. Depreciation and amortization (Submit Schedule E No. <u>1</u> of <u>1</u>) 24. Depreciation for businesses with volume of \$3,000,000 or less (Submit Schedule E1 No. <u>0</u> of) 	151,21200
23. Depreciation for businesses with volume of \$3.000.000 or less (Submit Schedule E1 No	23)00
24. Deprediation for businesses with volume of \$5,000,000 of less (Submit Schedule L 1 No of)	29,999 00
26. Water and sewage	
27. Contributions to health or accident plans	
28. Social Security tax (FICA)	
29. Unemployment tax	
30. Contributions to qualified pensions plans (See instructions. Submit Form AS 6042.1)	
31 Deduction for employers who employ handicapped persons (See instructions)	31) 00
31. Deduction for employers who employ handicapped persons (See instructions)	786,999 00
C Other deductions:	
33. Automobile expenses (Mileage 0) (See instructions)	33) 00
34. Other motor vehicle expenses (See instructions)	34) 00
35 Repairs and maintenance	35 1.373.68000
36. Travel expenses (Total expenses \$)	36) 00
37. Meal and entertainment expenses (Total expenses \$0) (See instructions)	37) 00
	38) //,//100
39. Materials used directly in the trade or business	39) 11,368 00
40. Stamps, vouchers and fees	40) 00
41. Postage and shipping charges	
42 Uniforms	
43. Parking and toll	
44. Office expenses	44) 00
45. Bank fees	
46. Bad debts	46) 00 47) 00
47. Contributions to educational contributions accounts for the employee's beneficiaries (See instructions)	47) 00
48. Expenses incurred or paid to stockholders, persons or related entities outside of Puerto Rico (See instructions) (Total \$)	48) <u>00</u> 49) 00
49. Deduction for expenses incurred or paid to stockholders, persons or related entities, fully deductible (See instructions)	
50. Losses from fires, storms, other casualties, or theft (See instructions)	
51. Management fees	
Sz. Expenses in property leased to the Puerto Rico industrial Development Company of warehouse of the Puerto Rico Trade and Export Company (See instructions)	52) 00
53. Other deductions (Submit detail)	52) 69,540 00
54. Subtotal (Add lines 33 through 53)	
55. Charitable contributions	
56. Allowable deduction for investment in a Private Equity Fund (See instructions)	56) 00
57. Total deductions (Add lines 20, 32, 54, 55 and 56)	57) 4,065,426 00
58. Net operating income (or loss) for the year (Line 15, Part IV less line 57. Enter here and in Part II, line 1)	
	,
Part VI Other Direct Costs	
Item Amount Item	Amount
1. Salaries, wages and bonuses	0) O 00
2. Social security tax (FICA)	1) 0 00

1. Salaries, wages and bonuses(1)	0 00	10. Electric power	0 00
2. Social security tax (FICA) (2)	0 00	11. Water and sewage (11)	0 00
3. Unemployment tax		12. Rent	0 00
4. State Insurance Fund Premiums (4)	0 00	13. Packing products expenses (13)	0 00
5. Contributions to health or accident plans		14. Meal expenses paid to production employees	
6. Insurance premiums (Except contributions to health or		(Total \$0	0 00
accident plans) (6)	0 00	15. Depreciation (Submit Schedule E No0 of0 or	
7. Excise taxes / Use taxes	0 00	Schedule E1 No0 of0) (15)	0 00
8. Sales and use tax on imports	0 00	16. Other direct costs (Submit detail) (16)	0 00
9. Repairs and maintenance	0 00	17. Total other direct costs (Add lines 1 through 16. Transfer to	
		Part IV, line 5)	PX 26 ⁰⁰

Retention Period: Ten (10) years Page 162a of 174 (English translation)

