

**FEDERACION PUERTORRIQUEÑA DE FUTBOL, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019 AND 2018**

**FEDERACION PUERTORRIQUEÑA DE FUTBOL, INC.  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
AND INDEPENDENT AUDITOR'S REPORT**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Federación Puertorriqueña de Fútbol, Inc.  
San Juan, Puerto Rico

### Report on the Financial Statements

I have audited the accompanying statements of financial position of Federación Puertorriqueña de Fútbol, Inc., a non-profit organization, as of December 31, 2019 and 2018 and the related statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to 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

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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

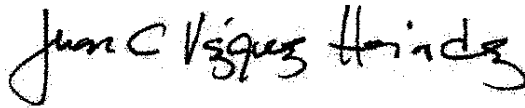
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 purposes of expressing 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 Federación Puertorriqueña de Fútbol, Inc. as of December 31, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Juan C Vázquez Hernández  
Certified Public Accountant  
License No. 2704



Stamp No. E383921 of the Puerto Rico Society of Certified Public Accountants was adhered to the original of this report.

San Juan, Puerto Rico  
September 17, 2020



**FEDERACION PUERTORRIQUEÑA DE FUTBOL, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2019 AND 2018**

ASSETS	Restricted	Unrestricted	Totals	
			2019	2018
<b>CURRENT ASSETS</b>				
Cash	\$ 278,585	\$ -	\$ 278,585	\$ 367,278
Accounts receivable, net of allowance for doubtful accounts of \$173,775 and \$180,445 for 2019 and 2018	-	9,930	9,930	7,768
Accounts receivable- other	-	-	-	10,398
	<u>278,585</u>	<u>9,930</u>	<u>288,515</u>	<u>385,444</u>
<b>PROPERTY AND EQUIPMENT</b>				
Equipment	18,302	19,309	37,611	37,611
Furniture and fixtures	-	3,716	3,716	3,716
Leasehold improvements	-	2,125	2,125	2,125
	<u>18,302</u>	<u>25,150</u>	<u>43,452</u>	<u>43,452</u>
Less: Accumulated depreciation	<u>18,302</u>	<u>25,150</u>	<u>43,452</u>	<u>40,648</u>
	-	-	-	2,804
<b>OTHER ASSETS</b>				
Deposits	<u>25,000</u>	<u>1,690</u>	<u>26,690</u>	<u>1,690</u>
<b>TOTAL ASSETS</b>	<u>\$ 303,585</u>	<u>\$ 11,620</u>	<u>\$ 315,205</u>	<u>\$ 389,938</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ -	\$ 126,103	\$ 126,103	\$ 306,020
Deposits	-	-	-	11,192
Deferred revenues	-	-	-	182,000
<b>TOTAL CURRENT LIABILITIES</b>	<u>-</u>	<u>126,103</u>	<u>126,103</u>	<u>499,212</u>
<b>NET ASSETS</b>				
Net assets- Restricted	303,585	-	303,585	112,193
Net assets- Unrestricted	-	(114,483)	(114,483)	(221,467)
<b>TOTAL NET ASSETS</b>	<u>303,585</u>	<u>(114,483)</u>	<u>189,102</u>	<u>(109,274)</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 303,585</u>	<u>\$ 11,620</u>	<u>\$ 315,205</u>	<u>\$ 389,938</u>

