Consolidated financial statements of
Right To Play International

December 31, 2023

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Independent Auditor's Report

To the Board of Directors of
Right To Play International

Opinion

We have audited the consolidated financial statements of Right To Play International (the "Corporation"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian 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 independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management 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, management is responsible for assessing the Corporation'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 management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Canadian GAAS 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 Canadian GAAS, 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 Corporation'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 Corporation'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 Corporation 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 27, 2024

Right To Play International
Consolidated statement of financial position
As at December 31, 2023

	Notes	2023 $	2022 $
Assets			
Current assets			
Cash	4	**33,344,468**	34,636,553
Investments	5	**4,569,070**	4,155,782
Contributions receivable		**4,827,941**	3,808,145
Harmonized Sales Tax receivable		**186,737**	172,811
Prepaid and other expenses		**1,441,247**	1,249,569
		44,369,463	44,022,860
Capital assets	6	**624,961**	789,041
		44,994,424	44,811,901
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	15	**4,516,399**	4,818,642
Deferred contributions	7	**21,158,633**	21,338,817
Deferred lease inducement		**31,093**	31,093
		25,706,125	26,188,552
Long-term			
Deferred lease inducement		**211,808**	242,901
Deferred capital contributions	8	**485,067**	575,443
		26,403,000	27,006,896
Commitments and contingencies	11 and 12		
Net assets			
Invested in capital assets		**314,069**	555,132
Internally restricted net assets	16	**4,155,782**	4,155,782
Unrestricted		**14,121,573**	13,094,091
		18,591,424	17,805,005
		44,994,424	44,811,901

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board

______________________________, Director

______________________________, Director

Right To Play International
Consolidated statement of operations
Year ended December 31, 2023

	Notes	2023 $	2022 $ (Note 19)
Revenue	18		
Government		**19,799,474**	22,469,354
Individuals		**9,385,057**	8,966,276
Corporations		**9,563,316**	10,002,843
Foundations and charities		**23,029,465**	21,694,340
Donations-in-kind		**117,821**	98,506
Interest on investments and interest income and miscellaneous income		**2,319,211**	1,514,237
Total revenue		**64,214,344**	64,745,556
Expenses	9 and 14		
Program expenses			
Program implementation		**52,020,645**	51,696,813
Public awareness and education		**2,246,177**	1,740,967
Total program expenses		**54,266,822**	53,437,780
Non-program expenses			
Administration		**4,091,395**	3,742,396
Fundraising		**5,069,708**	5,139,391
Total non-program expenses		**9,161,103**	8,881,787
Total expenses		**63,427,925**	62,319,567
Excess of revenue over expenses		**786,419**	2,425,989

The accompanying notes are an integral part of the consolidated financial statements.

Right To Play International

Consolidated statement of changes in net assets

Year ended December 31, 2023

	Notes	Invested in capital assets $	Internally restricted $	Unrestricted $ (Note 16)	2023 Total $	2022 Total $
Net assets, beginning of year		**555,132**	**4,155,782**	**13,094,091**	**17,805,005**	15,379,016
(Deficiency) excess of revenue over expenses for the year		**(78,912)**	**—**	**865,331**	**786,419**	2,425,989
Purchase of capital assets		**5,208**	**—**	**(5,208)**	**—**	—
Change in unspent deferred capital contributions	8	**(167,359)**	**—**	**167,359**	**—**	—
Net assets, end of year		**314,069**	**4,155,782**	**14,121,573**	**18,591,424**	17,805,005

The accompanying notes are an integral part of the consolidated financial statements.

Right To Play International
Consolidated statement of cash flows
Year ended December 31, 2023

	Notes	2023 $	2022 $
Operating activities			
Excess of revenue over expenses		**786,419**	2,425,989
Items not affecting cash flows			
Amortization of capital assets		**169,288**	306,984
Amortization of deferred capital contributions		**(90,376)**	(248,710)
Amortization of deferred lease inducements		**(33,133)**	(33,133)
		832,198	2,451,130
Changes in working capital items			
Contributions receivable		**(1,019,796)**	1,632,855
Harmonized Sales Tax receivable		**(13,926)**	(1,534)
Prepaid and other expenses		**(191,678)**	(21,593)
Accounts payable and accrued liabilities		**(302,243)**	169,052
Deferred contributions		**(180,184)**	(3,625,084)
		(875,629)	604,826
Investing activities			
Proceeds from sale of investments		**4,155,782**	—
Purchase of investments		**(4,569,070)**	(4,155,782)
Purchase of capital assets		**(5,208)**	(541,604)
Capital contributions received	8	**—**	236,994
		(418,496)	(4,460,392)
Financing activity			
Lease inducements received		**2,040**	2,622
Net decrease in cash during the year		**(1,292,085)**	(3,852,944)
Cash, beginning of year		**34,636,553**	38,489,497
Cash, end of year		**33,344,468**	34,636,553

The accompanying notes are an integral part of the consolidated financial statements.