DETAIL ATTACHED TO THE INCENTIVE FORM

Taxable Year Beginning July 1st, 2022 and Ending June 30, 2023

TAXPAYER NAME: <u>Homeca Recycling Center Co., Inc.</u> EMPLOYER IDENTIFICATION NUMBER: <u>66-0596814</u> Indicate the part or parts of the form for which you complete this detail: <u>Annex V, Part II, Line 4, Net loss on operations in the previous year</u>

LOSS TAXABLE YEAR	OF THE EXPIRATION DATE		p)	1,466,228 30/06/2026	890,218 30/06/2027	576,856 30/06/2030																		
(C) AMOUNT OF LOSS	AVAILABLE FOR THE	CURRENT YEAR	(Column A less Column B)	092	0	0																		
(B) LOSS CARRYFORWARD USED IN DECINICIES CEADS			AMOUNT USED	1,271,092																				
LOSS CAR		TAXABLE YEAR	(day/month/year)	30/06/2018																				
(A)	AMOUNT OF LOSS	INCURRED ACCORDING TO THE FORM		2,737,320	890,218	576,856																		
TAXABLE	YEAR OF	IN WHICH INCURRED	THE LOSS	30/06/2016	30/06/2017	30/06/2020																		₩- + - /₩
				-	2	ო	4	5	9	7	ø	ი	10	11	12	13	14	15	16	17	18	19	20	

Schedule E Rev. 03.16							
· COMMON REPAIL TH OF ROAD		D	EPRECIATION			20_22	
THE ALTH OF RUE	Taxable year	beginningon_Jul	y 1, 2022 and ending on	<u>June 30, 20</u> 23			
Taxpayer's name HOMECA RECYCLING	CENTER CO.	, INC.				or Employer Identification Number 59-6814	ſ
1. Type of property (in case of a		2. Date	3. Original cost or other	4.Depreciation	5. Estimated	6. Depreciation	
specify the material used in the construction).	a bunding, ne	acquired.	basis (exclude cost of land). Basis for automobiles may not exceed from \$30,000 per vehicle.	claimed in prior years.	useful life to compute the depreciation.	claimed this year.	
(a) Current Depreciation							
SEE ATTACHED DETA	IL		00	c	0		00
			00	c	0		00
			00	C	0		00
Total				5,898,818	0	151,212	00
(b) Flexible Depreciation							_
SEE ATTACHED DETA	IL		00	C	0		00
			00	C	0		00
			00		0		00
Total				0 0	0	0	00
(c) Accelerated Depreciation						1	
SEE ATTACHED DETA	IL		00		0		00
			00	C			00
Total			00	0	0	0	00
(d) Amortization (i.e. Goodwill)			Ult	0	1 0	00
SEE ATTACHED DETA			00		0		00
			00		10		00
			00				00
Total		•		0 0			00
(e) Automobiles (See instructi	ons)						
SEE ATTACHED DETA	AIL		00	(00		00
			00	c	00		00
			00	(00		00
Total		1		0 (00	0	00
(f) Vehicles under financial le	ase (Form 480.7D) (Amount of ve	ehicles0_) (0	1)			00
TOTAL: (Add total of lines (a)) through (f) of Colu	umn 6. Transfe	r to Schedules K, L, M and	N Individual,			00
			er returns)		(10)	151,212	2 00

RX 26 Page 164a of 174 (English translation)

Retention Period: Ten (10) years

DETAIL ATTACHED TO THE INCENTIVE FORM

Taxable Year Beginning July 1st, 2022 and Ending June 30, 2023

TAXPAYER NAME: <u>Homeca Recycling Center Co., Inc.</u> EMPLOYER IDENTIFICATION NUMBER: <u>66-0596814</u>

- 1. Darken the part of the annex for which you complete this Detail (select only one alternative):
 - Line (a) Current Depreciation of _1
 - ۅۧۅؘۄؖ Appendix E No. 1 Appendix E No. 1 Appendix E No. - Line (b) Flexible Depreciation
 Line (c) Accelerated Depreciation
 Line (d) Depreciation (e.g. Goodwill)
 Line (e) Automobiles (See instructions)

