

FEDERASHON FUTBOL KORSOU, CURAÇAO

**FEDERASHON FUTBOL KORSOU
CURAÇAO**

Financial statements 2019

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INDEPENDENT AUDITOR'S REPORT

To: The Board of Federashon Futbol di Korsou

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2019

Opinion

We have audited the financial statements of Federashon Futbol Korsou (the Federation), based in Curaçao.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Federation as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with Book 2 of the Civil Code of Curaçao and generally accepted accounting principles in the Netherlands.

The financial statements comprise:

- The statement the statement of financial position as at 31 December 2019; and
- the statement of comprehensive income; and
- statement of changes in equity and statement of cash flows for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 independent of the Federation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Curaçao, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the board for the financial statements

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with Book 2 of the Civil Code of Curaçao and generally accepted accounting principles in the Netherlands, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, the Board is responsible for assessing the Federation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Federation or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for overseeing the Federation's financial reporting process.

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 a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
 - ▶ 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.
 - ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Federation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Federation to cease to continue as a going concern.
 - ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
-



We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Curaçao, 22 June 2020
11938342 112/22948

for Ernst & Young Accountants

A handwritten signature in black ink, appearing to be 'E.R. Status van Eps', written over a horizontal line.

E.R. Status van Eps CPA

2. FINANCIAL STATEMENTS

2.1 BALANCE SHEET AS AT 31 DECEMBER 2019

(before appropriation of result)

	<u>Notes</u>	<u>2019</u> ANG	<u>2018</u> ANG
Fixed assets			
Property, plant & equipment	4.1	3,736,945	2,085,744
		3,736,945	2,085,744
Current assets			
Stock		16,628	3,945
Receivables clubs	4.2.1	20,782	2,524
Trade receivables	4.2.2	830,261	1,634,794
		867,671	1,641,263
Cash and Cash equivalents	4.3	73,789	411,814
Total assets		4,678,405	4,138,821
		<u>2019</u> ANG	<u>2018</u> ANG
Equity			
General reserves	4.4	2,981,391	2,604,945
Result for the year		39,584	376,358
		3,020,975	2,981,303
Current liabilities			
Trade payables		657,861	205,006
Payables clubs	4.5	321,377	306,603
Credit facilities		-	100
Taxes and social security's charges	4.6	561,993	477,318
Other liabilities	4.7	116,199	168,491
		1,657,430	1,157,518
Total equity and liabilities		4,678,405	4,138,821

The notes to the financial statements form an integral part of the financial statements.

2.2 STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR 2019

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
		ANG	ANG
Income			
Revenues	5.1	6,665,511	4,129,017
Expenses			
Soccer expenses	5.2	5,603,460	2,976,774
Personnel expenses	5.3	562,664	369,741
Housing expenses	5.4	178,450	187,323
General expenses	5.5	241,010	259,449
Depreciation expenses	5.6	<u>65,114</u>	<u>61,384</u>
		<u>6,650,698</u>	<u>3,854,671</u>
Operating result		14,813	274,346
Other comprehensive income and expenses		24,771	102,012
Result for the year		<u>39,584</u>	<u>376,358</u>

The notes to the financial statements form an integral part of the financial statements.

3 NOTES TO THE FINANCIAL STATEMENTS 2019

3.1 General

Federashon Futbol Korsou (“the Association”) was incorporated under the laws of Curaçao on 23 May 1921. The purpose of the Association is to promote soccer as a sport in the broadest sense.

By changing the constitutional structure of the Dutch Kingdom, the Netherlands Antilles has ceased to exist since 10 October 2010 and Curaçao continued its existence as a separate country within the Kingdom. As a consequence, the right to exist of the NAVU came to an end. The board and members of the NAVU then decided to continue the promotion of soccer on Curaçao under the name of the already existing soccer association of Curaçao, Federashon di Futbol di Korsou (FFK). The fiscal year of the FFK runs from 1 January to 31 December of each year and was for the first time applicable for the 2011 financial year.