1. Nature of Corporation

The predecessor organization, Olympic Aid Canada was incorporated without share capital under the Canada Corporations Act on November 29, 2000. On February 5, 2003, Olympic Aid Canada changed its name to Right to Play Corporation. Then effective May 14, 2004, Right to Play Corporation received a registered name change to Right To Play International (the ”Corporation”) under the Canada Corporations Act. On September 19, 2013, Right To Play International was continued under section 211 of the new Canada Not-For-Profit Corporations Act.

The Corporation is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

The Corporation is a global organization operating in 15 countries with programs in Africa, Asia, the Middle East and North America. The Corporation works in both development and humanitarian contexts using different forms of play, including sports and games to educate, empower and protect children in disadvantaged communities. Founded in 2000 by four-time Olympic gold medalist and social entrepreneur Johann Olav Koss, the Corporation is headquartered in Toronto, Canada and has national offices in Canada, Germany, Norway, the Netherlands, Switzerland, the United Kingdom, and the United States and country offices in Africa and the Middle East. The Corporation’s activities consist of the following:

(a) The delivery of programs in situations of disadvantage around the world to:

- Support different forms of play as a strategy to enhance child development;
- Build community capacity to deliver play by training local leadership;
- Use various forms of play to promote the health and wellbeing of a population; and
- Reduce violence through play based programs with peace and conflict-resolution education.

(b) The development of education programs which:

- Raise awareness of play as an effective development strategy;
- Use play to teach the value of a quality education, healthy living and peace building; and
- Develop life skills in children living in situations of disadvantage around the world.

(c) Research and policy development to support the inclusion of play, at the national and international levels, as recognized and well supported strategies of child and community development.

(d) Program Monitoring and Evaluation to ensure the best quality program resources and materials for the children participating in the Corporation’s programming.

2. Financial statement presentation

These consolidated financial statements include 100% of the assets, liabilities, revenues and expenses of the following controlled entities:

Stiftelse Right To Play (Norway)

Stichting Right To Play (Netherlands)

Foundation Right To Play (Switzerland)

Right To Play UK Limited (United Kingdom)

Sports Humanitarian Group, Inc. (USA)

Right To Play Deutschland Gmbh (Germany)

2. Financial statement presentation (continued)

The controlled entities' purpose is integrated with that of the Corporation so that they have common objectives. In addition, they solicit funds in the name of the Corporation and all funds raised (excluding costs of local operations) are sent to the Corporation to be used at its discretion and as per any restrictions from donors.

The controlled entities are responsible for fundraising and educating others about the Corporation in their respective countries and for maintaining relations with the various government funders of the Corporation's programs.

These consolidated financial statements also include the operations of the Corporation's country offices in Africa and the Middle East related to program activities (Note 10).

3. Summary of significant accounting policies

The accompanying consolidated financial statements have been prepared in accordance with Accounting Standards for Not-for-profit Organization ("ASNPOs"). The significant accounting policies are summarized below:

Revenue recognition

The Corporation follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred.

Deferred contributions

The Corporation receives funds to support its programs primarily from various governments, governmental organizations, foundations, and private donors. Certain funds received from these sources are restricted for use in specified programs of the Corporation and, as such, are deferred until expended for the intended purpose.

Donations-in-kind

Donations-in-kind are recognized in these consolidated financial statements when the fair value can be reasonably determined and if the Corporation would have purchased the goods or services in the ordinary course of business. Their fair value is determined on the basis of their market value or appraisal values, or the market value of similar goods or services.

Deferred capital contributions

Amounts donated with respect to capital assets are included as deferred capital contributions and are amortized at the same rate as the related capital assets.

Deferred lease inducements

Deferred lease inducements, consisting of free rent, are amortized on the straight-line basis over the term of the lease.

3. Summary of significant accounting policies (continued)

Capital assets

Purchased capital assets are recorded at cost. Capital assets are amortized over the estimated useful lives of the assets as follows:

Computer hardware and software	straight-line over three years
Furniture and fixtures	straight-line over five years
Leasehold improvements	straight-line over the term of the lease

Financial instruments

The Corporation's financial assets are comprised of cash, investments and contributions receivable; financial liabilities are comprised of accounts payable and accrued liabilities. Other balances noted on the consolidated statement of financial position, such as harmonized sales tax receivable, prepaid and other expenses, capital assets, deferred contributions, deferred capital contributions and deferred lease inducements are not financial instruments.

Financial assets and financial liabilities are initially recognized at fair value when the Corporation becomes a party to the contractual provisions of the financial instrument.

Subsequently, all financial instruments are measured at amortized cost.

