

FEDERACION PUERTORRIQUEÑA DE FUTBOL, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

FEDERACION PUERTORRIQUEÑA DE FUTBOL, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
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, 2018 and 2017 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, 2018 and 2017, 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

Juan C. Vázquez Hernández

Stamp No. E383897 of the Puerto Rico Society of Certified Public Accountants was adhered to the original of this report.

San Juan, Puerto Rico
June 19, 2018



FEDERACION PUERTORRIQUEÑA DE FUTBOL, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Totals</u> <u>2018</u>	<u>2017</u>
ASSETS				
CURRENT ASSETS				
Cash	\$ 292,907	\$ 74,371	\$ 367,278	\$ 357,310
Accounts receivable, net of allowance for doubtful accounts of \$180,445 and \$137,723 for 2018 and 2017	-	7,768	7,768	32,186
Accounts receivable- other	-	10,398	10,398	3,459
Due from local fund	-	-	-	25,468
	<u>292,907</u>	<u>92,537</u>	<u>385,444</u>	<u>418,423</u>
PROPERTY AND EQUIPMENT				
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>17,016</u>	<u>23,632</u>	<u>40,648</u>	<u>36,339</u>
	1,286	1,518	2,804	7,113
OTHER ASSETS				
Deposits	-	1,690	1,690	1,700
	<u>-</u>	<u>1,690</u>	<u>1,690</u>	<u>1,700</u>
TOTAL ASSETS	<u>\$ 294,193</u>	<u>\$ 95,745</u>	<u>\$ 389,938</u>	<u>\$ 427,236</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ 306,020	\$ 306,020	\$ 300,751
Deposits	-	11,192	11,192	1,642
Deferred revenues	182,000	-	182,000	364,000
Due to temporary restricted fund	-	-	-	19,959
TOTAL CURRENT LIABILITIES	<u>182,000</u>	<u>317,212</u>	<u>499,212</u>	<u>686,352</u>
NET ASSETS				
Net assets- Restricted	112,193	-	112,193	16,892
Net assets- Unrestricted	-	(221,467)	(221,467)	(276,008)
TOTAL NET ASSETS	<u>112,193</u>	<u>(221,467)</u>	<u>(109,274)</u>	<u>(259,116)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 294,193</u>	<u>\$ 95,745</u>	<u>\$ 389,938</u>	<u>\$ 427,236</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, 2018 AND 2017

	Restricted	Unrestricted	<u>Totals</u>	
			2018	2017
REVENUES				
Contributions received from FIFA- Forward	\$ 1,326,287	\$ -	\$ 1,326,287	\$ 500,000
Contributions received from FIFA- Travel fund	182,000	-	182,000	161,000
Contributions received from FIFA- Recovery fund	499,965	-	499,965	-
Contributions received from CONCACAF	74,950	49,985	124,935	150,000
Affiliation fees	-	50,080	50,080	64,175
Events and tournaments	-	35,003	35,003	7,183
Contributions	-	123,046	123,046	27,340
Other revenues	1,435	97,738	99,173	41,340
TOTAL REVENUES	2,084,637	355,852	2,440,489	951,038
OPERATING EXPENSES				
Male Tournaments	124,229	33,180	157,409	104,562
Female Tournaments	83,193	1,193	84,386	144,015
National Teams	328,746	19,395	348,141	43,461
Recovery fund	300,698	39,561	340,259	-
General and administrative	373,088	27,622	400,710	197,899
Infrastructure improvements and utilities	123,609	-	123,609	51,634
Office supplies, lease equipment and miscellaneous	61,497	75,524	137,021	16,106
Travel and lodging	252,287	-	252,287	3,496
Technical development, commissions and trainings	301,449	37,993	339,442	264,512
Professional services	-	-	-	63,256
Marketing and communications	45,881	-	45,881	23,281
Futsal/ Beach football	125	-	125	169
Insurance	-	-	-	2,565
Memberships and affiliations	-	-	-	500
Freight	-	-	-	19,928
Bad debt expense	-	42,622	42,622	60,000
Cost of merchandise for resale	-	1,236	1,236	-
Penalties, fines and interest	-	3,810	3,810	527
Bank charges and miscellaneous expenses	1,583	7,817	9,400	4,335
TOTAL OPERATING EXPENSES	1,996,385	289,953	2,286,338	1,000,246
Depreciation expense	3,884	425	4,309	4,309
TOTAL EXPENSES	2,000,269	290,378	2,290,647	1,004,555
(DECREASE)/ INCREASE IN NET ASSETS	84,368	65,474	149,842	(53,517)
NET ASSETS AT BEGINNING OF YEAR	16,892	(276,008)	(259,116)	(205,599)
FUND TRANSFERS	10,933	(10,933)	-	-
NET ASSETS AT END OF YEAR	\$ 112,193	\$ (221,467)	\$ (109,274)	\$ (259,116)

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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase/ (Decrease) in net assets	\$ 149,842	\$ (53,517)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	4,309	4,309
Bad debt expense	42,622	60,000
Changes in operating assets and liabilities:		
Decrease in accounts receivable	(25,143)	(22,592)
Decrease in deposits	10	-
(Decrease)/ Increase in accounts payable	5,269	(10,165)
Increase/ (Decrease) in deposits	9,550	(5,450)
Increase/ (Decrease) in deferred revenues	(182,000)	364,000
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>4,459</u>	<u>336,585</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	-
NET CASH USED IN INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net due from unrestricted fund	5,509	(5,509)
NET CASH PROVIDED/ (USED) BY/ (IN) INVESTING ACTIVITIES	<u>5,509</u>	<u>(5,509)</u>
NET INCREASE IN CASH	9,968	331,076
CASH AT BEGINNING OF YEAR	<u>357,310</u>	<u>26,234</u>
CASH AT END OF YEAR	<u><u>\$ 367,278</u></u>	<u><u>\$ 357,310</u></u>
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

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

FEDERACION PUERTORRIQUEÑA DE FUTBOL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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.

FEDERACION PUERTORRIQUEÑA DE FUTBOL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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 live 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 \$161,00 and \$182,000 as earned during the years ended December 31, 2018 and 2017, correspondingly, based on the incurred travel expenses for the years ended December 31, 2016, 2017 and 2018, the remaining balance of \$182,000 was recognized as deferred income as of December 31, 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.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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, 2018 the FPF received funds from the following sources:

1. Temporary restricted funds

FIFA (“Federation Internationale de Football Association”)

During the year ended December 31, 2018, the FPF received \$1,200,000 in contributions from the FIFA pursuant to the Forward Program and \$500,000 pursuant the Recovery Assistance 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, 2018.

3. Contributions

The FPF records contributions from private corporations and governmental entities when received. For the year ended December 31, 2018, FPF received funds from CONCACAF (“Confederation of North, Central American and CFU (“Caribbean Football Union”) in the amount of \$125,000 and \$77,419, 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
DECEMBER 31, 2018 AND 2017

NOTE C- RELATED PARTIES TRANSACTIONS

During the year ended December 31, 2018 amounts paid by FPF to two members of the board of directors are summarized below:

<u>Position</u>	<u>Amount Paid</u>
President	\$ 71,900
Secretary	<u>41,550</u>
	<u>\$ 113,450</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.

The Organization' management evaluated subsequent event until June 19, 2019, date in which the financial statements were available to be issued.

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.