In order to be able to apply the basis and regulations for the preparation of the financial statements, it is necessary that management of the company constitutes an opinion on various matters and that management make estimates that may be essential for the amounts recorded in the financial statements. If necessary, to provide the required insight, the nature of these judgments and estimates, including the accompanying assumptions, are disclosed in the notes to the relevant financial statement’s accounts.

3.2 Summary of significant accounting policies

The financial statements have been prepared in accordance with Book 2 of the Civil Code of Curaçao and in accordance with accounting principles generally accepted in the Netherlands.

The financial statements have been prepared under the historical cost convention and under the assumption of going concern. Unless otherwise stated, assets and liabilities are recorded at nominal value. Income and expenses are allocated to the year they were incurred on accrual basis. Profits are only taken to the extent that they have been realized at the balance sheet date. Liabilities and potential losses arising from circumstances before the end of the reporting year are considered to the extent that they are known and foreseeable before the preparation of the financial statements.

3.3 Accounting principles for valuation of assets and liabilities

Foreign currency

Functional currency

The financial statements have been prepared in ANG. This is both the functional and the presentation currency of the Association.

Transactions, receivables and liabilities in foreign currencies

Receivables, liabilities and obligations denominated in foreign currency are translated at the balance sheet date into to the functional currency at the exchange rate applicable as at that date. Transactions denominated in foreign currency are translated into the relevant functional currency at the exchange rate applying on the transaction date. The exchange rate differences arising from the translation at the balance sheet date are included in the statement of comprehensive income, considering possible hedge transactions if applicable.

Tangible fixed assets

The tangible fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments. Depreciation is based on the estimated useful life of the assets and calculated as a fixed percentage of cost, considering any residual value. Depreciation is accounted for from the date an asset is taking into use. Land is not depreciated.

Impairment of fixed assets

The association assesses at each balance sheet date whether there are indicators that a tangible fixed asset may be impaired. If such indicators exist, the association estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use. The recoverable amount is determined for individual assets, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable, the asset is considered impaired and is written down to its recoverable amount.

In case that it is determined that an impairment loss recognized in the past no longer exists or has decreased, then the increased book value of the assets must not be higher than the carrying amount that would be determined if no impairment for the asset would have been accounted for.

Trade and other receivables

Trade and other receivables are stated at nominal value, less any provision for doubtful receivables. Provisions are designated on the basis of an individual assessment of the recoverability of the recorded receivables.

3.3 Accounting principles for valuation of assets and liabilities (continued)

Cash and cash equivalents

The cash and cash equivalents, unless otherwise stated, are at the free disposal of the association.

Short term liabilities

Liabilities are valued at nominal value, unless disclosed differently.

3.4 Accounting principles for the determination of the result

General

The result is determined as the difference between the income and all related expenses to be charged in the period to which they are related. The expenses are determined in compliance with the accounting principles mentioned above.

Losses are accounted for in the year in which they are foreseeable.

Other income and expenses are allocated to the reporting period to which they relate.

Exchange rate differences

Exchange rate differences arising from the settlement of monetary items are recognized in the statement of comprehensive income in the period in which they occur.

Depreciation

The tangible fixed assets are depreciated based on the expected economic useful life of the assets from the date an asset is taken into use. Land is not depreciated.

If a change in estimate is made for the economic life of an asset, then future depreciation will be adjusted.

Financial income and expenses

Financial income and expenses relate to interest income received on savings accounts balances and interest expenses paid on bank overdrafts during the year.