6 DEPRECIATION RECORDED THIS YEAR	151,212															151,212
5 ESTIMATED LIFE USED D TO COMPUTE DEPRECIATION	2															\$
4 DEPRECIATION CLAIMED IN PRIOR YEARS	5,898,818															5,898,818
3 COST OR OTHER BASIS (EXCLUDE COST OF LAND) FOR AUTOMOBILES, THE BASIS MUST NOT EXCEED \$30,000 PER VEHICLE	7,498,356															\$
2 DATE OF ACQUISITION	01/07/2014															
1 TYPE OF PROPERTY (IN THE CASE OF BUILDINGS, INDICATE THE TYPE OF MATERIAL USED IN THE CONSTRUCTION	MACHINERY AND EQUIPMENT															Total (Transfer to Annex E lines, as applicable
	٢	2	З	4	5	9	7	8	6	10	11	12	13	14	15	Total (Tr

DETAIL ATTACHED TO THE INCENTIVE FORM

Taxable Year Beginning July 1st, 2022 and Ending June 30, 2023

TAXPAYER NAME: <u>Homeca Recycling Center Co., Inc.</u> EMPLOYER IDENTIFICATION NUMBER: <u>66-0596814</u>

Indicate the part or parts of the form for which you complete this detail: <u>Annex V, Part V, Line 53 – Other deductions</u>

	Description	Amount
1	MISCELLANEOUS EXPENSES	69,540
2		
3		
4		
5		
6		
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34		
35		
Total (Tr	ansfer this amount to the line of the form, as applicable)	. <u>\$ 69,540</u>

n	COMPUTATION C	DF THE SPECIAI	L DEDUCTIONS	COMPUTATION OF THE SPECIAL DEDUCTIONS FOR EXEMPT BUSINESSES UNDER ACT 135-1997	SINESSES UN	DER ACT 135-199	97		
Key, US.21	F	To be filed Taxable vear beginning on $^J u ^J Y$	To be filed with Form 480.30(II)D ing or July 1, 2022and ending	with Form 480.30(II)DI 1, 2022and ending on June	30,	2023		20	20 22
Taxpayer's Name			Type of Decree:			Employer Identification Number んとしてららぬ1 4	ation Number 4	Case Number 03-135-T-8	Case Number -135-T-85
	Effective perio Begins:			Converted Stended		Number of jobs directly related with manufacture or designated service: Current: 88 Require	ly related with manufa Current: 88	. 0	70
Part I Computation of	Computation of the special deductions	(manu (manu	ayroll Deduction (manufacture)	Training and Improvement (b) Expenses	provement	Research and Development (c) Expenses	Development 1ses	Investment on Buildings, (d) Structures and Machinery	n Buildings, d Machinery
1. Deduction amount for the curren	1. Deduction amount for the current year (1)		0 00		0 00		00 00		00 00
2. Add line 1, Columns (a) throu	Add line 1, Columns (a) through (d) (2)	00 0							
3. Industrial development income (Schedule V Incentives, Part II, line 5)	schedule V Incentives, Part II, line 5) (3)		31,962 00		0 00		0 00		000
(in line 2 to more than line 3, do not complete Fatur) 4. Less: Special deductions according to line 1:	or commute: complete naturity ng to line 1:								
				0 00		00 00			
(b) Training and improvement	Training and improvement expenses	0 00				00 0			
(c) research and development expenses									
(e) Total lines 4(a) through 4(d)			00 0	<u></u>	0 00	>	00 00		
5. Industrial development income to determine the amount of	determine the amount of				C		C		
	the deduction (Subtract line 4(e) from line 3)		31,962 00		0 00		0 00		31,962 00
6. Amount of deduction for:									
(a) Payroll (4) 150/ of the anduotion neuroll up to 500/ of line 5		15 001 00							
	3491011 up to 30% of lifte 3	M TOC'CT							
(2) If life 3 is less trial \$200,000 and keep an average of 15 or more employees enter \$1	ii iirie 3 is less triari \$200,000 ario Keep ari averade of 15 or more emplovees enter \$100.000	100,000 00							
	(3) Enter the larger of line 6(a)(1) or 6(a)(2)		100,000 00						
(b) Human resources training and improvement expenses					00 0				
(c)	nt expenses (6c)						0 00		
	uctures, machinery and								C
equipment	(pg)								000
7. Total deductions:									
(a)			100,000 00		000		0 00		0 00
	Preceding years		100.000		00 0				
(c) Total (Add IIItes / (d) alld / (D))	(c) Total (Aud IIIIes / (a) and / (b))				<u>}</u>				
	p to the athount of mile o. mounts on Schedule V								
	Incentives. Part II. line 6(e), as applicable. If it is more than line 5, complete								
Part II of this schedule)	(8)		31.962 00		0 0		0 0		0000
0,	quent years (If line 7(c) is		•						
More than line 5 and do not have to complete Part II)	/e to complete Part II) (9)								
(26 īon)			Retention Period: Ten (10) years	: Ten (10) years					

