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FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FEDERACIÓN DE BALONCESTO DE PUERTO RICO

(A NON-PROFIT ORGANIZATION)

December 31, 2023

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S
FEDERACIÓN DE BALONCESTO DE PUERTO RICO
December 31, 2023

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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors of
Federación de Baloncesto de Puerto Rico
San Juan, Puerto Rico**

Opinion

Report on the Financial Statements

I have audited the accompanying statement of financial condition of **Federación de Baloncesto de Puerto Rico** as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Federación as of December 31, 2023, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. 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 the Federación 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 my 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 the Federación's ability to continue as a going concern within one (1) year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Federación'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's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.


Laura Feliú Báez
Lic 3497



Federación de Baloncesto de Puerto Rico

STATEMENT OF FINANCIAL POSITION

December 31, 2023

ASSETS

Assets

Cash	\$ 508,799
Accounts receivable	117,372
Grant receivables	118,001
Prepaid expenses	<u>54,720</u>
Total current assets	798,892
	<u>404</u>
<u>Other assets</u>	
Total assets	<u>\$ 799,296</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 8,349
Payroll related taxes payable	206
Accrued expenses	85,218
Deferred revenue	139,372
SBA Loan	<u>82,200</u>
Total liabilities	315,345

Net assets

Net assets without donor restrictions	<u>483,951</u>
Total liabilities and net assets	<u>\$ 799,296</u>

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

Federación de Baloncesto de Puerto Rico
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended December 31, 2023

Support and revenue

Contributions – National Teams	\$ 2,650,702
Contributions – Youth Division	1,038,375
Contributions and grants	435,228
In-kind contributions	665,908
Other income	<u>26,035</u>
 Total revenues	 4,816,248

EXPENSES

Program services	4,391,078
Management and general	<u>377,582</u>
 Total expenses	 <u>4,768,660</u>

Changes in Net Assets	47,588
Net Assets at Beginning of Year, as Previously Reported	436,363
Net assets at end of year	<u>\$ 483,951</u>

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

Federación de Baloncesto de Puerto Rico

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2023

FEDERACION DE BALONCESTO DE PR DRAFT Statement of Functional Expenses

January - December 2023

	Program services	General & Administrative	TOTAL
Expenditures			
Events and tournaments expense	\$ 1,264,247	\$ -	1,264,246.71
Transportation expenses	420,251	-	420,251.03
Travel expense	455,558	-	455,557.82
Lodging expense	533,519	-	533,518.94
Professional services expense	1,552,241	129,188	1,681,429.14
Salaries and related taxes expense	-	81,687	81,687.04
Dues and Suscriptions	5,333	2,590	7,923.51
Commision expense	3,000	35,000	38,000.00
Equipment Rental Expense	30,120	3,212	33,332.26
Rent & Lease	27,588	15,000	42,588.00
Repairs & Maintenance	-	19,863	19,862.74
Equipment Rental Expense	-	6,440	6,440.48
Advertising Expense	22,295	550	22,844.57
Bank Charges	6,025	3,249	9,274.08
Charitable Contributions Exp	3,050	1,500	4,550.00
Office Supplies & Software	4,359	33,900	38,259.31
Insurance Expenses	3,449	12,154	15,603.36
Interest Expenses	-	959	959.00
Telephone Expenses	-	12,463	12,463.00
Utilities Expenses	962	7,917	8,879.73
Miscellaneous expense	59,082	11,908	70,989.73
Total Expenditures	\$ 4,391,078	\$ 377,582	\$ 4,768,660

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

Federación de Baloncesto de Puerto Rico

STATEMENT OF CASH FLOW

Year ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets		\$	47,588
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Accounts and grant receivables	\$	40,839	
Other receivable		(72,063)	
Accounts payable		8,349	
Accrued expenses		26,562	
Prepaid expenses		(54,720)	
Payroll taxes payable		<u>(2,530)</u>	
Total Adjustments			<u>(53,563)</u>
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES			(5,975)

CASH FLOWS FROM FINANCING ACTIVITIES:

Payment on loans payables	(7,800)	
Deferred revenue	80,850	
Net assets released	(60,000)	
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES		<u>13,050</u>
Net increase in cash and cash equivalents		7,075
Cash and cash equivalents at beginning of year		501,724
Cash and cash equivalents at end of year		<u>\$ 508,799</u>

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

Federación de Baloncesto de Puerto Rico
NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2023

ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

Organization

The Federación de Baloncesto de Puerto Rico is a non – profit organization, operating under the laws of the Commonwealth of Puerto Rico and is exempt by law from all taxes. Is the national governing body for the sport of basketball and was established for the development of amateur basketball and international competition in Puerto Rico. Federación de Baloncesto de Puerto Rico is the Puerto Rico member of Federation International de Basketball (FIBA), the international governing body for basketball.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting. To ensure observance of limitations and restrictions placed on the use or resources available to the Organization financial statements are prepared in accordance with the principles of fund accounting.

Maintenance, Capitalization and Disposal Policy

Maintenance and repairs are charged to operations when incurred, betterments and renewals are capitalized. When property, plant, and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are removed, and any gain or loss is included in operations.

