
Consolidated financial statements of Right To Play International

December 31, 2020

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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 ("RTP"), which comprise the consolidated statement of financial position as at December 31, 2020, 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 RTP as at December 31, 2020, 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 RTP 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 RTP'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 RTP or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing RTP'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 RTP'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 RTP'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 RTP 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 RTP 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 23, 2021

Right To Play International
Consolidated statement of financial position
As at December 31, 2020

	Notes	2020 \$	2019 \$
Assets			
Current assets			
Cash	4	35,336,286	24,434,830
Contributions receivable		3,218,883	3,435,836
Harmonized Sales Tax receivable		128,636	213,072
Prepaid and other expenses		1,229,921	715,523
		39,913,726	28,799,261
Capital assets	5	549,722	1,340,936
		40,463,448	30,140,197
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	14	4,332,554	3,067,475
Deferred contributions	6	22,431,841	16,735,823
Deferred lease inducement		33,133	33,133
		26,797,528	19,836,431
Long-term			
Deferred lease inducement		176,712	209,845
Deferred capital contributions	7	816,902	1,032,504
		27,791,142	21,078,780
Commitments and contingencies	10 and 11		
Net assets			
Invested in capital assets		74,354	588,423
Internally restricted net assets	15	4,155,782	4,155,782
Unrestricted		8,442,170	4,317,212
		12,672,306	9,061,417
		40,463,448	30,140,197

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, 2020

	Notes	2020 \$	2019 \$
Revenue			
Restricted	6	32,687,934	39,923,703
Unrestricted		13,704,956	15,173,780
Government subsidies	3	2,846,275	—
		49,239,165	55,097,483
Expenses			
Program expenses	8 and 13		
Program implementation		37,207,734	43,560,469
Public awareness and education		1,735,448	2,209,797
Total program expenses		38,943,182	45,770,266
Non-program expenses			
Administrative		2,240,988	1,582,180
Fund raising		4,444,106	7,589,033
Total non-program expenses		6,685,094	9,171,213
		45,628,276	54,941,479
Excess of revenue over expenses		3,610,889	156,004

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, 2020

	Invested in capital assets	Internally restricted	Unrestricted	2020 Total	2019 Total
Notes	\$	\$	\$	\$	\$
			(Note 15)		
Net assets, beginning of year	588,423	4,155,782	4,317,212	9,061,417	8,905,413
Excess (deficiency) of revenue over expenses for the year	(270,933)	—	3,881,822	3,610,889	156,004
Loss on disposal of capital assets	(386,045)	—	386,045	—	—
Purchase of capital assets	81,366	—	(81,366)	—	—
Change in unspent deferred capital contributions	61,543	—	(61,543)	—	—
7					
Net assets, end of year	74,354	4,155,782	8,442,170	12,672,306	9,061,417

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, 2020

	2020	2019
	\$	\$
Operating activities		
Excess of revenue over expenses	3,610,889	156,004
Amortization of capital assets	486,535	287,497
Amortization of deferred capital contributions	(215,602)	—
Loss on disposal of capital assets	386,045	—
Amortization of deferred lease inducements	(33,133)	(33,134)
	4,234,734	410,367
Changes in non-cash working capital		
Contributions receivable	216,953	(1,011,661)
Harmonized Sales Tax receivable	84,436	(6,787)
Prepaid and other expenses	(514,398)	(62,108)
Accounts payable and accrued liabilities	1,265,079	(234,285)
Deferred contributions	5,696,018	981,684
	10,982,822	77,210
Investing activity		
Purchase of capital assets	(81,366)	(437,597)
Net increase (decrease) in cash during the year	10,901,456	(360,387)
Cash, beginning of year	24,434,830	24,795,217
Cash, end of year	35,336,286	24,434,830

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 16 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, Sweden, 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)
Right To Play Holding Inc. (Canada)
Sports Humanitarian Group, Inc. (USA)
Right To Play Deutschland GmbH (Germany)
Right To Play Sweden (Sweden)
Le Yi Hui (Beijing) Consulting Company Limited

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.

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.

Government subsidies

During 2020, in response to COVID-19, the Corporation has applied for and recognized COVID-19 related subsidies offered by National Governments. The Corporation received government subsidies totalling \$2,846,275 which have been recorded as revenue in the Consolidated statement of Operations.

Donations-in-kind

Donations-in-kind are recognized in these 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.