4 NOTES TO THE BALANCE SHEET AS AT 31 DECEMBER 2018

4.1 Tangible fixed assets

	Buildings	Stadium	Mini Pitch	Inventory	Asset under construction	Total
Book value as at 1 Jan 2019						
Purchase price	1,764,978	936,594	403,156	291,447	-	3,396,175
Revaluation	(383,459)	-	-	-	-	(383,459)
Accumulated depreciation	(475,057)	(139,523)	(36,092)	(276,300)	-	(926,972)
	906,462	797,071	367,064	15,147	-	2,085,744
Movements						
Investments	83,264	969,623	-	29,066	620,361	1,702,314
Disinvestments	-	-	-	-	-	-
Depreciation	(25,741)	(24,441)	(9,118)	(5,814)	-	(65,114)
	57,523	945,182	(9,118)	23,252	620,361	1,637,200
Book value as at 31 Dec 2019						
Purchase price	1,517,769	1,906,678	402,548	302,692	620,361	4,750,048
Revaluation	-	-	-	14,000	-	14,000
Accumulated depreciation	(553,784)	(164,424)	(44,602)	(264,293)	-	(1,027,103)
	963,985	1,742,254	357,946	52,399	620,361	3,736,945
Depreciation rates	2.5%	2.5%	2.5%	20%	0%	

The calculation of depreciation considers a residual value of 10%.

4.2 Current Assets

4.2.1 Receivables clubs

	<u>2019</u>	<u>2018</u>
	ANG	ANG
Receivables	20,782	2,524
Allowances for doubtful receivables clubs	-	-
	<u>20,782</u>	<u>2,524</u>

For 2019 no allowance for doubtful receivables clubs is deemed necessary (2018: ANG 0).

The receivable clubs are specified as follows as at 31 December:

	<u>2019</u>	<u>2018</u>
	ANG	ANG
Astros de Colombia	345	345
Buena Vista	1,479	1,479
C-Stars	728	-
Excellence	10,483	-
Haitian Union	5,254	-
Tera Kora	1,793	-
Willibroodus	700	700
	<u>20,782</u>	<u>2,524</u>

4.2.2 Trade receivables

	<u>2019</u>	<u>2018</u>
	ANG	ANG
Funding to be received from FIFA	642,459	1,615,700
Other trade receivables	187,802	19,094
Allowances for account receivables	-	-
	<u>830,261</u>	<u>1,634,794</u>

As at 31 December 2019 no allowance for doubtful receivables was recorded.

The receivable on FIFA in the amount of USD 360,932 as at 31 December 2019 (equivalent of ANG 642,459), consists of:

- USD 1,000,000 from the FIFA Forward Program funding from 2019; and
- USD 500,000 for operational cost and USD 300,000 related to travel and training expenses;
- Less an amount of USD 1,439,068 which has already been received during 2019.

FIFA has confirmed that the amount of USD 360,932 is still due as at 31 December 2019. The amount is expected to be paid in 2020, therefore no provision is deemed necessary.

4.3 Cash and cash equivalents

	<u>2019</u>	<u>2018</u>
	ANG	ANG
BDC N.V. Current account	32,348	35,358
BDC N.V. Current savings	180	219,138
MCB Bank N.V. Savings	218	-
MCB Bank N.V. Current account	38,465	153,809
Cash	2,588	5,229
Cash in transit	(10)	(1,720)
	<u>73,789</u>	<u>411,814</u>

The cash and cash equivalents are at the free disposal of the association.

4.4 Equity

Due to its organizational structure, the association has no capital. Equity therefore consists of the General reserves and the changes that occurred in this during the financial year. The flow through of the general reserves is disclosed below.

	<u>2019</u>	<u>2018</u>
	ANG	ANG
Balance general reserves as at 1 Jan	2,604,945	2,194,063
Previous year result	376,358	408,399
Other movements previous year	88	2,483
Balance general reserves as at 31 Dec	<u>2,981,391</u>	<u>2,604,945</u>
Result for the year	<u>39,584</u>	<u>376,358</u>
Equity balance as at 31 Dec	<u>3,020,975</u>	<u>2,981,303</u>

4.5 Payables clubs

The payables to clubs are specified as follows as at 31 December:

