

**UNITED STATES VIRGIN ISLANDS
SOCCER FEDERATION, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2021
*(With Comparative Totals for 2020)***



UNITED STATES VIRGIN ISLANDS SOCCER FEDERATION, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2021

TABLE OF CONTENTS

Independent Auditor's Report	1
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Financial Statements:

Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7



1090 Vermont Avenue, NW
Suite 250
Washington, DC 20005

P.O. Box 2478
Kingshill, VI 00851

200 E Pratt Street
Suite 4100
Baltimore, MD 21202

INDEPENDENT AUDITOR'S REPORT

United States Virgin Islands Soccer Federation, Inc.
St. Croix, U.S. Virgin Islands

Opinion

We have audited the financial statements of United States Virgin Islands Soccer Federation, Inc. (the "Federation"), which comprise the balance sheet as of December 31, 2021, and the related statement of income and changes in partners' capital, retained earnings, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Federation as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Federation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we 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 the Federation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 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, including omissions, 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, we:

- 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 the Federation'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 our judgment, there are conditions or events considered in the aggregate that raise substantial doubt about the Federation's ability to continue as a going concern for a reasonable period of time.

We are 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.

Information Other Than the Financial Statements and the Auditor's Report Thereon

Comparative Financial Information

We have previously audited the Federation's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 11, 2021. In our opinion, the summarized comparative information presented herein, as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bart Smith & Co.

St. Croix, U.S. Virgin Islands
June 22, 2022

UNITED STATES VIRGIN ISLANDS SOCCER FEDERATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Cash	\$ 920,678	\$ 1,206,463
Receivables	2,400	-
Prepayments	13,890	10,548
Other Assets	4,000	4,000
Total Current Assets	<u>940,968</u>	<u>1,221,011</u>
Noncurrent Assets:		
Property and Equipment, net	2,844,220	2,914,413
Construction in Progress	<u>658,089</u>	<u>324,111</u>
Total Noncurrent Assets	<u>3,502,309</u>	<u>3,238,524</u>
Total Assets	<u>\$ 4,443,277</u>	<u>\$ 4,459,535</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	<u>\$ 60,825</u>	<u>\$ 119,331</u>
Total Current Liabilities	<u>60,825</u>	<u>119,331</u>
Total Liabilities	<u>60,825</u>	<u>119,331</u>
Net Assets:		
Without Donor Restrictions	3,391,342	3,555,287
With Donor Restrictions	991,110	784,917
Total Net Assets	<u>4,382,452</u>	<u>4,340,204</u>
Total Liabilities and Net Assets	<u>\$ 4,443,277</u>	<u>\$ 4,459,535</u>

The accompanying notes are an integral part of these financial statements

UNITED STATES VIRGIN ISLANDS SOCCER FEDERATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2021	2020
INCOME				
Forward Football Development Program and Other Support	\$ 1,759,905	\$ 500,000	\$ 2,259,905	\$ 2,610,786
Capital Funding	-	-	-	179,980
<i>Net Asset Released from Restrictions:</i>				
Satisfaction of Purpose Restrictions	293,807	(293,807)	-	-
Total Income	2,053,712	206,193	2,259,905	2,790,766
EXPENSES				
Program Services	1,702,443	-	1,702,443	1,037,774
General and Administrative	515,215	-	515,215	287,189
Total Operating Expenses	2,217,658	-	2,217,658	1,324,963
Change in Net Assets	(163,945)	206,193	42,248	1,465,803
Net Assets, Beginning of Year	3,555,287	784,917	4,340,204	2,874,401
Net Assets, End of Year	<u>\$ 3,391,342</u>	<u>\$ 991,110</u>	<u>\$ 4,382,452</u>	<u>\$ 4,340,204</u>

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

UNITED STATES VIRGIN ISLANDS SOCCER FEDERATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2021
(With Comparative Totals for 2020)