Financial assets are tested for impairment at the end of each reporting period when there are indications that the assets may be impaired. If a significant adverse change in cash flows from the instrument has occurred, an impairment charge is recognized for the excess of the carrying amount over the present value of the cash flows expected from the asset, or the amounts that could be realized by sale or exercise of rights to collateral, if either of these amounts is higher. A previously recognized impairment charge may be reversed in future periods.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the consolidated statement of financial position for monetary items and at exchange rates prevailing at the transaction date for non-monetary items. Revenue and expense items are translated at the rates of exchange prevailing on the transaction dates. Foreign exchange gains or losses are included in the determination of the excess of expenses over revenue for the year.

Allocation of expenses

The Corporation primarily incurs expenses that are directly attributable to a single function, such as program implementation, public awareness and education, administration and fundraising. Where a specific cost may fulfill multiple functions, these costs are allocated by the primary cost driver, such as allocating the salary based on time spent on the function or occupancy and other shared costs allocated based on the square footage assigned to each function. Such allocations are reviewed and approved by management on a regular basis.

Use of estimates

The preparation of financial statements in conformity with ASNPOs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Accounts requiring significant estimates and assumptions include amortization of capital assets, accrued liabilities, deferred contributions, amortization of deferred lease inducements, amortization of deferred capital contributions, foreign exchange translations, and allocation of expenses.

4. Cash

Cash consists of the following:

	2023 $	2022 $
Restricted - deferred contributions	**21,158,633**	21,338,817
Restricted - unspent deferred capital contributions	**174,175**	341,534
Internally restricted	**4,155,782**	4,155,782
Unrestricted	**7,855,878**	8,800,420
	33,344,468	34,636,553

Restricted cash includes deferred contributions and unspent deferred capital contributions.

5. Investments

	Cost $	Interest rate %	2023 Due date
Non-redeemable Guaranteed investment certificate	**2,000,000**	**5.56**	**January 29, 2024**
Non-redeemable Guaranteed investment certificate	**2,000,000**	**6.07**	**May 6, 2024**
Cashable Guaranteed investment certificate	**400,000**	**2.69**	**March 8, 2024**
Money Market Certificate	**169,070**	**4.60**	**January 29, 2024**
	4,569,070		

	Cost $	Interest rate %	2022 Due date
Redeemable Guaranteed investment certificate	4,155,782	2.15	July 5, 2023

6. Capital assets

Capital assets consist of the following:

	Cost $	Accumulated amortization $	2023 Net book value $	2022 Net book value $
Computer hardware and software	**999,748**	**862,143**	**137,605**	212,515
Furniture and fixtures	**261,892**	**123,245**	**138,647**	182,384
Leasehold improvements	**441,309**	**92,600**	**348,709**	394,142
	1,702,949	**1,077,988**	**624,961**	789,041

7. Deferred contributions

Deferred contributions represent the unrecognized amount of restricted contributions received. These deferred contributions are recorded as revenue in the consolidated statement of operations when expended for the intended purpose.

The changes in the deferred contributions balance are as follows:

	2023	2022
	$	$
Balance, beginning of year	**21,338,817**	24,963,901
Contributions received	**43,585,698**	39,964,837
Contributions receivable	**1,899,210**	2,658,538
Contributions recognized as revenue	**(45,665,092)**	(46,248,459)
Balance, end of year	**21,158,633**	21,338,817

8. Deferred capital contributions

The Corporation has received contributions of $1,032,504 from Microsoft for the development of a new Enterprise Resource Planning ("ERP") system and other projects. The finance system portion of the ERP system was substantially completed and became operational on January 1, 2020. The remaining contribution is intended to be utilized in 2024 and 2025 on the fundraising and other components of the ERP project.

The continuity of the deferred capital contributions balance is as follows:

	2023	2022
	$	$
Balance, begining of year	**575,443**	587,159
Contributions received during the year	**—**	236,994
Amortized to revenue during the year	**(90,376)**	(248,710)
Balance, end of year	**485,067**	575,443
Total contributions received from Microsoft	**1,032,504**	1,032,504
Cumulative amount spent on capital assets	**(858,329)**	(690,970)
Unspent deferred capital contributions, end of year	**174,175**	341,534

9. Donations-in-kind

Donations-in-kind consist of:

	2023	2022
	$	$
Occupancy	**50,460**	43,374
Other	**67,361**	55,132
	117,821	98,506

These amounts are included in Program and non-program expenses.

10. Program activities

The Corporation has programs in: Burundi, Canada, Ethiopia, Ghana, Jordan, Lebanon, Mali, Mozambique, Pakistan, the Palestinian Territories (West Bank and Gaza), Rwanda, Senegal, Tanzania, Thailand, and Uganda.

