



USA Basque Trade & Investment, Inc.

Financial Statements and accompanying notes for the year ended December 31, 2019

USA Basque Trade & Investment, Inc.
Year ended December 31, 2019

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Rivera-Robles & Montes CPA, PLLC
750 Lexington Avenue,
New York, New York, 10022
T (646) 945-6142
W riveramontesp llc.com

INDEPENDENT AUDITOR'S REPORT

To the Stockholder of USA Basque Trade and Investment, Inc.,

We have audited the accompanying financial statements of USA Basque Trade and Investment, Inc., (a District of Columbia Corporation) which comprise the balance sheet as of December 31, 2019, and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USA Basque Trade and Investment Inc., as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Restriction on Use

This report is intended solely for the information and use of SPRI group and the management of USA Basque Trade and Investment, Inc. This report is not intended to be and should not be used by anyone other than these specified parties.

Rivera Robles & Montes CPA, PLLC

New York, New York

February 7, 2020

USA Basque Trade & Investment, Inc.

Balance Sheet

December 31, 2019

Assets	Amount
Current Assets	
Cash	\$ 3,424
Due from Parent	6,284
Total Current Assets	9,708
Fixed Assets	
Office furniture and fixtures, net	5,079
Equipment, net	3,482
Total Fixed Assets	8,561
TOTAL ASSETS	<u>\$ 18,269</u>
Liabilities & Stockholder's Equity	
Liabilities	
Current Liabilities	
Accounts Payable	\$ 9,708
Deferred Income	8,560
Total Current Liabilities	18,268
Total Liabilities	18,268
Stockholder's Equity	
Common Stock	1
Total Equity	<u>1</u>
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	<u>\$ 18,269</u>

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

USA Basque Trade & Investment, Inc.

Statement of Operations

Year ended December 31, 2019

	Amount
Revenue	
Contribution Revenue	\$ 340,976
Other Income	3,463
Total Revenue	<u>344,439</u>
Expenses	
Compensation and Benefits	152,966
Rent	72,705
Insurance	32,280
General & Administrative	26,086
Travel	19,753
Marketing and Advertising	18,350
Professional Services	11,363
Other Expenses	7,473
Depreciation	3,463
Total Expenses	<u>344,439</u>
Net Income	<u><u>\$ -</u></u>

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

USA Basque Trade & Investment, Inc.

Statement of Changes in Stockholder's Equity

Year ended December 31, 2019

	Common Stock	Retained Earnings	Total
Balance at January 1, 2019	\$ 1	\$ -	\$ 1
Net Income	-	-	-
Balance at December 31, 2019	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>

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

USA Basque Trade & Investment, Inc.

Statement of Cash Flows

Year ended December 31, 2019

	Amount
Cash Flows from Operating Activities	
Net Income	\$ -
Adjustments to Reconcile Net Income to Net Cash Used In Operating Activities	
Depreciation Expense	3,463
(Increase) /Decrease in:	
Due From Parent	(6,284)
Prepaid Expenses	6,556
Increase / (Decrease) in:	
Accounts Payable	(3,380)
Deferred Income	(789)
Net Cash Used in Operating Activities	<u>(434)</u>
Cash Flows from Investing Activities	
Purchase of Fixed Assets	<u>(2,674)</u>
Net Cash Used in Investing Activities	<u>(2,674)</u>
Cash Flows from Financing Activities	
Repayment of Advances to Parent	<u>(22,685)</u>
Net Cash Used in Financing Activities	<u>(22,685)</u>
Net Decrease in Cash	(25,793)
Cash, beginning of year	<u>29,217</u>
Cash, ending of year	<u>\$ 3,424</u>

The accompanying notes are an integral part of these financial statements

USA Basque Trade & Investment, Inc.

Notes to Financial Statements

December 31, 2019

NOTE 1 – BASIS OF PRESENTATION AND NATURE OF ORGANIZATION

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) on the accrual basis of accounting.