	PROGRAM	GENERAL AND ADMINISTRATIVE	Totals	
			2021	2020
Travel	\$ 880,782	\$ -	\$ 880,782	\$ 105,522
Contract Labor	192,256	-	192,256	457,319
Coaching	325,285	-	325,285	176,310
Development Program	53,851	-	53,851	15,368
Special Events	32,870	-	32,870	20,837
Facility and Equipment	56,090	3,825	59,915	54,321
Office	7,698	260,377	268,074	14,641
Rent	41,300	-	41,300	56,800
Advertisement	47,553	-	47,553	46,618
Insurance	10,455	7,776	18,231	19,277
Auto	10,319	-	10,319	10,941
Depreciation	-	208,428	208,428	199,894
Utilities	-	15,536	15,536	51,558
Professional and Other	43,984	19,273	63,257	95,557
Total	<u>\$ 1,702,443</u>	<u>\$ 515,215</u>	<u>\$ 2,217,658</u>	<u>\$ 1,324,963</u>

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

UNITED STATES VIRGIN ISLANDS SOCCER FEDERATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 42,248	\$ 1,465,803
<i>Adjustment to Reconcile Net Income to Net Cash Provided by/(Used in) Operating Activities:</i>		
Depreciation	208,428	199,894
<i>Changes in Operating Assets and Liabilities:</i>		
Decrease/(Increase) in Receivables	(2,400)	-
(Increase) in Prepaid Expenses	(3,342)	(8,400)
(Increase) in Other Assets	-	1,800
(Decrease)/Increase in Accounts Payable	<u>(58,506)</u>	<u>(141,988)</u>
Net Cash Provided by Operating Activities	<u>186,428</u>	<u>1,517,109</u>
<i>Cash Flows from Investing Activities:</i>		
Acquisition of Fixed Assets	(138,235)	(91,135)
Construction-in-Progress	<u>(333,978)</u>	<u>(312,111)</u>
Net Cash (Used in) Investing Activities	<u>(472,213)</u>	<u>(403,246)</u>
Net (Decrease) Increase in Cash	(285,785)	1,113,863
Cash, Beginning of Year	<u>1,206,463</u>	<u>92,600</u>
Cash, End of Year	<u><u>\$ 920,678</u></u>	<u><u>\$ 1,206,463</u></u>

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

UNITED STATES VIRGIN ISLANDS SOCCER FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the United States Virgin Islands Soccer Federation, Inc.'s (the "Federation") significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

- ***Nature of Operations***

The Federation is a private organization duly constituted and registered in the U.S. Virgin Islands as a non-profit organization. The principal activity of the Federation is to improve and regulate the game of football (soccer) throughout the territory. The Federation is an affiliate of the Federation Internationale de Football Association ("FIFA") which is the world-governing body of soccer and is comprised of the various national soccer associations. FIFA is responsible for the promotion and organization of the game of soccer throughout the world. The Federation is also affiliated with the Confederation of North, Central American, and Caribbean Association Football (CONCACAF).

- ***Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

- ***Basis of Presentation***

The financial statements are presented under standards for not-for-profit organizations issued by the Financial Accounting Standards Board. Under these standards, financial statements are required to report information regarding the Federation's financial position and activities to the following net asset classification:

... *Net Assets Without Donor Restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Federation's management and the Board of Directors.

... *Net Assets With Donor Restrictions:* Net assets that are subject to donor or grantor imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Federation or by the passage of time.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets. The Federation had a total of \$991,110 in donor-restricted assets as of December 31, 2021.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

• **Support**

The Federation receives a significant portion of its revenues from FIFA under the Forward Football Development Program. Revenues are based on fixed contract amounts and recognized on the accrual basis of accounting. Included in revenues is \$500,000 dollars from FIFA for COVID relief.

Including in the grant stipulations are the following requirements:

1. The implementation of return-to-play protocols and development of footballing activities, including:
 - i. Covid-19 Testing
 - ii. Application of sanitary stations (at training Grounds)
 - iii. Applications of protocols for social distance training sessions
2. The payment of paying personnel and/or coaching staff and essential staff where necessary:
 - i. Paying personnel
 - ii. Coaching staff
 - iii. Essential staff
3. Purchase of sanitary tools and training equipment
4. The maintenance of footballing infrastructure

• **Property and Equipment**

The Federation records property and equipment at cost when acquired. Depreciation is recorded on a straight-line method. The estimated useful lives used in computing depreciation of property and equipment are as follows:

Building	39 years
Land Improvements	15 years
Furniture and Equipment	5-7 years
Vehicle	5 years

• **Cash and Cash Equivalents**

For the purposes of the statements of cash flows, the Federation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

• **Income Taxes**

The Federation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; therefore, no federal income tax has been recorded in the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- ***Use of Estimates***

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

- ***Comparative Information***

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail or reclassifications to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Federation's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

- ***Functional Allocation of Expenses***

The costs of providing the program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting service.

