

Federación Puertorriqueña de Fútbol, Inc

Financial Statements and
Report of Independent Certified Public Accountant

December 31, 2020 and 2019

Table of Content

Page

Report of Independent Certified Public Accountant	1-2
Financial Statements	
Statements of financial position	3
Statements of activities	4
Statements of cash flows	6
Schedule of functional expenses	5
Notes to Financial Statement	7-12

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Board of Directors
Federación Puertorriqueña de Fútbol, Inc.

I have audited the accompanying consolidated financial statements of Federación Puertorriqueña de Fútbol, Inc. (FPF), which comprise the consolidated statement of financial position as of December 31, 2020, and the related statement of activities, 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 consolidated 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 consolidated 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 consolidated financial statements based on the audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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, 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 consolidated financial statements.

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

Opinion

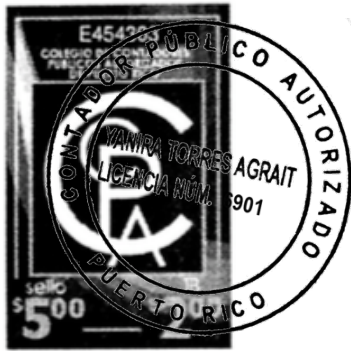
In mine opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of FPF as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matter

The financial statements of PFP as of and for the year ended December 31, 2019, were audited by another auditor. The auditor expressed an unmodified opinion on those 2019 financial statements in their report dated September 17, 2020.



August 30, 2021



Stamp E454303 was assigned to this report

Federación Puertorriqueña de Fútbol, Inc.
 Statements of Financial Position

			December 31,	
	Unrestricted	Restricted	2020 Total	2019 Total
ASSETS				
Cash and cash equivalents	\$ 184,400	\$ 536,112	\$ 720,512	\$ 278,585
Accounts receivables, net	8,554	-	8,554	9,930
Prepaid expenses and advances	-	-	-	-
Other assets	19,319	-	19,319	26,690
Right-of-use assets, net	33,924	-	33,924	-
Total Assets	<u>\$ 246,197</u>	<u>\$ 536,112</u>	<u>\$ 782,309</u>	<u>\$ 315,205</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	\$ 152,127	\$ -	\$ 152,127	\$ 126,103
Finance lease liability	36,687	-	36,687	-
Paycheck protection program loan	48,000	-	48,000	-
SBA loan	150,000	-	150,000	-
Total Liabilities	386,814	-	386,814	126,103
Net Assets				
Unrestricted	(140,617)	-	(140,617)	303,585
Restricted	-	536,112	536,112	(114,483)
Total Net Assets	<u>(140,617)</u>	<u>536,112</u>	<u>395,495</u>	<u>189,102</u>
Total Liabilities and Net Assets	<u>\$ 246,197</u>	<u>\$ 536,112</u>	<u>\$ 782,309</u>	<u>\$ 315,205</u>

(See Independent Auditors' Report and Accompanying Notes)

Federación Puertorriqueña de Fútbol, Inc.
 Statements of Activities

			December 31,	
	Unrestricted	Restricted	2020 Total	2019 Total
Revenues				
Registration and affiliation fees	\$ 58,858	\$ -	\$ 58,858	\$ 327,531
Activities and promotions	89,262	-	89,262	-
Contributions	-	2,419,386	2,419,386	2,218,195
Other revenues	31,802	-	31,802	29,452
Net Assets released from restrictions	2,186,859	(2,186,859)	-	-
Total Revenues	2,366,781	232,527	2,599,308	2,575,178
Expenses				
Competitions and events	551,480	-	551,480	887,589
Development and training	432,104	-	432,104	688,151
General and administrative	1,409,330	-	1,409,330	818,831
Total Expenses	2,392,914	-	2,392,914	2,394,571
Changes in Net Assets	(26,134)	232,527	206,393	180,607
Net Assets, beginning of the year	(114,483)	303,585	189,102	8,495
Net Assets, ending of the year	\$ (140,617)	\$ 536,112	\$ 395,495	\$ 189,102

(See Independent Auditors' Report and Accompanying Notes)

Federación Puertorriqueña de Fútbol, Inc.
Schedule of functional expenses

	2020			2019 Total
	Programs	Management and General	Total	
Salaries and payroll taxes	\$ 351,148	\$ 159,320	\$ 510,468	\$ 385,651
Development and trainings	432,104	46,282	478,386	479,349
COVID-19 and emergency	439,110	-	439,110	-
Competitions and events	277,952	-	277,952	549,017
Travel and meals	212,629	9,448	222,076	338,572
Other general and administrative	126,309	7,674	133,983	235,445
Professional services - other		116,184	116,184	-
Advertising and promotion	59,036	-	59,036	63,440
Legal services	39,667	-	39,667	145,362
Subscriptions and fees	28,800	1,000	29,800	-
Accounting services	-	19,479	19,479	-
Rent	9,919	2,988	12,907	-
Bank charges	-	12,801	12,801	9,631
Repairs and maintenance	-	12,785	12,785	-
Bank and finance charges	-	12,653	12,653	-
Amortization	-	6,785	6,785	2,805
Supplies and other miscellaneous	3,349	1,470	4,819	185,299
Finance lease	-	4,022	4,022	-
	<u>\$ 1,980,024</u>	<u>\$ 412,890</u>	<u>\$ 2,392,914</u>	<u>\$ 2,394,571</u>

