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# Consolidated financial statements of Right To Play International

December 31, 2021

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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, 2021, 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, 2021, 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 28, 2022

**Right To Play International**  
**Consolidated statement of financial position**  
As at December 31, 2021

	Notes	2021 \$	2020 \$
<b>Assets</b>			
Current assets			
Cash	4	<b>38,489,497</b>	35,336,286
Contributions receivable		<b>5,441,000</b>	3,218,883
Harmonized Sales Tax receivable		<b>171,277</b>	128,636
Prepaid and other expenses		<b>1,227,976</b>	1,229,921
		<b>45,329,750</b>	39,913,726
Capital assets			
	5	<b>554,421</b>	549,722
		<b>45,884,171</b>	40,463,448
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	14	<b>4,649,590</b>	4,332,554
Deferred contributions	6	<b>24,963,901</b>	22,431,841
Deferred lease inducements		<b>35,756</b>	33,133
		<b>29,649,247</b>	26,797,528
Long-term			
Deferred lease inducements		<b>268,749</b>	176,712
Deferred capital contributions	7	<b>587,159</b>	816,902
		<b>30,505,155</b>	27,791,142
Commitments and contingencies			
	10 and 11		
<b>Net assets</b>			
Invested in capital assets		<b>308,796</b>	74,354
Internally restricted net assets	15	<b>4,155,782</b>	4,155,782
Unrestricted		<b>10,914,438</b>	8,442,170
		<b>15,379,016</b>	12,672,306
		<b>45,884,171</b>	40,463,448

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, 2021

	Notes	<b>2021</b>	2020
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Restricted	6	<b>38,679,980</b>	32,687,934
Unrestricted		<b>13,917,991</b>	13,704,956
Government subsidies	17	<b>1,775,536</b>	2,846,275
		<b>54,373,507</b>	49,239,165
<b>Expenses</b>			
Program expenses	8 and 13		
Program implementation		<b>42,202,904</b>	37,207,734
Public awareness and education		<b>1,669,974</b>	1,735,448
Total program expenses		<b>43,872,878</b>	38,943,182
Non-program expenses			
Administrative		<b>4,120,203</b>	2,240,988
Fund raising		<b>3,673,716</b>	4,444,106
Total non-program expenses		<b>7,793,919</b>	6,685,094
		<b>51,666,797</b>	45,628,276
<b>Excess of revenue over expenses</b>		<b>2,706,710</b>	3,610,889

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, 2021

	<b>Invested in capital assets</b>	<b>Internally restricted</b>	<b>Unrestricted</b>	<b>2021 Total</b>	<b>2020 Total</b>
	\$	\$	\$	\$	\$
			(Note 15)		
<b>Net assets, beginning of year</b>	<b>74,354</b>	<b>4,155,782</b>	<b>8,442,170</b>	<b>12,672,306</b>	9,061,417
Excess (deficiency) of revenue over expenses for the year	<b>(30,646)</b>	—	<b>2,737,356</b>	<b>2,706,710</b>	3,610,889
Loss on disposal of capital assets	<b>(22,379)</b>	—	<b>22,379</b>	—	—
Purchase of capital assets	<b>287,467</b>	—	<b>(287,467)</b>	—	—
<b>Net assets, end of year</b>	<b>308,796</b>	<b>4,155,782</b>	<b>10,914,438</b>	<b>15,379,016</b>	12,672,306

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, 2021

	<b>2021</b>	2020
	<b>\$</b>	\$
<b>Operating activities</b>		
Excess of revenue over expenses	<b>2,706,710</b>	3,610,889
Items not affecting cash flows		
Amortization of capital assets	<b>260,389</b>	486,535
Amortization of deferred capital contributions	<b>(229,743)</b>	(215,602)
Loss on disposal of capital assets	<b>22,379</b>	386,045
Amortization of deferred lease inducements	<b>(33,133)</b>	(33,133)
	<b>2,726,602</b>	4,234,734
Changes in non-cash working capital items		
Contributions receivable	<b>(2,222,117)</b>	216,953
Harmonized Sales Tax receivable	<b>(42,641)</b>	84,436
Prepaid and other expenses	<b>1,945</b>	(514,398)
Accounts payable and accrued liabilities	<b>317,036</b>	1,265,079
Deferred contributions	<b>2,532,060</b>	5,696,018
	<b>3,312,885</b>	10,982,822
<b>Investing activity</b>		
Purchase of capital assets	<b>(287,467)</b>	(81,366)
<b>Financing activity</b>		
Lease inducements received	<b>127,793</b>	—
Net increase in cash during the year	<b>3,153,211</b>	10,901,456
Cash, beginning of year	<b>35,336,286</b>	24,434,830
<b>Cash, end of year</b>	<b>38,489,497</b>	35,336,286