Part II Special Rules (Apply to the exempt business that is allowed to claim more than one of the deductions of Columns is more than the Industrial Development Income of the year)	a, b, c and d	of Part I, and the	sum of said deductions	Limit for the year	Carryforward to future years
Order to claim the special deductions					
. Industrial development income subject to special deductions (Schedule V Incentives, Part II, line 5)	. (1)		31,962 00		
2. Less: Payroll deduction (only manufacture)					
(a) 15% of the production payroll (If line 1 is less than \$30,000 per production job, up to 50% of line 1)	(2a)	0 ₀₀			
(b) If line 1 is less than \$500,000 and the corporation keeps an average of 15 persons or more employed,					
enter \$100,000	(2b)	0 00			
(c) Enter the larger of line 2(a) or 2(b)	(2c)		0 00		
Industrial development income after the payroll deduction (Subtract line 2(c) from line 1. It cannot be less than zero)	(3)		31,962 00		
Enter line 2(c) but not to exceed the amount on line 1 (Enter on Schedule V Incentives, Part II, line 6(a))	. (4)			O 00	
5. Industrial development income (Same as line 3)	(5)		31,962 <u>00</u>		
5. Less: Human resources training and improvement expenses deduction			0 00		
7. Industrial development income after deduction (Subtract line 6 from line 5. It cannot be less than zero)			31,962 00		
B. Enter line 6 but not to exceed the amount on line 5 (Enter on Schedule V Incentives, Part II, line 6(b))				0 00	
). Industrial development income (Same as line 7)			31,962 00		
0. Less: Research and development expenses deduction					
(a) Preceding year	(10a)	0 00			
(b) Current year		0 00			
(c) Total lines 10(a) and 10(b)			0 00		
1. Industrial development income after deduction (Subtract line 10(c) from line 9. It cannot be less than zero)			31,962 00		
 Enter line 10(c) but not to exceed the amount on line 9 (Enter on Schedule V Incentives, Part II, line 6(c)) 				0 00	
3. Excess of line 10(c) over line 9					0 00
4. Industrial development income (Same as line 11. It cannot be less than zero)			31,962 00		
 Less: Special deduction for investment on buildings, structures, machinery and equipment 					
(a) Preceding year	(15a)	0 00			
(b) Current year		0 00			
(c) Total lines 15(a) and 15(b)			0 00		
 (6) Fotal lines F5(a) and F5(b) 16. Industrial development income after deduction (Subtract line 15(c) from line 14. It cannot be less than zero) 			31,96200		
 Industrial development income after deduction (Subtract line 15(c) from line 14. It cannot be less than 2ero)				0 00	
 Enter line 15(c) but not to exceed the amount on line 14 (Enter on Schedule v Incentives, Part II, line 6(d))				<u> </u>	

