

**Sports Humanitarian Group, Inc.**

**dba Right To Play**

**Financial Statements  
and  
Independent Auditors' Report**

**December 31, 2019**

**Sports Humanitarian Group, Inc.**

**dba Right To Play**

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## Independent Auditors' Report

To the Board of Directors of  
Sports Humanitarian Group, Inc.  
dba Right To Play  
New York, New York

### Report on the Financial Statements

We have audited the accompanying financial statements of Sports Humanitarian Group, Inc. dba Right To Play (a nonprofit organization) which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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, we 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 financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sports Humanitarian Group, Inc. dba Right To Play as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Vargas & Rivera, LLP*

New City, New York  
May 29, 2020

Sports Humanitarian Group, Inc.  
Statement of Financial Position  
dba Right To Play  
December 31, 2019

ASSETS

Current Assets

Cash	\$ 572,742
Contribution Receivable	322,211
Advance Deposits (Note 3)	723,983
Prepaid Expenses	<u>54,678</u>

Total Current Assets	<u>1,673,614</u>
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Fixed Assets

Equipment	1,200
Accumulated Depreciation	<u>(800)</u>

Total Fixed Assets	<u>400</u>
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Other Assets

Security Deposits	<u>15,450</u>
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Total Other Assets	<u>15,450</u>
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Total Assets	<u><u>\$ 1,689,464</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable and Accrued Expenses	<u>\$ 31,452</u>
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Total Current Liabilities / Total Liabilities	<u>31,452</u>
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Net Assets

Net Assets without Donor Restrictions	934,029
Net Assets with Donor Restrictions	<u>723,983</u>

Total Net Assets	<u>1,658,012</u>
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Total Liabilities and Net Assets	<u><u>\$ 1,689,464</u></u>
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The accompanying notes form an integral part of these financial statements.

Sports Humanitarian Group, Inc.  
Statement of Activities  
dba Right To Play  
For the year ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Foundation Grants	\$ -	\$ 889,892	\$ 889,892
Corporate Grants	-	120,063	120,063
Contributions			
Foundation	6,492	-	6,492
Corporate	129,568	-	129,568
Individual	1,053,378	-	1,053,378
Other Income	416	-	416
Interest and Dividends	213	-	213
Special Events (net of expenses \$166,765)	262,610	-	262,610
Net Assets Released from Restrictions	<u>1,684,402</u>	<u>(1,684,402)</u>	<u>-</u>
Total Support and Revenue	3,137,079	(674,447)	2,462,632
Expenses			
Program Services	2,212,699	-	2,212,699
Management and General	132,005	-	132,005
Fundraising	<u>796,856</u>	<u>-</u>	<u>796,856</u>
Total Expenses	<u>3,141,560</u>	<u>-</u>	<u>3,141,560</u>
Change in Net Assets Before Depreciation	(4,481)	(674,447)	(678,928)
Depreciation Expense	<u>400</u>	<u>-</u>	<u>400</u>
Change in Net Assets	(4,881)	(674,447)	(679,328)
Net Assets, Beginning of Year	<u>938,910</u>	<u>1,398,430</u>	<u>2,337,340</u>
Net Assets, End of Year	<u><u>\$ 934,029</u></u>	<u><u>\$ 723,983</u></u>	<u><u>\$ 1,658,012</u></u>

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

Sports Humanitarian Group, Inc.  
Statement of Functional Expenses  
dba Right To Play  
For the year ended December 31, 2019

		Supporting Services		
	Program Services	Management & General	Fundraising	Total
Employee Salary	\$ -	\$ 72,117	\$ 490,618	\$ 562,735
Salary Taxes	-	9,275	63,096	72,371
Employee Fringe Benefits	-	1,788	12,163	13,951
Total Salary and Related Expenses	-	83,180	565,877	649,057
Contracted Services (Note 4)	1,684,403	-	-	1,684,403
Professional Fees	-	24,091	39,969	64,060
Occupancy Cost	-	7,936	102,587	110,523
Office and Related Expenses	-	7,561	5,229	12,790
Telephone and Postage Expenses	-	1,632	17,438	19,070
Office Equipment: Hardware/Software	-	5,061	5,755	10,816
Media and Promotional Expenses	-	-	16,057	16,057
Contributions (Note 4)	528,296	-	-	528,296
Travel and Conferences	-	1,945	16,216	18,161
Bank Fees	-	599	16,216	16,815
Events	-	-	11,512	11,512
	<u>\$ 2,212,699</u>	<u>\$ 132,005</u>	<u>\$ 796,856</u>	<u>\$ 3,141,560</u>

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

Sports Humanitarian Group, Inc.  
Statement of Cash Flows  
dba Right To Play  
For the year ended December 31, 2019

Cash Flows From Operating Activities	
Change in Net Assets	\$ (679,328)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	400
(Increase) Decrease in Assets:	
Contribution Receivable	(148,142)
Advance Deposits	674,448
Prepaid Expenses	(37,852)
Security Deposits	450
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	<u>(116,998)</u>
Total Adjustments	<u>372,306</u>
Net Cash Used In Operating Activities	<u>(307,022)</u>
Net Decrease In Cash	(307,022)
Cash, Beginning of Year	<u>879,764</u>
Cash, End of Year	<u><u>\$ 572,742</u></u>

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

Sports Humanitarian Group, Inc.  
Notes to the Financial Statements  
dba Right To Play  
December 31, 2019

NOTE 1 – ORGANIZATION

Sports Humanitarian Group, Inc. dba Right To Play (the “Organization”) is a not-for-profit organization formed February 2, 1999 to raise awareness of humanitarian issues through sporting competition; to promote goodwill through sports; and to produce educational materials such as film, video and books in order to promote a better understanding of the problems faced by youths in poor and war-torn areas.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Basis of Accounting*

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

*Financial Statement Presentation*

The classification of the Organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets – without donor restrictions, and with donor restrictions - be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities. These classes are defined as follows:

*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. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

*With Donor Restrictions* - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

*Cash and Cash Equivalents*

For the purpose 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.