(See Independent Auditors' Report and Accompanying Notes)

Federación Puertorriqueña de Fútbol, Inc.
Statement of Cash flows

	December 31,	
	2020	2019
Cash flows from operating activities		
Net change in net assets	\$ 206,393	\$ 180,607
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	6,685	2,804
Changes in operating assets and liabilities:		
Accounts receivables	1,376	8,236
Pre-paid expenses and advances	7,371	-
Accounts payables and accrued expenses	26,124	(280,340)
Net cash (used in) provided by operating activities	247,949	(88,693)
Cash flows from financing activities		
PPP loan proceeds	48,000	-
SBA loan proceeds	150,000	-
Finance lease repayment	(4,022)	-
Net cash flows provided by financing activities	193,978	-
Net change in cash	441,927	(88,693)
Cash, beginning of the year	278,585	367,278
Cash, end of the year	<u>\$ 720,512</u>	<u>\$ 278,585</u>
Supplemental information		
Interest paid	<u>\$ 1,654</u>	<u>\$ -</u>
Non-cash, right-of-use asset - finance lease	<u>\$ 40,709</u>	<u>\$ -</u>

(See Independent Auditors' Report and Accompanying Notes)

Federación Puertorriqueña de Fútbol, Inc.

Notes to Financial Statements

December 31, 2020

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.

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This ASU requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. This guidance is effective for financial statements issued for fiscal years beginning after December 15, 2020. Early adoption is permitted.

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets rather than three classes, (b) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (c) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, and (d) presenting investment return net of external and direct expenses. FPF implemented ASU 2016-14 effective for the year ended December 31, 2020 on a retrospective basis.

Federación Puertorriqueña de Fútbol, Inc.

Notes to Financial Statements

December 31, 2020

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Adopted Accounting Pronouncements (continued)

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), as amended by subsequent ASUs (collectively, ASC 606) which amends the existing accounting standards for revenue recognition and establishes principles for recognizing revenue upon the transfer of promised goods or services to customers based on the expected consideration to be received in exchange for those goods or services. The adoption of ASU 2014-09 did not materially impact the timing and measurement of revenue recognition. As a result, the FPF did not recognize a cumulative effect adjustment to the opening balance of net assets.

In June 2019, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which clarifies when a grant should be accounted for as a contribution or an exchange transaction. The adoption of ASU 2018-08 did not materially impact the financial statements.

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958). This ASU allows for the presentation and disclosure of contributions of nonfinancial assets to be more transparent in not-for-profit entities' financial statements. The new guidance will require not-for-profit entities to add a separate line item to the statement of activities, and to include various disaggregated disclosures by category, for contributions of nonfinancial assets. ASU 2020-07 is to be applied retrospectively and would be effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. Management is currently evaluating the impact of the adoption of ASU 2020-07 on its consolidated financial statements.

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, 2020 and 2019 was approximately \$179,000

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 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.

Federación Puertorriqueña de Fútbol, Inc.

Notes to Financial Statements

December 31, 2020

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. These reclassifications had no effect on the reported results of operations.

Federación Puertorriqueña de Fútbol, Inc.

Notes to Financial Statements

December 31, 2020

NOTE 3 - PAYCHECK PROTECTION PROGRAM (PPP) LOAN

In July 2020 FPF received a PPP loan in the amount of \$48,000, bears interest at a fixed rate of 1.0% per annum, has a term of five years, and is unsecured and guaranteed by the Small Business Administration (SBA). Interest accrues on the loan beginning with the initial disbursement; however, payments of principal and interest are deferred until the lender's determination of the amount of forgiveness applied for by the borrower is approved by the SBA.

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 for a period of twelve month from the initial disbursement.

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, 2020, net assets amounting to \$2,186,589 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.

Federación Puertorriqueña de Fútbol, Inc.
Notes to Financial Statements
December 31, 2020

NOTE 7 - COMMITMENTS AND CONTINGENCIES (continued)

Finance Lease (continued)

Future minimum lease payments:

<u>December 31,</u>		
2021	\$	6,810
2022		6,810
2023		6,810
2024		6,810
Thereafter		<u>15,265</u>
		42,507
Imputed interest		<u>5,819</u>
	\$	<u><u>36,687</u></u>

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, and will continue until June 2020. 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 – COVID-19

On January 30, 2020, the World Health Organization declared the outbreak of the coronavirus disease 2019 (COVID-19) a global health emergency and subsequently declared the COVID-19 outbreak a global pandemic in March 2020. The pandemic has adversely affected domestic and global economic activity. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets. Management is continually monitoring the potential impact of the pandemic on the entity.

Federación Puertorriqueña de Fútbol, Inc.

Notes to Financial Statements

December 31, 2020

NOTE 9 - SUBSEQUENT EVENTS (continued)

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

In January 2021, FPF received the forgiveness of PPP loan. (NOTE 4). In addition, in February 2021, FPF received a second disbursement PPP loan in the amount of \$96,500. The loan bears interest at a fixed rate of 1.0% per annum, has a term of five years, is unsecured and guaranteed by the SBA and has the same other general loan terms as the first draw PPP.