	<u>2019</u>	<u>2018</u>
	ANG	ANG
Inter Willemstad	50,049	30,422
Victory Boys	24,204	26,808
H.Fortuna	27,483	24,967
R.K.S.V Scherpenheuvel	14,819	23,518
J.Colombia	28,828	18,028
Centro Barber	35,658	17,965
Centro Dominguito	20,366	17,087
QUICK	415	16,310
Undeba	25,365	15,725
Vesta	18,123	15,520
J.Holland	10,314	14,464
St Cruz	8,237	10,349
C.H MAHUMA	1,159	9,641
Sithoc	8,742	8,416
NEW SONG	5,794	7,853
Haitian Football Club	4,892	7,696
Marquita	-	6,086
Excellence	-	5,390
Subt	14,747	5,101
Indekor	2,792	4,449
Sta Rosa	201	4,444
Zebra's	-	3,275
De Koning	4,532	3,206
Brazil Marchena	2,910	2,585
ATLE'TIKO SAL	2,534	2,360
CIU	20	1,220
Bonam	989	989
TERRA KORA	-	913
Atomic	187	791
WESPUNT	750	750
C.star	-	100
F.C Inter	339	-
Rio Magdalena	1,500	-
WISHI	100	100
Genesis Boys	50	50
Gemstones United	25	25
Other	5,253	-
Total Payables clubs	<u>321,377</u>	<u>306,603</u>

4.6 Taxes and social security charges

	<u>2019</u>	<u>2018</u>
	ANG	ANG
Wage tax	181,496	150,167
AOV/AWW	205,902	180,758
AVBZ	36,734	32,412
BVZ	92,346	72,071
SVB	45,152	41,547
Cessantia	363	363
	<u>561,993</u>	<u>477,318</u>

The breakdown of the tax and social security charges accruals per 31 December 2019 amounting to ANG 561,993 consists of:

- SVB/wage tax accruals (former N.A.V.U.) amount to ANG 140,065 (2018: ANG 140,065)
- SVB/wage tax accruals FFK amount to ANG 421,928 (2018: ANG 337,253)

On 17 January 2011, FFK, at that time still on behalf of NAVU's board, filed a request for remission of the SVB liability for ZV/OV and AOV/AWW for a total amount of ANG 52,889.95 and wage taxes of ANG 88,644.00. The Board of FFK had indicated that no response was received on this remission request by 31 December 2015, so this debt was accounted for in the financial statements under Taxes and Social Security charges.

For the other tax and social security charges accruals, which arose from the activities of FFK since the establishment of the association, the board of FFK was proposing to submit a request for remission.

In 2016 an investigation was performed by SVB at FFK. As a result of this investigation, various movable properties of the association were temporarily seized. Based on the inspection, an overview of tax filings and payable amounts was prepared by SVB and the Landsontvanger and provided to FFK. According to this overview, the outstanding payable amount recorded was understated by ANG 105,809, of which ANG 91,019 is attributable to the open balance from the N.A.V.U. FFK agreed with SVB that after a payment of ANG 15,000 the seized movable properties were released. The seizure of the properties had been lifted before 31 December 2016.

During 2018 SVB and the Landsontvanger had written off some old outstanding balances totaling to ANG 12,649 for N.A.V.U. and ANG 3,376 for FFK. For 2019 management has not performed a similar inspection and there for no amounts have been written off. The outstanding payable amount as at 31 December 2019 reflects mainly taxes and social security charges incurred during 2019.

4.7 Other liabilities

	<u>2019</u>	<u>2018</u>
	ANG	ANG
Net salaries payables	60,836	(1,676)
Audit fee payable	42,400	28,400
Vacation allowance payable	12,772	12,760
Other payables	191	129,007
	<u>116,199</u>	<u>168,491</u>

4.8 Off-balance-sheet rights and obligations

As at 31 December 2019 there are no off-balance-sheet rights and obligations.