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
Branding	straight-line over three years

Financial instruments

The Corporation's financial assets are comprised of cash and contribution receivable; financial liabilities are comprised of accounts payable and accrued liabilities. Other amounts noted on the consolidated statement of financial position, such as harmonized sales tax receivable, prepaid 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.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the date of 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 allocates its salaries, occupancy and other shared cost expenses to program implementation, public awareness and education, administrative and fundraising expenses on the basis of time spent by employees during the month and/or based on the ratio of monthly salaries. Such allocations are reviewed 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.

Right To Play International
Notes to the consolidated financial statements
December 31, 2020

4. Cash

Cash consists of the following:

	2020	2019
	\$	\$
Restricted - deferred contributions	22,431,841	16,735,823
Restricted - unspent deferred capital contributions	341,534	279,991
Internally restricted	4,155,782	4,155,782
Unrestricted	8,407,129	3,263,234
	35,336,286	24,434,830

Restricted cash represents the amount held for deferred contributions.

5. Capital assets

Capital assets consist of the following:

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
	\$	\$	\$	\$
Computer hardware and software	787,455	303,973	483,482	823,742
Furniture and fixtures	32,761	32,761	—	11,563
Branding	—	—	—	402,590
Leasehold improvements	120,663	54,423	66,240	103,041
	940,879	391,157	549,722	1,340,936

During the year, the Corporation disposed of capital assets with an original cost of \$2,305,151 resulting in a loss on disposal of \$386,045.

6. 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:

	2020	2019
	\$	\$
Balance, beginning of year	16,735,823	15,754,139
Contributions received	37,773,373	39,298,093
Contributions receivable	610,579	1,607,294
Contributions recognized as revenue	(32,687,934)	(39,923,703)
Balance, end of year	22,431,841	16,735,823

Right To Play International
Notes to the consolidated financial statements
December 31, 2020

7. Deferred capital contributions

The Corporation has received in aggregate, contributions of \$1,032,504 from Microsoft for the development of a new Enterprise Resource Planning ("ERP") system. The ERP system was completed and therefore became operational during the current year. The continuity of this deferred capital contributions balance is as follows:

	2020 \$	2019 \$
Balance, beginning of year	1,032,504	1,032,504
Contributions received during the year	—	—
Amortized to revenue during the year	(215,602)	—
Balance, end of year	816,902	1,032,504
Total contributions received from Microsoft	1,032,504	1,032,504
Cumulative amount spent on capital assets net of disposals of \$142,909 (2019 - \$nil)	(690,970)	(752,513)
Unspent deferred capital contributions, end of year	341,534	279,991

8. Donations-in-kind

Donations-in-kind consist of:

	2020 \$	2019 \$
Occupancy	27,314	—
Other	1,520	—
	28,834	—

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

9. Program activities

Right To Play has programs in: Burundi, Canada, Ethiopia, Ghana, Jordan, Lebanon, Mali, Mozambique, Pakistan, the Palestinian Territories (West Bank and Gaza), Rwanda, Tanzania, Thailand, Uganda, Germany and Sweden.

10. 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:

	\$
2021	1,181,042
2022	840,184
2023	709,786
2024	614,982
2025	614,982
Thereafter	973,721
	4,934,697

11. 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.

12. 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.

13. Allocation of expenses

The Corporation has allocated its expenses including donations-in-kind (Note 8) as follows:

	Program expenses		Non-program expenses		2020 Total \$
	Program implementation \$	Public awareness and education \$	Administrative \$	Fund raising \$	
Salaries	1,238,263	907,826	762,172	822,550	3,730,811
Occupancy and other shared costs	524,514	80,801	329,383	146,483	1,081,181
	1,762,777	988,627	1,091,555	969,033	4,811,992

	Program expenses		Non-program expenses		2019 Total \$
	Program implementation \$	Public awareness and education \$	Administrative \$	Fund raising \$	
Salaries	1,363,319	876,320	700,203	538,077	3,477,919
Occupancy and other shared costs	505,423	142,491	373,605	511,693	1,533,212
	1,868,742	1,018,811	1,073,808	1,049,770	5,011,131

14. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include \$Nil with respect to government remittances as at December 31, 2020 and 2019.

15. Internally restricted net assets

The Corporation has internally restricted \$4,155,782 (\$4,155,782 in 2019) as a reserve fund. This fund was set up to fund short-term cash flow needs of the Corporation.

16. Risk management

The Corporation is subject to the following risks with respect to its 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's credit risk is minimal as its accounts receivable is mainly with government agencies and large entities.

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 \$ 67,361 (exchange loss \$343,557 in 2019).

17. Significant event – COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel corona virus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put into place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the severity and length of these developments will have on the financial results and condition of the Corporation in future periods.