*Support and Revenue Recognition*

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

Revenue from grants and contracts is recognized as the related costs are incurred under the grant or contract agreement. This support may be subject to approved budgets, as amended, and may be subject to possible adjustment after audit by the granting agencies. The fiscal periods of these grants and contracts may differ from the fiscal year end of the Organization.



Sports Humanitarian Group, Inc.  
Notes to the Financial Statements  
dba Right To Play  
December 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Use of Estimates in the Preparation of Financial Statements*

The preparation of financial statements in conformity with accounting principles generally accepted in The United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Fixed Assets*

Property and equipment are recorded at the original purchase price, or fair value if contributed, and are depreciated on a straight-line basis over their estimated useful lives. Estimated useful lives range from three to fifteen years. It is the Organization's policy to capitalize fixed assets costing over \$1,000. Lesser amounts are expensed.

*Taxes*

The Organization is a not-for-profit corporation exempt from federal income taxes under provisions of Section 501 (c) (3) of the Internal Revenue Code and is classified as a Public Charity under Section 170 (b) (1) (A) (vi).

The Organization's information returns are subject to examination by the Internal Revenue Service for three years subsequent. Open tax years at December 31, 2019 include fiscal years 2016 through 2018. Management believes it has no material uncertain tax positions and accordingly, it has not recognized any liability for unrecognized tax benefits.

*Fair Value Measurements*

The Organization categorizes its financial instruments into a three-level fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation of assets and liabilities traded for less active dealer or broker markets that have significant observable inputs are classified as Level 2. Level 2 valuations are usually obtained from third-party pricing service valuations for identical or similar assets. If the inputs are used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument.

*Contributed Services*

Contributed services are recorded in the financial statements to the extent that those service create or enhance a nonfinancial asset or meet the following criteria: a) the service requires specialized skills, b) the service is provided by individuals who possess those skills, and c) the service would typically need to be purchased if not contributed. No contributed services were recognized in 2019 .

Administrative supporting services have been provided by Right To Play International.

*Functional Allocation of Expenses*

The costs of providing the Organization's various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Sports Humanitarian Group, Inc.  
Notes to the Financial Statements  
dba Right To Play  
December 31, 2019

NOTE 3 - ADVANCE DEPOSITS

Advance deposits consist of restricted funds transferred to Right To Play International, an affiliate organization, to carryout the Organizations international programs.

NOTE 4 - CONTRIBUTIONS FOR PROGRAM EXPENSES

The Organization has contributed to other organizations having a similar and related mission. In determining whether to grant support to such organizations, due diligence is observed to ensure compliance with any donor stipulations and preferences.

For the year ended December 31, 2019, contributions of \$2,212,699 were made to Right To Play International, an affiliate organization.

The Corporation is a global organization operating in 17 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. It was founded in 2000 by four-time Olympic gold medalist and social entrepreneur Johann Olav Koss, President of Sports Humanitarian Group, Inc. dba Right To Play. Right To Play International's activities consist of the following:

A) The delivery of programs in situations of disadvantage around the world to: (1) Support different forms of play as a strategy to enhance child development; (2) Build community capacity to deliver play by training local leadership; (3) Use various forms of play to promote the health and well being of a population; and (4) Reduce violence through play based programs with peace and conflict-resolution education.

B) The development of education programs which: (1) Raise awareness of play as an effective development strategy; (2) Use play to teach the value of a quality education, healthy living and peace building; and (3) 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.

The Organization began to focus activities in the United States in 2003, as an effort to develop a network of high-level, influential business contacts that would be able to raise the profile of the Organization as a non-profit humanitarian organization, and thereby develop additional sources of revenue to complement governmental funds to achieve the objectives stated above. In addition, the Organization maintains relationships with athlete ambassadors and serves as a government liaison with the U.S. Government.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2019, are donor restricted for expenditures toward the following purposes:

LDS Charities	<u>\$ 723,983</u>
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Sports Humanitarian Group, Inc.  
Notes to the Financial Statements  
dba Right To Play  
December 31, 2019

NOTE 6 - LIQUIDITY

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of December 31, 2019, comprise of cash and cash equivalents of \$572,742 and receivables of \$322,211.

Operating liquidity comes from grants and contributions. The Organization seeks to maintain liquidity to cover 90 days of operating expenses. In addition, the Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures.

NOTE 7 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of bank balances that at times exceed federally insured limits. Management believes it is not exposed to any significant credit risk on its balances.

NOTE 8 – COMMITMENTS

Occupancy Lease

The Organization currently leases its new office space under a six-month lease agreement commencing on January 1, 2020 and expiring June 30, 2020. Payable in equal monthly installments on the 1st of the month of \$4,900.

NOTE 9 - EFFECT OF CURRENT ECONOMIC CONDITIONS ON CONTRIBUTIONS

The Organization depends heavily on contributions and grants for its revenue. The ability of the Organization's contributors and grantors to continue giving amounts comparable with prior years may be dependent upon current and future economic conditions and the continued deductibility for income tax purposes of contributions and grants to the Organization. While the Organization's board of directors believes the Organization has the resources to continue its programs, its ability to do so and the extent to which it continues may be dependent on the above factors.

NOTE 10 - SUBSEQUENT EVENTS

The Organization evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are available for issuance, which is May 29, 2020, for these financial statements, and concluded that no additional disclosures are required.