5 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR 2018

5.1 Revenues

	<u>2019</u>	<u>2018</u>
	ANG	ANG
FIFA forward	3,225,957	2,230,340
Matches	709,954	553,493
Rental	116,493	70,745
Transfers	37,212	25,275
Contributions	3,087	3,750
Fundraising, donations and other contributions	2,437,768	1,163,582
Other revenues	135,040	81,832
	<u>6,665,511</u>	<u>4,129,017</u>

5.2 Soccer expenses

	<u>2019</u>	<u>2018</u>
	ANG	ANG
Youth selections	233,674	417,520
Senior selection	2,478,524	1,069,206
Futsal selection	245	24,225
ABC	51,396	50,573
Club shield	1,130,056	-
Tournament Exp	98,262	78,343
Women`s football	147,551	189,693
Security	133,499	98,020
Rent stadium	169,838	124,268
Referees/Commissioners	124,910	99,188
Announcer/promo	104,201	93,985
First aid Exp	24,787	11,950
Medical & Doping	25,795	19,376
Equipment	87,722	45,786
Prices	27,528	12,681
Consumption	29,603	23,293
Trainers	219,218	86,923
Transportation	46,269	38,360
Training & Education	80,299	16,121
Other football expenses	84,138	86,035
Recette subsidie clubs	119,902	192,771
Share in recette clubs	186,043	198,457
	<u>5,603,460</u>	<u>2,976,774</u>

5.3 Personnel expenses

	<u>2019</u>	<u>2018</u>
	ANG	ANG
Personnel expenses		
Wages	425,866	313,741
Social security charges	98,976	45,108
Other personnel expenses	<u>37,822</u>	<u>10,892</u>
	<u>562,664</u>	<u>369,741</u>

During 2019 an average of 10 FTE was employed by the association (2018: 8).

The total compensation of the directors/members amounts to ANG 47,091 and ANG 48,421 respectively in 2019 and 2018 and is accounted for as part of the general expenses in note 5.5.

5.4 Housing Expenses

	<u>2019</u>	<u>2018</u>
	ANG	ANG
Utilities	36,360	36,027
Maintenance & Cleaning Expenses	71,370	95,500
Insurances	10,806	10,806
Other housing expenses	<u>59,914</u>	<u>44,990</u>
	<u>178,450</u>	<u>187,323</u>

5.5 General expenses

	<u>2019</u>	<u>2018</u>
	ANG	ANG
Management and delegates compensation	92,592	93,923
Import duty	-	3,226
Bank charges	26,877	15,946
Administrative expenses and audit fee	48,245	48,557
Office supplies expenses	61,455	32,003
Congress expenses	11,250	12,782
T-Shirts & scarf	260	16,799
Other expenses	<u>331</u>	<u>36,213</u>
	<u>241,010</u>	<u>259,449</u>

5.5 General expenses (continued)

As indicated in 5.5, the compensation for directors/members is recognized under general expenses.

5.6 Depreciation expenses

	<u>2019</u>	<u>2018</u>
	<u>ANG</u>	<u>ANG</u>
Buildings	25,741	28,511
Inventories	5,814	2,840
Mini field	9,118	9,118
Stadium	24,441	20,915
	<u>65,114</u>	<u>61,384</u>

5.7 Related parties

During 2019, several transactions were conducted with F.D.O.K. These transactions are considered related party transactions with FFK because of the secondary function of the President of FFK as President of this organization. The total of the transactions with F.D.O.K. during 2019 amount to ANG 135,000 and is related to expenses incurred by FFK for the organization of soccer matches and events and the corresponding reimbursements received from F.D.O.K.

FFK has not identified any other related parties and transactions with related parties.

5.8 Subsequent events

In the first quarter of 2020, the new coronavirus (COVID-19) has spread across many countries and has caused disruption to businesses and economic activity. Several income sources of the Company are affected by this crisis, which could significantly impact its performance and results. FFK has adjusted its internal processes and systems so its operations could function without disruption under such circumstances. As a result, FFK does not expect its activities to be adversely impacted. The Management of FFK considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on the Company's performance or to provide a quantitative estimate of this impact.

Curaçao, 22 June 2020

Federashon Futbol Korsou

Board of directors

6. OTHER INFORMATION

Statutory regulations for the appropriation of profit

The result for the financial year will be added to the General reserves.