Depreciation and Amortization

Property and equipment are stated at cost less accumulated depreciation. Depreciation expense is provided over the estimated useful life of the related assets on a straight-line basis.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

(CONTINUE)

Support and Revenue Recognition

Legally enforceable pledges less an allowance for uncollectible are recorded as receivables in the year made. Pledges for support of current operations are recorded as operating fund support.

Donated Services

No amounts have been reflected in the statements for donated services in as much as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated amounts of their time in the Organization's program services and in its fund-raising campaigns.

Net Assets

For financial statement purposes, net assets consist of:

Unrestricted: Unrestricted net assets include those net assets whose use is not restricted by donors or programs, even though their use may be limited in other respects, such as by board designation. The Organization's unrestricted net assets are undesignated.

Contributions

Contributions are recognized as revenue when received or unconditionally promised. Contributions are recorded as unrestricted or temporarily restricted support depending upon the existence and/or nature of donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily restricted net assets. Within temporarily restricted net assets, amounts are reclassified to unrestricted net assets when restrictions expire (that is, when a stipulated time restriction ends, or a purpose restriction is accomplished).

ECONOMIC INJURY DISASTER LOAN

On July 22, 2020, the Corporation received loan proceeds in the amount of \$150,000 from the Small Business Administration (SBA) under its Economic Injury Disaster Loan (EIDL) assistance program in light of the impact of the COVID -19 pandemic on the Company's business. Pursuant to the loan agreement, installment payments, including principal and interest of \$641 monthly will begin monthly installments on May 1, 2022. The EIDL loan proceeds shall be used for working capital purposes. The balance of principal and interest will be payable thirty (30) years from the date of the promissory note. Interest will accrue at the rate of 3.75% per annum.

COMMITMENTS AND CONTINGENCIES

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters is not expected to have a material adverse effect in the Company's financial position or results of operations. As of December 31, 2023, the Federación has an agreement with Fiba Americas to purchase the building in which Puerto Rico offices are located.

DESIGNATED NET ASSETS

The Organization decides to designate \$60,000 from 2022 net assets for new projects to be developed in the future.

GOVERNMENTAL FUNDS REVENUES

During 2023 the organization received income from various sources including governmental grants.

The governmental grants are listed below:

Sports and Recreation Department	\$ 327,000
Legislative Funds	60,000
Puerto Rico Lottery	225,000
Puerto Rico Tourism Company	288,000
Puerto Rico Olympic Committee	<u>763,407</u>
Total revenue from governmental grants	\$ <u>1,663,407</u>

GOVERNMENTAL FUNDS EXPENSES

During 2023 the organization received income from various sources including governmental grants. Those grants were donor restricted and used for their restricted requirement. The total funds expenses related to the governmental donations \$1,663,407, these expenses are directly related to competitions and events for the National Teams and Youth Division.

GOVERNMENTAL BODY

Nombre	Puesto
Lcdo. Yum Ramos Perales	Presidente
Julio Sepulveda	Tesorero
Prof. Edmundo Baez	Secretario General
Sr. Hector Laboy	Sub Secretario / Director Liga Infantil y Juvenil Femenina
Sr. Juan J. Velazquez	Director Liga Intermedia
Sr. Luis Gabriel Miranda	Director BSNF
Sr. Osvaldo Rosa	Director Liga Juvenil/Presidente Región Este
Sr. Ivan Vázquez	Director Liga de Mini Baloncesto/Presidente Región Centro
Srta. Pamela Rosado	Representante de Interés Público
Lcdo. Alberto Arroyo	Representante de Interés Público
Sr. Angel Toro	Representante de Interés Público
Sr. Gerardo Zayas	Representante de Interés Público
Ferdinand Cedeño	Representante de Interés Público
Hipólito González	Representante de Interés Público
Roberto Cañada	Representante de Interés Público
Karen Colón	Representante de Interés Público
Sr. Gustavo Cañas	Representante de Entrenadores
Sr. Felipe Fillo Gandará	Representante Oficiales de Mesa
Sr. Roberto Ramirez	Representante Liga Afiliada (ACB)
Sr. William Lopez	Representante Liga Afiliada (IYB)
Sr. Luis E. Águila	Representante Liga Afiliada (Jr. olympic)
Sr. Carlos Miguel Vázquez Santiago	Representante Liga Afiliada (Little Lads & Lassies)
Sr. Rubén Ortiz Laureano	Representante Liga Afiliada (PBO)
Sr. Noel González Quiñones	Representante Liga Afiliada (PBO)
Sr. Ricardo Dalmau	Representate Liga Afiliada (BSN)
Sr. Axel Coll	Representante Arbitros
Prof. Juan Figueroa	Representante Comisión Técnica
Srta. Michelle González	Representante de Atletas

SUBSEQUENT EVENT

Management has evaluated subsequent events through June 19, 2024, which is the date the financial statements were available to be issued. No significant events have been identified that would require adjustment or disclosure in the accompanying financial statements.