- ***New Accounting Pronouncement***

Accounting Pronouncement Issued: On August 18, 2016, FASB issued ASU-2016-14, Not-for-Profit Entities (Subtopic 958): Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Federation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

ASU 2018-13, 'Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820).' The amendment removes and modifies certain fair value hierarchy leveling disclosures. Implementation resulted in financial statement disclosure modifications only.

Pending Standards Update – ASU 2016-02, "Leases (Topic 842), is effective, as delayed, for the financial statements for the year beginning after December 15, 2021. These amendments and related amendments will require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

NOTE 2 AVAILABILITY AND LIQUIDITY

The following table represents the Federation's financial assets at December 31, 2021:

Financial assets at year-end:	
Cash	\$920,678
Receivables	<u>2,400</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$923,078</u></u>

The Federation receives most of its revenue from the FIFA for programs as explained in Note 1 and does not maintain significant financial asset in excess of its budgeted general needs.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2021:

Building	\$1,031,070
Furniture and Equipment	155,359
Vehicle	153,818
Land Improvements	<u>2,146,051</u>
Total	3,486,297
Less: Accumulated Depreciation	<u>(642,077)</u>
Property and Equipment, Net	<u><u>\$2,844,220</u></u>

NOTE 4 CONSTRUCTION IN PROGRESS

Construction in progress represents costs incurred in 2020 and 2021 for the construction of a soccer field and other related facilities at plot #23-1 Estate Upper Bethlehem, St. Croix, U.S. Virgin Islands. At December 31, 2021, construction in progress totaled \$658,089.

NOTE 5 CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Federation's main source of income is the funds received under the FIFA Forward Football Development Program. Any material changes in this source of support would have a significant impact on its programs and services.

NOTE 6 CONCENTRATION OF CREDIT RISK

The custodial credit risk for deposits is the risk that in the event of a bank failure, the federation deposits may not be recovered. The Federation does not have a formal deposit policy for custodial credit risk and maintained all deposits at two financial institutions, the balance of which exceeded the FDIC insured limit of \$250,000 per account. The total amount uninsured and uncollateralized as of December 31, 2021 was \$344,869.

NOTE 7 LEASE AGREEMENT

The Federation conducts its activities from the office located in St. Croix, which was constructed with partial funding from FIFA. The office building located at Upper Bethlehem, St. Croix, is built on land leased from the Government of the United States Virgin Islands for a period of 30 years with a monthly payment of \$800. The St. Thomas office was significantly damaged as a result of Hurricane Irma and is no longer in use.

The Federation also leased housing for various employees. This includes the following:

Employee	Period	Monthly Amount
Director of Football & Coaching Education	December 1, 2020 – November 30, 2022	\$2,000
St. Thomas Development Coach	January 1, 2021 – December 30, 2021	700
VI Department of Property and Procurement	September 19, 2012 – September 11, 2042	800
Men's National Team Coach	November 1, 2019 – October 31, 2021	1,800

Rental fees over the next five years are as follows:

Year	Amount
2022	\$31,600
2023	\$ 9,600
2024	\$ 9,600
2025	\$ 9,600
2026	\$ 9,600

Rent expense for the year ended December 31, 2021 was \$41,300.

NOTE 8 SUBSEQUENT EVENTS

The Federation's management has evaluated subsequent events through June 22, 2022, the date the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events that did not exist at the balance sheet date, but disclosures of such events, if any, are included in the accompanying notes.

COVID-19

The Authority's operations are affected by the ongoing outbreak of coronavirus disease (COVID-19), which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption, which may be caused by the continued outbreak, is uncertain; however, it may continue to impact the Federation's financial position, operations, and cash flows.