See accompanying independent auditor's report and notes to financial statements

**FEDERACION PUERTORRIQUEÑA DE FUTBOL, INC.**  
**STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

			<u>Totals</u>	
	<u>Restricted</u>	<u>Unrestricted</u>	<u>2019</u>	<u>2018</u>
<b>REVENUES</b>				
Contributions received from FIFA - Forward	\$ 1,634,033	\$ -	\$ 1,634,033	\$ 1,326,287
Contributions received from FIFA - Travel Fund	200,000	-	200,000	182,000
Contributions received from FIFA - Recovery Fund	-	-	-	499,965
Contributions received from CONCACAF	170,245	55,374	225,619	124,935
Contributions received from CFU	-	158,543	158,543	123,046
Affiliation fees	-	65,109	65,109	50,080
Events and tournaments	178,939	83,483	262,422	35,003
Other revenues	-	29,452	29,452	99,173
<b>TOTAL REVENUES</b>	<b>2,183,217</b>	<b>391,961</b>	<b>2,575,178</b>	<b>2,440,489</b>
<b>OPERATING EXPENSES</b>				
Tournaments	51,318	15,363	66,681	241,795
National Teams	332,236	150,100	482,336	348,141
Recovery fund	37,500	22,938	60,438	340,259
General and administrative	433,609	10,081	443,690	400,710
Infrastructure improvements and utilities	67,057	25,395	92,452	123,609
Office supplies, lease equipment and miscellaneous	135,169	50,130	185,299	137,021
Travel and lodging	317,327	21,245	338,572	252,287
Technical development, commissions and trainings	468,374	10,975	479,349	339,442
Professional services	132,198	13,164	145,362	-
Marketing and communications	63,278	162	63,440	45,881
Futsal/Beach football	-	-	-	125
Insurance	9,990	-	9,990	-
Freight	7,122	7,404	14,526	-
Bad debt expense	-	-	-	42,622
Cost of merchandise for resale	-	-	-	1,236
Penalties, fines and interest	-	-	-	3,810
Bank charges and miscellaneous expenses	1,132	8,499	9,631	9,400
<b>TOTAL OPERATING EXPENSES</b>	<b>2,056,310</b>	<b>335,456</b>	<b>2,391,766</b>	<b>2,286,338</b>
Depreciation expense	1,286	1,519	2,805	4,309
<b>TOTAL EXPENSES</b>	<b>2,057,596</b>	<b>336,975</b>	<b>2,394,571</b>	<b>2,290,647</b>
<b>INCREASE IN NET ASSETS</b>	<b>125,621</b>	<b>54,986</b>	<b>180,607</b>	<b>149,842</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>112,193</b>	<b>(221,467)</b>	<b>(109,274)</b>	<b>(259,116)</b>
<b>PRIOR PERIOD ADJUSTMENTS</b>	<b>65,771</b>	<b>51,998</b>	<b>117,769</b>	<b>-</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 303,585</b>	<b>\$ (114,483)</b>	<b>\$ 189,102</b>	<b>\$ (109,274)</b>

See accompanying independent auditor's report and notes to financial statements

**FEDERACION PUERTORRIQUEÑA DE FUTBOL, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 180,607	\$ 149,842
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	2,804	4,309
Bad debt expense	-	42,622
Changes in operating assets and liabilities:		
Decrease in accounts receivable	8,236	(25,143)
Decrease in deposits	(25,000)	10
(Decrease)/ Increase in accounts payable	(62,148)	5,269
Increase/ (Decrease) in deposits	(11,192)	9,550
Increase/ (Decrease) in deferred revenues	(182,000)	(182,000)
<b>NET CASH (USED)/PROVIDED (IN)/BY OPERATING ACTIVITIES</b>	<u>(88,693)</u>	<u>4,459</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	-	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net due from unrestrictred fund	-	5,509
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	-	5,509
<b>NET (DECREASE)/ INCREASE IN CASH</b>	(88,693)	9,968
<b>CASH AT BEGINNING OF YEAR</b>	<u>367,278</u>	<u>357,310</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$ 278,585</u></u>	<u><u>\$ 367,278</u></u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report and notes to financial statements

**FEDERACION PUERTORRIQUEÑA DE FUTBOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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**NOTE A- ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The "Federación Puertorriqueña de Fútbol, Inc." (hereinafter referred to as the "FPF") is a private associative organization incorporated as a non-profit organization organized under the laws of the Commonwealth of Puerto Rico on 1970 to develop, promote, register, affiliate, regulate, facilitate and motivate the soccer in Puerto Rico. The FPF is member of the Puerto Rico Olympic Committee.

The FPF supervise and control all the soccer games and tournaments, national and international, celebrate in Puerto Rico. The FPF it's responsible for the organization and preparation of the Puerto Rico Soccer National Team for a good representation of Puerto Rico on international tournaments.

Among other things, the FPF is also responsible to create the economics process needs to reach their goals, including marketing and promoting the soccer in Puerto Rico.

**Summary of significant accounting policies**

**Basis of accounting**

The FPF adopted the provisions of Financial Accounting Standards Board (FASB) ASC Topic 958, *Non-for-Profit Entities*.

Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increase in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expiration of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) is reported as reclassifications between the applicable classes of net assets.



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**NOTE A- ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-**  
**continued**

Contributions including unconditional promises to give are recognized as revenues in the period received. Contributions with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net assets class. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted, if practicable, at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contributions. An allowance for uncollectible contributions receivable is provided, if necessary, based upon management's judgment including such factors as prior collection history, type of contribution and nature of the activity.

**Property and Equipment**

Property and equipment are stated at cost at the date of acquisition, or fair market value at date of donation in the case of gifts. Upon purchase, since donor restrictions have been met, the FPF reclassifies the corresponding temporary restricted net asset to unrestricted net assets.

Depreciation is provided by the straight-line method over the useful life of the related assets.

**Deferred Revenues**

The FPF received funds from FIFA in the amount of \$525,000 to cover the travel expenses for the National teams, these funds cover the years ended December 31, 2016, 2017 and 2018. The FPF recognized \$161,000, \$182,000 and \$182,000 as earned during the years ended December 31, 2019, 2018 and 2017, correspondingly, based on the incurred travel expenses for the years ended December 31, 2016, 2017 and 2018.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America, requires management to make estimates and assumptions that affect the recorded amounts of net assets at the date of the financial statements and reported amounts or revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**FEDERACION PUERTORRIQUEÑA DE FUTBOL, INC.**  
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**Income Taxes**

The FPF is exempt from Income, Municipal and other local taxes under Section 1101 (6) of the amended Puerto Rico Internal Revenue Code of 1994.

**NOTE B- NET ASSETS PROGRAMS**

During the year ended December 31, 2019 the FPF received funds from the following sources:

1. Temporary restricted funds

**FIFA (“Federation Internationale de Football Association”)**

During the year ended December 31, 2019, the FPF received \$1,634,033 in contributions from the FIFA pursuant to the Forward Program and \$200,000 pursuant the Travel Fund corresponding.

2. Affiliate fees

The FPF records affiliation fees from soccer clubs, associations and leagues as revenues when billed, during the year ended December 31, 2019.

3. Contributions

The FPF records contributions from private corporations and governmental entities when received. For the year ended December 31, 2019, FPF received funds from CONCACAF (“Confederation of North, Central American and CFU (“Caribbean Football Union”) in the amount of \$225,619 and \$158,543, correspondingly.

4. Events and tournaments

The FPF records revenues from events held in Puerto Rico, revenues include sales of tickets and meals.

5. Other revenues

The funds received from other sources like: sale of merchandise and other miscellaneous were recorded when collected.

**FEDERACION PUERTORRIQUEÑA DE FUTBOL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE C- RELATED PARTIES TRANSACTIONS**

During the year ended December 31, 2019 amounts paid by FPF to two members of the board of directors are summarized below:

<u>Position</u>	<u>Amount Paid</u>
President	\$ 55,300
Former President	17,817
Secretary	16,050
Former Secretary	20,721
	<u>\$ 109,888</u>

Other expenses as travel, meals, telephone and others were reimbursed to members of the board of directors.

**NOTE D- SUBSEQUENT EVENTS**

FPF follows the provision of FASB ASC 855 "Subsequent Events", which establishes general standards to be applied in accounting for, and disclosure of events that occur after the balance sheet but before financial statements are issued or available to be issued. This standard introduces the concepts of "financial statements available to be issued", which are financial statements that are complete in form and format, that complies with generally accepted accounting principles (GAAP) and have obtained all approvals require for issuance.

FASB ASC 855 requires the disclosure of the date through which an entity has evaluated subsequent events and the basis of the date, whether it is the date the financial statements were issued or were available to be issued.

Since December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments have responded with monetary and fiscal interventions to stabilize economic conditions.

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government response, remains unclear at this time. It is not possible to reliably estimate the

**FEDERACION PUERTORRIQUEÑA DE FUTBOL, INC.**  
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**NOTE D- SUBSEQUENT EVENTS- continued**

duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

**NOTE E- CONTINGENCIES**

The Organization may at times be involved in litigations relating to matters arising in the ordinary course of its business activities. Such matters have been adequately legally contested by the Organization's legal counsel; historically, there has been no material adverse effect on the Organization's financial condition resulting from issues litigated.