

**Sports Humanitarian Group, Inc.**

**dba Right To Play**

**Financial Statements  
and  
Independent Auditors' Report**

**December 31, 2023**

**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

### **Opinion**

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, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Sports Humanitarian Group, Inc. dba Right To Play and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Sports Humanitarian Group, Inc. dba Right To Play'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.

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

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 Sports Humanitarian Group, Inc. dba Right To Play'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 Sports Humanitarian Group, Inc. dba Right To Play'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.

*Vargas & Rivera, LLP*

New City, New York

June 14, 2024

Sports Humanitarian Group, Inc.  
Statement of Financial Position  
dba Right To Play  
December 31, 2023

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 660,377
Contribution Receivable	271,135
Advance Deposits (Note 3)	1,049,474
Prepaid Expenses	<u>12,894</u>

Total Current Assets	<u>1,993,880</u>
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Other Assets

Security Deposits	<u>7,500</u>
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Total Other Assets	<u>7,500</u>
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Total Assets	<u><u>\$ 2,001,380</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable and Accrued Expenses	<u>\$ 58,323</u>
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Total Current Liabilities / Total Liabilities	<u>58,323</u>
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Net Assets

Net Assets without Donor Restrictions	892,447
Net Assets with Donor Restrictions	<u>1,050,610</u>

Total Net Assets	<u>1,943,057</u>
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Total Liabilities and Net Assets	<u><u>\$ 2,001,380</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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Foundation Grants	\$ -	\$ 1,721,075	\$ 1,721,075
Individual and Others	-	5,128	5,128
Contributions			
Corporate	88,019	-	88,019
Individual	1,207,899	-	1,207,899
Other Income	220,394	-	220,394
Interest and Dividends	2	-	2
Special Events (Integral and Ongoing)			
Contributions	655,606		655,606
Special Events Revenue	463,982		463,982
Cost of Direct Benefits to Donors	(230,109)		(230,109)
Net Special Events Revenue	<u>889,479</u>	<u>-</u>	<u>889,479</u>
Net Assets Released from Restrictions	<u>1,237,353</u>	<u>(1,237,353)</u>	<u>-</u>
Total Support and Revenue	<u>3,643,146</u>	<u>488,850</u>	<u>4,131,996</u>
Expenses			
Program Services	2,691,707	-	2,691,707
Management and General	415,564	-	415,564
Fundraising	<u>511,651</u>	<u>-</u>	<u>511,651</u>
Total Expenses	<u>3,618,922</u>	<u>-</u>	<u>3,618,922</u>
Change in Net Assets	24,224	488,850	513,074
Net Assets, Beginning of Year	<u>868,223</u>	<u>561,760</u>	<u>1,429,983</u>
Net Assets, End of Year	<u><u>\$ 892,447</u></u>	<u><u>\$ 1,050,610</u></u>	<u><u>\$ 1,943,057</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, 2023

		Supporting Services		
	Program Services	Management & General	Fundraising	Total
Salaries	\$ 257,356	\$ 263,969	\$ 303,594	\$ 824,919
Payroll Taxes	19,688	20,194	23,225	63,107
Employee Benefits	24,682	35,132	40,895	100,709
Total Salary and Related Expenses	301,726	319,295	367,714	988,735
Contracted Services (Note 4)	1,168,682	-	-	1,168,682
Professional Fees	4,284	75,713	14,510	94,507
Occupancy Cost	9,175	13,944	11,587	34,706
Office and Related Expenses	-	612	19,210	19,822
Telephone and Postage Expenses	1,672	3,596	4,159	9,427
Office Equipment: Hardware/Software	36	2,206	16,198	18,440
Media and Promotional Expenses	6,191	-	-	6,191
Contributions (Note 4)	1,181,115	-	-	1,181,115
Travel and Conferences	18,826	-	21,678	40,504
Bank Fees	-	198	23,471	23,669
Events	-	-	33,124	33,124
	<u>\$ 2,691,707</u>	<u>\$ 415,564</u>	<u>\$ 511,651</u>	<u>\$ 3,618,922</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, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 513,074
Adjustments to Reconcile Change in Net Assets to (Increase) Decrease in Assets:	
Contribution Receivable	(113,767)
Advance Deposits	110,905
Prepaid Expenses	39,924
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	(2,051)
Refundable Advances	<u>(598,620)</u>
Total Adjustments	<u>(563,609)</u>
Net Cash Used In Operating Activities	<u>(50,535)</u>
Net Decrease In Cash and Cash Equivalents	(50,535)
Cash and Cash Equivalents, Beginning of Year	<u>710,912</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 660,377</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, 2023