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, 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)

## **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.

### *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

#### *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 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 salary, occupancy and other shared costs expenses to program implementation, public awareness and education, administrative and fundraising expenses on the basis of time spent by employees during the month, the ratio of monthly salaries, and the square footage in headquarters and field offices. 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, 2021

**4. Cash**

Cash consists of the following:

	<b>2021</b>	2020
	\$	\$
Restricted – deferred contributions	<b>24,963,901</b>	22,431,841
Restricted – unspent deferred capital contributions	<b>341,534</b>	341,534
Internally restricted	<b>4,155,782</b>	4,155,782
Unrestricted	<b>9,028,280</b>	8,407,129
	<b>38,489,497</b>	35,336,286

Restricted cash represents the amount held for deferred contributions and unspent deferred capital contributions.

**5. Capital assets**

Capital assets consist of the following:

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2021 Net book value</b>	2020 Net book value
	\$	\$	\$	\$
Computer hardware and software	<b>1,074,024</b>	<b>539,134</b>	<b>534,890</b>	483,482
Furniture and fixtures	<b>32,761</b>	<b>32,761</b>	—	—
Leasehold improvements	<b>32,996</b>	<b>13,465</b>	<b>19,531</b>	66,240
	<b>1,139,781</b>	<b>585,360</b>	<b>554,421</b>	549,722

During the year, the Corporation disposed of capital assets with an original cost of \$87,667 resulting in a loss on disposal of \$22,379

**6. Deferred contributions**

Deferred contributions represent the unrecognized amount of restricted contributions. 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:

	<b>2021</b>	2020
	\$	\$
Balance, beginning of year	<b>22,431,841</b>	16,735,823
Contributions received	<b>40,646,960</b>	37,773,373
Contributions receivable	<b>565,080</b>	610,579
Contributions recognized as revenue	<b>(38,679,980)</b>	(32,687,934)
Balance, end of year	<b>24,963,901</b>	22,431,841

**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 and other projects. The finance system portion of the ERP project was substantially completed and became operational on January 1, 2020. The remaining deferred capital contributions are intended to be utilized in 2022 and 2023 on the fundraising and other components of the ERP project. The continuity of this deferred capital contributions balance is as follows:

	<b>2021</b>	2020
	\$	\$
Balance, beginning of year	<b>816,902</b>	1,032,504
Contributions received during the year	—	—
Amortized to revenue during the year	<b>(229,743)</b>	(215,602)
Balance, end of year	<b>587,159</b>	816,902
Total contributions received from Microsoft	<b>1,032,504</b>	1,032,504
Cumulative amount spent on capital assets net of disposals of nil (\$142,909 in 2020)	<b>(690,970)</b>	(690,970)
Unspent deferred capital contributions, end of year	<b>341,534</b>	341,534

**8. Donations-in-kind**

Donations-in-kind consist of:

	<b>2021</b>	2020
	\$	\$
Occupancy	<b>43,173</b>	27,314
Other	<b>2,566</b>	1,520
	<b>45,739</b>	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, Senegal, 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:

	\$
2022	1,966,787
2023	1,350,409
2024	1,178,023
2025	1,060,618
2026	1,048,167
Thereafter	<u>2,420,874</u>
	<u>9,024,878</u>

**10. Lease commitments (continued)**

The Corporation subleases one of its premises and therefore sublease rent revenue is used against rent expense relating to the original lease.

**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		2021 Total \$
	Program implementation \$	Public awareness and education \$	Administrative \$	Fund raising \$	
Salaries	1,346,815	795,818	669,280	1,225,556	4,037,469
Occupancy and other shared costs	703,479	64,848	431,555	241,097	1,440,979
	<b>2,050,294</b>	<b>860,666</b>	<b>1,100,835</b>	<b>1,466,653</b>	<b>5,478,448</b>

**13. Allocation of expenses (continued)**

	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
	<u>1,762,777</u>	<u>988,627</u>	<u>1,091,555</u>	<u>969,033</u>	<u>4,811,992</u>

**14. Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities include nil with respect to government remittances as at December 31, 2021 and 2020.

**15. Internally restricted net assets**

The Corporation has internally restricted \$4,155,782 (\$4,155,782 in 2020) 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 \$249,448 (2020 – exchange loss \$67,361).

**17. Government subsidies**

During the year ended December 31, 2021 and 2020, in response to COVID-19, the Corporation has applied for and recognized COVID-19 related subsidies offered by some of the governments in which the Corporation's offices are located. The Corporation received government subsidies totalling \$1,775,536 (\$2,846,275 in 2020) which have been recorded as revenue in the consolidated statement of operations.