

# Federación Puertorriqueña de Fútbol, Inc

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Financial Statements and  
Report of Independent Certified Public Accountant

December 31, 2021 and 2020

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Federación Puertorriqueña de Fútbol, Inc.

### Report on the Audit of the Financial Statements Opinion

I have audited the financial statements of Federación Puertorriqueña de Fútbol, Inc. (a nonprofit organization) ABC Company, which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Federación Puertorriqueña de Fútbol, Inc. as of December 31, 20X1 and 20X0, 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.

### Basis for Opinion

I conducted the audits in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am required to be independent of Federación Puertorriqueña de Fútbol, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Federación Puertorriqueña de Fútbol, Inc.'s ability to continue as a going concern.

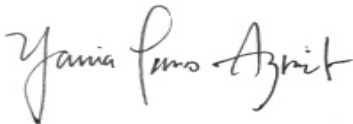
## Auditor's Responsibilities for the Audit of the Financial Statements

The objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, I:

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

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



July 27, 2022



Stamp E484772 was assigned to this report

**Federación Puertorriqueña de Fútbol, Inc.**  
**Statements of Financial Position**

			December 31,	
	Unrestricted	Restricted	2021 Total	2020 Total
ASSETS				
Cash and cash equivalents	\$ 77,070	\$ 50,477	\$ 127,547	\$ 720,512
Accounts receivables, net	9,898	-	9,898	8,554
Other assets	-	-	-	19,319
Right-of-use assets, net	27,139	-	27,139	33,924
Total Assets	<u>\$ 114,107</u>	<u>\$ 50,477</u>	<u>\$ 164,584</u>	<u>\$ 782,309</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	\$ 166,017	\$ -	\$ 166,017	\$ 152,127
Finance lease liability	29,877	-	29,877	36,687
Paycheck protection program loan	-	-	-	48,000
SBA loan	150,000	-	150,000	150,000
Total Liabilities	345,894	-	345,894	386,814
Net Assets				
Unrestricted	(231,787)	-	(231,787)	(140,617)
Restricted	-	50,477	50,477	536,112
Total Net Assets	<u>(231,787)</u>	<u>50,477</u>	<u>(181,310)</u>	<u>395,495</u>
Total Liabilities and Net Assets	<u>\$ 114,107</u>	<u>\$ 50,477</u>	<u>\$ 164,584</u>	<u>\$ 782,309</u>

*(See Independent Auditors' Report and Accompanying Notes)*

Federación Puertorriqueña de Fútbol, Inc.  
 Statements of Activities

	Unrestricted	Restricted	December 31,	
			2021 Total	2020 Total
Revenues				
Registration and affiliation fees	\$ 96,384	\$ -	\$ 96,384	\$ 58,857
Activities and promotions	442,720	-	442,720	89,262
Contributions	-	2,518,427	2,518,427	2,419,386
Payroll Protection Program (PPP Loan)	144,500	-	144,500	-
Other revenues	24,536	-	24,536	31,802
Net Assets released from restrictions	3,004,063	(3,004,063)	-	-
Total Revenues	3,712,203	(485,635)	3,226,568	2,599,307
Expenses				
Competitions and events	1,192,794	-	1,192,794	551,480
Development and training	478,206	-	478,206	432,104
General and administrative	2,132,373	-	2,132,373	1,409,330
Total Expenses	3,803,372	-	3,803,372	2,392,914
Changes in Net Assets	(91,169)	(485,635)	(576,805)	206,392
Net Assets, beginning of the year	(140,618)	536,112	395,494	189,102
Net Assets, ending of the year	\$ (231,787)	\$ 50,477	\$ (181,310)	\$ 395,494

(See Independent Auditors' Report and Accompanying Notes)