**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, Cash Equivalents and Restricted Cash*

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. Restricted cash consists of advance deposits - see note 3.

*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 \$5,000. Lesser amounts are expensed.

*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, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*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, 2023 include fiscal years 2020 through 2022. 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 2023 .

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

*Revenue Recognition and Receivables*

The Organization recognizes revenue from grants, contracts and gifts in accordance with guidance under which the Organization evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of return.

The Organization's significant sources of revenue include contracts and grants from government agencies, and contributions. Grants and contributions received are recorded as without donor restrictions or with donor restrictions based on the nature of donor restrictions. Grants are recognized when the Organization incurs expenses related to the contract.

Contributions are reported as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from donor restriction. Donor restricted contributions and grants whose restrictions are met within the same year as received are reflected as contributions and grants without donor restrictions.

Sports Humanitarian Group, Inc.  
Notes to the Financial Statements  
dba Right To Play  
December 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Refundable Advances*

Refundable advances primarily consist of cash received on conditional grants for which the conditions have not been met at year-end.

*Contributed Nonfinancial Assets*

In September 2020, the Financial Accounting Standard Board ("FASB") issued an Accounting Standard Update ("ASU") 2020-07, Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The ASU amends guidance for not-for-profit entities that receive contributed nonfinancial assets. The update requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statement of activities, and to disclose information regarding each type of contributed nonfinancial assets. The update is to be applied on a retrospective basis and is effective for annual reporting periods beginning after June 15, 2022. The Organization adopted this pronouncement during the year ended December 31, 2022. The adoption of this accounting standard did not have an impact on the Organization's financial position or changes in its net assets.

*Leases*

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the lessee's statement of financial position and disclosing key information about leasing arrangements for leases classified as operating under the previous GAAP. Under this update, lessees should recognize in the consolidated statements of financial position an asset representing its right to use the underlying asset for the lease term and a liability related to future lease payments. The guidance is effective for fiscal years beginning after December 15, 2021. The Organization adopted this pronouncement during the year ended December 31, 2022. The adoption of this accounting standard did not have an impact on the Organization's financial position or changes in its net assets.

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, 2023, contributions of \$2,349,797 were made to Right To Play International (the "Corporation"), an affiliate organization.

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. 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.

Sports Humanitarian Group, Inc.  
Notes to the Financial Statements  
dba Right To Play  
December 31, 2023

NOTE 4 - CONTRIBUTIONS FOR PROGRAM EXPENSES (continued)

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, 2023, are programmatic restrictions for the following mission-related projects:

Girls' Education Programs	\$ 1,049,474
Children's Emergency Fund	<u>1,136</u>
	<u>\$ 1,050,610</u>

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, 2023, comprise of cash and cash equivalents of \$660,377 and receivables of \$271,135.

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.

Sports Humanitarian Group, Inc.  
Notes to the Financial Statements  
dba Right To Play  
December 31, 2023

NOTE 8 – COMMITMENTS

*Occupancy Lease*

The Organization is currently on a month-to-month lease for a Private Office with Primary for \$2,550 a month and \$3,550 starting September 2023. Rental expense for year ended December 31, 2023 was \$34,705.

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 June 14, 2024, for these financial statements, and concluded that no additional disclosures are required.