11. Lease commitments

The Corporation has entered into operating leases for its premises and office equipment. Future minimum annual payments under these operating leases are approximately as follows:

	$
2024	2,025,478
2025	1,450,851
2026	1,361,705
2027	931,978
2028	419,905
Thereafter	1,095,704
	7,285,621

The Corporation subleases one of its premises and sublease rent revenue provides funding for the rent expense related to the original lease. During 2023, the Corporation received rent revenue from its sublease arrangement of $762,285 ($744,678 in 2022).

The Corporation has entered into sublease agreements which expire in 2027 with revenue in aggregate of $2,933,790 ($3,742,128 in 2022). This sublease revenue is related to the above-noted commitments.

12. Contingencies

The terms of contribution agreements may allow contributors to conduct audits to ensure program expenses are in accordance with the terms and conditions of funding agreements. Ineligible expenses, if any, may result in the Corporation reimbursing a portion of the funding. Management is of the opinion that the Corporation has incurred no material ineligible expenses and has, accordingly, not recorded any liability for reimbursement of related funding.

13. Guarantees

In the normal course of business, the Corporation enters into agreements that meet the definition of a guarantee. The Corporation’s primary guarantees are as follows:

(a) Indemnity has been provided to all directors and or officers of the Corporation for various items including, but not limited to, all costs to settle suits or actions due to involvement with the Corporation, subject to certain restrictions. The Corporation has purchased directors’ and officers’ liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a trustee, director or officer of the Corporation. The maximum amount of any future payment cannot be reasonably estimated.

(b) In the normal course of business, the Corporation has entered into agreements that include indemnities in favour of third parties, such as engagement letters with advisors. These indemnification agreements may require the Corporation to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparties as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

14. Allocation of expenses

The Corporation has allocated its expenses including donations-in-kind (Note 9) as follows:

	Program expenses		**Non-program expenses**		
	Program implementaion	**Public awareness and education**	**Administration**	**Fund raising**	**2023 Total**
	$	**$**	**$**	**$**	**$**
Salaries	**2,540,766**	**1,146,653**	**2,551,312**	**390,599**	**6,629,330**
Occupancy and other shared costs	**488,445**	**80,045**	**465,972**	**50,802**	**1,085,264**
	3,029,211	**1,226,698**	**3,017,284**	**441,401**	**7,714,594**

	Program expenses		Non-program expenses		
	Program implementaion	Public awareness and education	Administration	Fund raising	2022 Total
	$	$	$	$	$
Salaries	2,027,532	1,044,819	2,085,638	978,596	6,136,585
Occupancy and other shared costs	545,762	70,912	509,343	56,230	1,182,247
	2,573,294	1,115,731	2,594,981	1,034,826	7,318,832

15. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include $932 with respect to government remittances as at December 31, 2023 (nil in 2022).

16. Internally restricted net assets

The Corporation has internally restricted $4,155,782 ($4,155,782 in 2022) as a reserve fund. This fund was set up to fund the short-term cash flow needs of the Corporation.

17. Risk management

The Corporation is subject to the following risks with respect to is financial instruments:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation is exposed to credit risk with respect to its accounts receivable and investments. Credit risk is minimal as its accounts receivable is mainly with government agencies and large entities, and its investments are with reputable financial institutions.

17. Risk management (continued)

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation has operations outside of Canada and is therefore directly exposed to currency risk, as the value of its receivables and payables denominated in other currencies will fluctuate due to changes in exchange rates. During the year, the foreign exchange loss was $388,520 ($127,424 in 2022).

Interest rate risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk with respect to its investments. Such exposure will increase accordingly should the Corporation maintain higher levels of investments in the future.

18. Revenue sources

The Corporation raises funds in Canada and in a number of other countries through the controlled entities listed in Note 2 as well as in the countries in which it implements programs listed in Note 10. Revenue recognized in Canada and outside of Canada are as follows:

	2023	2022
	$	$
Revenue		
Canada		
Government	**14,696,989**	15,769,479
Individuals	**2,190,938**	1,585,740
Corporations	**2,164,195**	2,761,282
Foundations and charities	**3,332,017**	3,748,683
Donations-in-kind	**36,777**	33,190
Interest on investments and interest income and miscellaneous income	**2,150,107**	1,429,282
	24,571,023	25,327,656
Outside Canada		
Government	**5,102,485**	6,699,875
Individuals	**7,194,119**	7,380,536
Corporations	**7,399,121**	7,241,561
Foundations and charities	**19,697,448**	17,945,657
Donations-in-kind	**81,044**	65,316
Interest on investments and interest income and miscellaneous income	**169,104**	84,955
	39,643,321	39,417,900
	64,214,344	64,745,556

19. Comparative amounts

The prior year comparative amounts for revenue in the consolidated statement of operations have been reclassified to conform to the current year's financial statement presentation.