Federación Puertorriqueña de Fútbol, Inc.  
 Schedule of functional expenses

	2021			2020
	Programs	Management and General	Total	Total
Salaries and payroll taxes	\$ 236,743	\$ 313,295	\$ 550,038	\$ 510,468
Development and trainings	936,172	-	936,172	478,386
COVID-19 and emergency	4,750	-	4,750	439,110
Competitions and events	839,257	-	839,257	277,952
Travel and meals	651,089	-	651,089	222,076
Other general and administrative	279,136	117,422	396,558	133,983
Professional services - other	134,209	19,007	153,215	116,184
Advertising and promotion	89,750	7,080	96,830	59,036
Legal services	65,572	-	65,572	39,667
Subscriptions and fees	-	1,000	1,000	29,800
Accounting services	-	17,294	17,294	19,479
Rent	38,572	19,916	58,487	12,907
Bank charges	-	-	-	12,801
Repairs and maintenance	10,820	595	11,415	12,785
Bank and finance charges	-	10,888	10,888	12,653
Amortization	-	6,785	6,785	6,785
Supplies and other miscellaneous	-	-	-	4,819
Finance lease	-	4,022	4,022	4,022
	<u>\$ 3,286,070</u>	<u>\$ 517,302</u>	<u>\$ 3,803,372</u>	<u>\$ 2,392,914</u>

(See Independent Auditors' Report and Accompanying Notes)

**Federación Puertorriqueña de Fútbol, Inc.**  
**Statement of Cash flows**

	December 31,	
	2021	2020
Cash flows from operating activities		
Net change in net assets	\$ (576,805)	\$ 206,393
Adjustments to reconcile change in net assets		
Depreciation	6,785	6,785
Changes in operating assets and liabilities:		
Accounts receivables	(1,344)	1,276
Other assets	19,319	7,371
Accounts payables and accrued expenses	13,890	26,124
Net cash (used in) provided by operating activities	(538,155)	247,949
Cash flows from financing activities		
PPP loan proceeds (repayments)	(48,000)	48,000
SBA loan proceeds	-	150,000
Finance lease repayment	(6,810)	(4,022)
Net cash flows (used in) provided by financing activities	(54,810)	193,978
Net change in cash	(592,965)	441,927
Cash, beginning of the year	720,512	278,585
Cash, end of the year	\$ 127,547	\$ 720,512
Supplemental information		
Interest paid	\$ 1,334	\$ 1,654
Non-cash, right-of-use asset - finance lease	\$ -	\$ 40,709

*(See Independent Auditors' Report and Accompanying Notes)*



# Federación Puertorriqueña de Fútbol, Inc.

## Notes to Financial Statements

December 31, 2021

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### NOTE 1 - NATURE OF OPERATIONS

Federación Puertorriqueña de Fútbol, Inc de Fútbol, Inc. (FPF) was incorporated under the laws of the Commonwealth of Puerto Rico on August 9, 1972 as a nonprofit organization. The purpose of FPF is to develop, promote and govern the game of soccer at all levels in Puerto Rico.

FPF is affiliated through membership with the Federation Internationale of Football Association (FIFA) and Confederation of North, Central America and Caribbean Association Football (CONCACAF). FIFA is the world- governing body of soccer and CONCACAF is one of the FIFA's six continental governing bodies for association football.

FPF is recognized as the governing body of soccer in Puerto Rico and is member of the Puerto Rico Olympic Committee. Also, operates the Puerto Rico national football team, the Schedule Liga Profesional de Fútbol de Puerto Rico.

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of Presentation*

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of American (U.S. GAAP). These statements report amounts separately by class of net assets. The separate classes of assets are defined as net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions include all resources that are not subject to donor-imposed restrictions. Net assets with donor restrictions include resources that are subject to donor stipulations that limit the use of the contributed assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

#### *Concentration of Credit Risk*

FPF maintains its cash in bank deposit accounts which at times may exceed federally insured limits. FPF has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash.