Nature of Organization

In December 8, 2017, USA Basque Trade and Investment Inc. (the “Company”) was incorporated in the District of Columbia. The Company started operation in June 2018. The Company is wholly owned subsidiary of SPRI Group (“Parent”). The SPRI Group aims to support, promote, and contribute to the competitive improvement of Basque companies.

The Company provides comprehensive support to Basque company to facilitate its access to the American market and its process of implantation in it, as well as developing relationships with public and private U.S. entities in favor of the interests of Basque companies in the country.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contribution Revenue

The Company receives contributions from the Parent to operate and provide its services. The contributions are subject to a budget approved by the Basque Parliament. Nevertheless, the contributions do not involve specific arrangement with reciprocal exchange between the Company and the Parent.

The Parent provides two forms of contribution to the Company: i) Contributions to fund operating expenses; ii) Contributions to fund capital investments. The contributions to fund capital investments are recognized as income in the statement of operations as the capital investments are depreciated over their useful life.

As of December 31, 2019, the net amount of contributions received in relation to capital assets totaled \$8,560, which is included in Balance Sheet as Deferred Income.

Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. Depreciation is calculated using the double declining method over the estimated useful lives. Depreciation expense for the year ended December 31, 2019 was \$3,463.

The estimated useful lives of the assets are:

Category	Estimated Useful Life
Office furniture and fixtures	7 years
Equipment	5 years

USA Basque Trade & Investment, Inc.

Notes to Financial Statements

December 31, 2019

As of December 31, 2019, the net book values of the Company's fixed assets were the following:

Category	Cost	Accumulated Depreciation	Net Book Value
Office Furniture and Fixtures	\$ 8,297	\$ (3,218)	\$ 5,079
Equipment	5,472	(1,990)	3,482
Total	\$ 13,769	\$ (5,208)	\$ 8,561

NOTE 3 – OPERATING LEASE

In June 2018, the Company entered into an office lease arrangement for the period beginning August 1, 2018 to January 31, 2026. The lease agreement states that the annual lease payment will increase 2.5% every 12 months from the inception of the lease. Total lease payment for the year ended December 31, 2019 was \$72,705.

Following table illustrates the future minimum lease payments for the Company:

Year Ending December 31:	Future Minimum Lease Payments
2020	\$ 81,404
2021	83,439
2022	85,525
2023	87,663
2024	89,855
2025 and thereafter	99,889
Total Minimum Lease Payments	\$ 527,775

NOTE 4 – RELATED PARTY TRANSACTIONS

The Company is financially dependent on the Parent to carry out its operating activities. In 2019, the contribution revenue received from the Parent was \$340,976 to account for operational expenses and \$3,463 were recognized as income to account for depreciable capital assets of the Company. Likewise, a contribution amounting \$2,674 was received by Parent to account for capital investments and incorporated in the Balance Sheet as Deferred Income.

In 2019, the Company repaid the Parent \$22,685 in advances received in the prior year.

NOTE 5 – Risks and Uncertainties

Cash

The Company maintains its cash balance in a financial institution that is a member of the Federal Deposit Insurance Corporation (FDIC). The cash account is insured up to \$250,000. The Company has not experienced any losses in this account and believes it is not exposed to any significant credit risk on its cash.

NOTE 6 – INCOME TAXES

Income taxes are accounted for under the asset and liability method as prescribed by Accounting Standard Codification Topic 740, *Income Taxes* ("ASC 740"). Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases of assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance, when in the Company's opinion it is likely that some portion or the entire deferred tax asset will not be realized. At December 31, 2019, the estimated income tax payable is zero.

USA Basque Trade & Investment, Inc.

Notes to Financial Statements

December 31, 2019

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Company and recognize a tax liability if the Company has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken and has concluded that as of December 31, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 7 – CONTINGENCIES

From time to time the Company may be involved in various legal matters and proceedings arising in the ordinary course of operation. As of December 31, 2019, there were no active claims and litigations pending against the Company.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 7, 2020, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or disclosures in these financial statements.