Retention Period: Ten (10) years

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Form Departamento de Hac	ICO - GOVERNMENT OF PUERTO RICO enda - Department of the Treasury RMATIVA - SERVICIOS PRESTADOS TURN - SERVICES RENDERED	W131507	76448
	Amended: (DDI_MM_JAAVYY)	Número de Confirmación de Electronic Filing Confi	
INFORMACIÓN DEL AGENTE RETENEDOR - WITHHOLDING AGENT'S INFORMATION	Descripción	Cantidad Pagada	Cantidad Retenida
Número de Identificación Patronal - Employer Identification Number	Description	Amount Paid	Amount Withheld
66-0433747	1. Pagos por Servicios Prestados por Individuos No Sujetos a Retención (Vea instrucciones)		
Nombre - Name	Payments for Services Rendered by Individuals Not Subject		
Autoridad de Energia Electrica	to Withholding (See instructions)	0.00	
Dirección - Address 1250 Ave Ponce De Leon	Código - Code:		
SAN JUAN, PR 00907 Código Postal - Zip Code	2. Pagos por Servicios Prestados por Corporaciones y Entidades Conducto No Sujetos a Retención (Vea instrucciones)		
Núm. de Teléfono - Telephone No. Correo Electrónico - E-mail ap@lumapr.com	Payments for Services Rendered by Corporations and Pass- Through Entities Not Subject to Withholding (See instructions)	0.00	
INFORMACIÓN DE QUIEN RECIBE EL PAGO - PAYEE'S INFORMATION	Código - Code:		
Número de Seguro Social o Identificación Patronal - Social Security or Employer Identification Number			
66-0596814	3. Pagos por Servicios Prestados por Individuos Sujetos		0.00
Nombre - Name HOMECA RECYCLING CENTER C	a Retención Payments for Services Rendered by Individuals Subject to Withholding	0.00	0.00
Dirección - Address URB VILLA BLANCA AVE LUIS MUNOZ MARIN 20 PMB 323 CAGUAS, PR 00725 Código Postal - Zip Code	4. Pagos por Servicios Prestados por Corporaciones y Entidades Conducto Sujetos a Retención Payments for Services Rendered by Corporations and Pass-Through Entities Subject to Withholding	729,627.44	66,429.17
Aportación Especial por Servicios Profesionales y Consultivos bajo la Ley 48-2013 Special Contribution for Professional and Advisory Services under Act 48-2013	Razones para el Cambio - Reasons for the Change		
9,971.90			
Gastos Reembolsados (Vea instrucciones) Reimbursed Expenses (See instructions) 377.132.26			
Responsabilidad de Pago a Proveedores de Salud (Vea instrucciones) Responsibility of Payment to Health Providers (See instructions) 0.00			
Número de Certificado de Relevo Waiver Certificate Number			
Servicios de Salud - Health Services			
Decreto Médico Cualificado - Decree Qualified Physician			
Profesionales de la Salud (Vea instrucciones) Health Professionals (See instructions)	Número Control - Control Number	Número Control Informativa Ori Control No. Original Informative Re	
Marque aquí si recibió el Certificado de Relevo del proveedor de servicios eligiendo la contribución opcional (Vea instrucciones) - Check here if you received the Waiver Certificate from the service provider choosing the optional tax (See instructions)	753000229		
Marque aqui si los pagos reportados corresponden a servicios subcontratados - Check here if the payments reported correspond to outsourced services			
FECHA DE RADICACIÓN: 28 DE FEBRERO, VEA INSTRUCCIONES FILING DATE: FEBRUARY 28, SEE INSTRUCTIONS	Envie electrónicamente al Departamento de Hacienda. Entres récords. Send to Department of the Treasury electronically. De		

