

Sports Humanitarian Group, Inc.

dba Right To Play

**Financial Statements
and
Independent Auditors' Report**

December 31, 2017

Sports Humanitarian Group, Inc.

dba Right To Play

Table of Contents

	Page
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cashflows	4
Notes to Financial Statements	5 - 9

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, 2017, and the related statements of activities 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, 2017, 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.



New City, New York
May 25, 2018

Sports Humanitarian Group, Inc.
Statement of Financial Position
dba Right To Play
December 31, 2017

ASSETS

Current Assets	
Cash	\$ 1,169,439
Contribution Receivable	388,288
Advance Deposits (Note 3)	387,007
Prepaid Expenses	<u>20,272</u>
Total Current Assets	1,965,006
Fixed Assets (Note 4)	
Equipment (net of accumulated depreciation)	<u>1,200</u>
Total Fixed Assets	1,200
Other Assets	
Security Deposits	<u>15,994</u>
Total Other Assets	15,994
Total Assets	<u><u>\$ 1,982,200</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable and Accrued Expenses	<u>\$ 220,913</u>
Total Current Liabilities / Total Liabilities	<u>220,913</u>
Net Assets	
Unrestricted	1,374,280
Temporarily Restricted	<u>387,007</u>
Total Net Assets	<u>1,761,287</u>
Total Liabilities and Net Assets	<u><u>\$ 1,982,200</u></u>

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, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Foundation Grants	\$ -	\$ 186,491	\$ 186,491
Corporate Grants	-	85,912	85,912
Contributions			
Foundation	28,300	-	28,300
Corporate	142,849	-	142,849
Individual	1,248,982	-	1,248,982
Interest and Dividends	117	-	117
Net Assets Released from Restrictions	<u>1,785,833</u>	<u>(1,785,833)</u>	<u>-</u>
 Total Support and Revenue	 3,206,081	 (1,513,430)	 1,692,651
Expenses			
Salaries and Benefits	1,046,973	-	1,046,973
Contracted Services for Field Programs	1,440,652	-	1,440,652
Professional Fees	40,019	-	40,019
Occupancy Costs	143,119	-	143,119
Office and Related Expenses	33,235	-	33,235
Telephone and Postage Expenses	25,333	-	25,333
Computer Software Expenses	9,083	-	9,083
Media and Promotional Expenses	11,123	-	11,123
Contributions for Program Expenses (Note 6)	140,000	-	140,000
Travel and Conferences	57,135	-	57,135
Bank Fees	9,018	-	9,018
Events	<u>12,116</u>	<u>-</u>	<u>12,116</u>
 Total Expenses	 <u>2,967,806</u>	 <u>-</u>	 <u>2,967,806</u>
 Change in Net Assets	 238,275	 (1,513,430)	 (1,275,155)
 Net Assets, Beginning of Year	 <u>1,136,005</u>	 <u>1,900,437</u>	 <u>3,036,442</u>
 Net Assets, End of Year	 <u>\$ 1,374,280</u>	 <u>\$ 387,007</u>	 <u>\$ 1,761,287</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, 2017

Cash Flows From Operating Activities	
Change in Net Assets	\$ (1,275,155)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
(Increase) Decrease in Assets:	
Contribution Receivable	304,161
Advance Deposits	900,652
Prepaid Expenses	(11,922)
Prepaid Expenses	<u>1,506</u>
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	<u>(199,344)</u>
Total Adjustments	<u>995,053</u>
Net Cash Used In Operating Activities	<u>(280,102)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Purchase of Furniture and Equipment	<u>(1,200)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,200)</u>
Net Decrease In Cash	(281,302)
Cash, Beginning of Year	<u>1,450,741</u>
Cash, End of Year	<u><u>\$ 1,169,439</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, 2017

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 Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. The Organization had no permanently restricted net assets.

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

All contributions are considered to be available for unrestricted use unless specifically restricted by donor. All donor-restricted support is reported as an increase in temporarily restricted net assets, depending on the nature of the restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted. Otherwise, when a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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.

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.

Sports Humanitarian Group, Inc.
Notes to the Financial Statements
dba Right To Play
December 31, 2017

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, 2017 include fiscal years 2014, 2015 and 2016. 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.

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 - 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.

Property and equipment consisted of the following at December 31, 2017:

Equipment	\$	1,200
Less Accumulated Depreciation		-
	\$	1,200

Sports Humanitarian Group, Inc.
Notes to the Financial Statements
dba Right To Play
December 31, 2017

NOTE 5 - DONATED SERVICES & FACILITIES

Administrative supporting services have been provided by Right To Play International. Legal consulting services have been provided on a pro bono basis by various firms during the course of the year.

NOTE 6 - CONTRIBUTIONS FOR PROGRAM EXPENSES

The Organization has contributed to other organizations having a similar and related mission. Some of these are based in the United States, while others are foreign-based nonprofits. 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, 2017, contributions of \$1,580,652 were made to Right To Play International, an affiliate organization.

The Corporation is a global organization operating in 20 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.

Sports Humanitarian Group, Inc.
Notes to the Financial Statements
dba Right To Play
December 31, 2017

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2017, are donor restricted for expenditures toward the following purposes:

Canada Uganda Challenge	\$	21,891
Carson Family Charitable Trust		50,000
Disney Worldwide Services - China		160,611
Silicon Valley Foundation		16
LDS Charities		154,489
		154,489
	\$	387,007

NOTE 8 – COMMITMENTS

Occupancy Lease

A) The Organization leased its office space under an operating lease agreement which expired on February 28, 2017. Monthly minimum rent payments for the space escalate over the term of the lease at specified dates beginning at \$5,867 per month, effective March 2011 and increasing to \$8,350 per month.

B) The Organization currently leases its new office space under a three-year operating lease agreement expiring on February 28, 2020. Monthly minimum rent payments for the space escalate over the term of the lease at specified dates beginning at \$7,950 per month, effective March 1, 2017 and increasing to \$8,434.15 per month. The Organization was given a one-time rent free concession from time of lease signature in conjunction with two months security equal to two months base rent and 1/2 month base rent for March 2017 only.

Equipment Lease

The Organization has a lease for a copier that requires monthly payments of \$475 plus taxes and fees and expires on March 25, 2020.

Future commitments under the operating lease are as follows:

Year Ending	Occupancy	Equipment	Total
2018	\$ 97,785	\$ 6,054	\$ 103,839
2019	100,719	6,054	106,773
2020	16,868	1,514	18,382
Thereafter	-	-	-
	\$ 215,372	\$ 13,622	\$ 228,994

Sports Humanitarian Group, Inc.
Notes to the Financial Statements
dba Right To Play
December 31, 2017

NOTE 9 - 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 10 - 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 11 - 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 25, 2018, for these financial statements, and concluded that no additional disclosures are required.