#### *Accounts Receivable*

Accounts receivable are comprised primarily of registration fees, and contractual sponsorship from FIFA and CONCACAF. FPF closely reviews all outstanding accounts receivable and follows up on all delinquent amounts in a timely manner. Delinquency status is determined based on the recent payment history of the customer. Amounts are considered uncollectible only when the customer is unable to commit to a payment plan. The allowance for doubtful accounts as of December 31, 2021 and 2020 was approximately \$173,000

#### *Property and Equipment*

Property and equipment, including leasehold improvements and software development costs, are recorded at cost net of accumulated depreciation and amortization. Significant property and equipment purchases are capitalized; expenditures for

**Federación Puertorriqueña de Fútbol, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021**

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**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Property and Equipment (continued)***

repairs and maintenance are charged to expense as incurred. Depreciation and amortization are provided on a straight-line basis between the shorter of estimated useful lives or the lease term.

***Contributions***

Contributions received are recorded based on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with donor restrictions. FPF presents restricted contributions whose restrictions are met in the same reporting period as contributions without donor restrictions. FPF received contributions from FIFA and CONCACAF.

***Revenue Recognition***

***Registration and Affiliation Fees***

All member organizations of FPF that register players are required to pay a referee or player registration fee. Registration fees for individual players are determined by whether a player is registered as a youth, adult amateur, or professional player. In addition to membership fees and registration fees, referees and coaches pay additional fees. Registration and affiliation fees are recognized over the applicable term, which is the calendar year.

***Activities and promotions***

Includes the sale of tickets meals and other articles. Such revenues are recognized when the event take place.

***Other revenues***

Includes the sale of tickets and other articles and are recognized when the event take place.

***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 in the consolidated financial statements and accompanying notes. Management bases these estimates and assumptions upon historical experience, existing known circumstances, authoritative accounting pronouncements and other factors that management believes to be reasonable. Actual results could differ from those estimates.

**NOTE 3 - PAYCHECK PROTECTION PROGRAM (PPP) LOAN**

FPF received \$144,500 in PPP loans which were forgiven during 2021. Accordingly the balance was presented as a separate line item in the statement of activities.

**Federación Puertorriqueña de Fútbol, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021**

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**NOTE 4 – SMALL BUSINESS ADMINISTRATION (SBA) LOAN**

In October 2020 FPF received a loan from the SBA in the amount of \$150,000, bears interest at a fixed rate of 2.75% per annum, has a term of thirty years, and is secured. Interest accrues on the loan beginning with the initial disbursement; however, payments of principal and interest amounting to \$641 are deferred.

**NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions include contributions from FIFA and CONCACAF subject to donor-imposed restrictions as to purpose that will be met by actions of FPF or that expire by the passage of time.

As of December 31, 2021, net assets amounting to \$3,004,063, were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors.

**NOTE 6 - INCOME TAXES**

FPF is tax-exempt organization under Sections 1101.01 (5) of Puerto Rico Tax Act as amended and 501©(3) of the Internal Revenue Code (IRC), as a result no provision of income taxes has being made on these financial statements

**NOTE 7 - COMMITMENTS AND CONTINGENCIES**

*Finance Lease*

In February 2020, FPF leased a vehicle with monthly payments amounting to \$568 which includes interest and principal. The lease expires in August 2025 and has the option to acquire the asset by a nominal amount. Accordingly, FPF has recognized the right-of use asset, net of amortization and the liability as a finance lease obligation.

Future minimum lease payments:

December 31,	
2022	6,810
2023	6,810
2024	6,810
Thereafter	15,265
	35,695
Imputed interest	5,818
	\$ 29,877

Federación Puertorriqueña de Fútbol, Inc.  
Notes to Financial Statements  
December 31, 2021

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NOTE 7 - COMMITMENTS AND CONTINGENCIES (continued)

*Rent commitment*

FPF has entered into a long-term agreement with Recreation and Sport Department of the Commonwealth of Puerto Rico for the use of office space in the Teófilo "Teo" Cruz building, which became effective December 2018. Currently, is a verbal recurrent agreement between both parties with monthly fees of \$1,300.

*Legal Matters*

Management believes that there are no pending legal proceedings against or involving FPF where the outcome can be predicted, and the financial impact be estimated.

NOTE 8 - SUBSEQUENT EVENTS

FPF evaluated its financial statements for subsequent events through the date the consolidated financial statements were available to be issued.