Form Departamento de Haci	ICO - GOVERNMENT OF PUERTO RICO ienda - Department of the Treasury RMATIVA - SERVICIOS PRESTADOS TURN - SERVICES RENDERED	W155757	73984
	Amended: (DDI_MM_JAA(YY)	Número de Confirmación de Electronic Filing Confi	
INFORMACIÓN DEL AGENTE RETENEDOR - WITHHOLDING AGENTS INFORMATION	Descripción	Cantidad Pagada	Cantidad Retenida
Número de Identificación Patronal - Employer Identification Number	Description	Amount Paid	Amount Withheld
66-0580736	1. Pagos por Servicios Prestados por Individuos No Sujetos a Retención (Vea instrucciones)		
Nombre - Name RULLAN RUIZ GROUP, INC	Payments for Services Rendered by Individuals Not Subject to Withholding (See instructions)	0.00	
Dirección - Address PO BOX 10435 CAPARRA HEIGHTS	Código - Code:		
SAN JUAN, PR 00922-0435 Código Postal - Zip Code	2. Pagos por Servicios Prestados por Corporaciones y Entidades Conducto No Sujetos a Retención (Vea instrucciones)		
Núm. de Teléfono - Telephone No. Correo Electrónico - E-mail rullanruizgroup@gmail.com	Payments for Services Rendered by Corporations and Pass- Through Entities Not Subject to Withholding (See instructions)	0.00	
INFORMACIÓN DE QUIEN RECIBE EL PAGO - PAYEE'S INFORMATION	Código - Code:		
Número de Seguro Social o Identificación Patronal - Social Security or Employer Identification Number			
66-0596814	3. Pagos por Servicios Prestados por Individuos Sujetos		
Nombre - Name HOMECA RECYCLING CENTER, CO. INC.	a Retención Payments for Services Rendered by Individuals Subject to Withholding	0.00	0.00
Dirección - Address VILLA BLANCA PMB 323 LUIS MUNOZ MARIN 20 CAGUAS, PR 00725 Código Postal - Zip Code	4. Pagos por Servicios Prestados por Corporaciones y Entidades Conducto Sujetos a Retención Payments for Services Rendered by Corporations and Pass-Through Entities Subject to Withholding	7,600.00	304.00
Aportación Especial por Servicios Profesionales y Consultivos bajo la Ley 48-2013 Special Contribution for Professional and Advisory Services under Act 48-2013	Razones para el Cambio - Reasons for the Change	<u> </u>	
0.00	Razones para el cambio - Reasons for the change		
Gastos Reembolsados (Vea instrucciones) Reimbursed Expenses (See instructions) 0.00			
Responsabilidad de Pago a Proveedores de Salud (Vea instrucciones) Responsibility of Payment to Health Providers (See instructions) 0.00			
Número de Certificado de Relevo Waiver Certificate Number			
Servicios de Salud - Health Services			
Decreto Médico Cualificado - Decree Qualified Physician			
Profesionales de la Salud (Vea instrucciones) Health Professionals (See instructions)	Número Control - Control Number	Número Control Informativa Ori Control No. Original Informative Re	
Marque aqui si recibió el Certificado de Relevo del proveedor de servicios eligiendo la contribución opcional (Vea instrucciones) - Check here if you received the Waiver Certificate from the service provider choosing the optional tax (See instructions)	90000013	and the second	
Marque aqui si los pagos reportados corresponden a servicios subcontratados - Check here if the payments reported correspond to outsourced services			
FECHA DE RADICACIÓN: 28 DE FEBRERO, VEA INSTRUCCIONES	Envíe electrónicamente al Departamento de Hacienda. Entreg	ue copia a quien recibe el pago. C	conserve copia para sus

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PO Box 53 BAYAMÓN, PR 00960-0053 CPA ELIZARDO E. MEDERO MONTIJO CERTIFIED PUBLIC ACCOUNTANT & TAX CONSULTANT TEL.: 787-672-5427 Fax: 787-286-3091 E-Mail: cpa_elizardo@yahoo.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors HOMECA RECYCLING CENTER CO., INC. Caguas, Puerto Rico

I have audited the accompanying financial statements of **Homeca Recycling Center Co., Inc.** which comprise the balance sheets as of June 30, 2023 and 2022, and the related statements of income, retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Homeca Recycling Center Co., Inc.** as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 8 to the financial statements, the Company has a claim brought by the United States Environmental Protection Agency (EPA). The claim brought by EPA is in relation to work performed by the Company at the Tallaboa Industrial Park in Peñuelas, PR. EPA is claiming that **Homeca Recycling Center Co., Inc.** is responsible for the release of asbestos at the Tallaboa Industrial Park including a School and a Head Start.

License No. 4746 Expires December 1, 2026

San Juan, Puerto Rico February 7, 2024







11:25 AM 05/16/24 Accrual Basis

HOMECA RECYCLING CENTER CO., INC. Balance Sheet

As of December 31, 2023

	Dec 31, 23
ASSETS	
Current Assets	
Total Checking/Savings	-77,328.37
	11,020.01
Accounts Receivable	
Total Accounts Receivable	350,747.45
Other Current Assets	
Total INVENTORY	4,695,961.77
Inversiones	84,005.74
Total Current Assets	5,053,386.59
Total Fixed Assets	6,615,155.84
Total Other Assets	434,475.99
TOTAL ASSETS	12,103,018.42
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Total Accounts Payable	200,585.01
Total Other Current Liabilities	2,693,859.05
Total Current Liabilities	2,894,444.06
Long Term Liabilities	
Total Long Term Liabilities	389,685.67
Total Liabilities	3,284,129.73
Equity	
COMMON STOCK	10,000.00
DIVIDENDS	-6,364,834.38
Retained Earnings	15,182,061.11
Unrealized Loss in Investment	-165,994.26
Net Income	157,656.22
Total Equity	8,818,888.69
	/ a / aa a / a
TOTAL LIABILITIES & EQUITY	12,103,018.42

11:26 AM 05/16/24 Accrual Basis

HOMECA RECYCLING CENTER CO., INC. Profit & Loss

July through December 2023

	Jul - Dec 23
Income	
Total Sales	5,969,443.12
Other Income-IRS Social Security Reimbursement	849,392.7
	-
Total Income	6,818,835.9
Total Cost of Goods Sold	4,161,424.1
oss Profit	2,657,411.7
Expense	
Advertising Expenses	7,921.3
Bank Service Charges	20,518.8
Total Car/Truck Expense	456.24
DONATION	1,130.0
Total EXTERMINATING EXPENSE	1,889.2
GARBAGE DISOPOSAL CANOVANAS	1,499.6
GARBAGE DISOPOSAL GUAYAMA	596.5
Total GAS, GASOLINA & LUBRICANTES	303,719.9
Total INSURANCE	196,322.3
Interest Expenses	34,115.2
Licenses and Permits	4,609.1
Total OFFICE EXPENSE	37,201.0
Total OTHER TAXES	39,807.5
Total Payroll Expenses and Taxes	660,971.2
Postage and Shipping	427.3
Total Professional Fees	301,030.7
Total Rent	96,649.5
Total Repairs and Maintenance	65,398.9
Total SAFETY EQUIPMENT	3,853.7
SECURITY EXPENSE-CAGUAS	3,316.0
Total TELEPHONE AND CABLE	10,963.9
Tools & Pieces-Caguas	177,379.4
Tools & Pieces-Canóvanas	13,629.0
Tools & Pieces-Guayama	6,629.5
Tools & Pieces-Hormigueros	20,523.6
Tools & Pieces-Mercedita	2,574.6
Tools & Pieces-South Ferrous	148,276.3
Total Travel & Entertainment	3,187.8
Total UTILITIES	15,250.9
VEHICLE EXPENSE	1,600.0
	95,476.3
WORKMEN COMPENSATION EXPENSE	62,669.5
TOTAL OTHER EXPENSES	160,159.4
Total Expense	2,499,755.5
	_,,

157,656.22