

Sports Humanitarian Group, Inc.

dba Right To Play

Financial Statements  
and  
Independent Auditors' Report

December 31, 2015

Sports Humanitarian Group, Inc.

dba Right To Play

Table of Contents

Independent Auditors' Report	1 - 2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9
Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed Accordance with <i>Government Auditing Standards</i>	10 - 11



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## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of Sports Humanitarian Group, Inc. dba Right To Play (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2015, 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 .

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2016, on our consideration of Sports Humanitarian Group, Inc. dba Right To Play's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sports Humanitarian Group, Inc. dba Right To Play's internal control over financial reporting and compliance.

*Vargas & Rivera, LLP*

New City, New York

May 23, 2016

Sports Humanitarian Group, Inc.  
dba Right To Play  
Statement of Financial Position  
December 31, 2015

ASSETS

Current Assets

Cash	\$ 1,768,623
Contributions Receivable	1,688,285
Advance Deposits (Note 3)	604,975
Prepaid Expenses	<u>6,767</u>

Total Current Assets 4,068,650

Other Assets

Security Deposit	<u>17,500</u>
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Total Other Assets 17,500

TOTAL ASSETS \$ 4,086,150

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable and Accrued Expenses	<u>\$ 152,006</u>
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Total Current Liabilities / Total Liabilities 152,006

Net Assets

Unrestricted Net Assets	3,253,295
Temporarily Restricted Net Assets (Note 7)	<u>680,849</u>

Total Net Assets 3,934,144

TOTAL LIABILITIES AND NET ASSETS \$ 4,086,150

See accompanying notes and independent auditor's report.

Sports Humanitarian Group, Inc.  
 dba Right To Play  
 Statement of Activities  
 For the year ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>			
Government Contracts	\$ -	\$ 506,960	\$ 506,960
Foundation Grants	-	1,026,428	1,026,428
Corporation Grants	-	728,180	728,180
Contributions			
Foundation	1,032,903	-	1,032,903
Corporate	930,935	-	930,935
Individual	1,393,893	-	1,393,893
	<u>3,357,731</u>	<u>2,261,568</u>	<u>5,619,299</u>
<b>Total Support</b>			
Other Revenues:			
Other Revenue	6,715	-	6,715
	<u>3,364,446</u>	<u>2,261,568</u>	<u>5,626,014</u>
<b>Total Support and Revenue</b>			
Net Assets Released From Restrictions	1,990,999	(1,990,999)	-
	<u>5,355,445</u>	<u>270,569</u>	<u>5,626,014</u>
<b>Total Public Support and Other Revenue</b>			
<b>EXPENSES</b>			
Salaries and Benefits	1,070,292	-	1,070,292
Contracted Services For Field Programs	1,032,642	-	1,032,642
Professional Fees	123,034	-	123,034
Occupancy Costs	326,147	-	326,147
Office and Related Expenses	45,370	-	45,370
Telephone and Postage Expenses	25,286	-	25,286
Computer Software Expenses	8,522	-	8,522
Media and Promotional Expenses	31,083	-	31,083
Contributions For Program Expenses (Note 6)	1,527,948	-	1,527,948
Travel and Conferences	46,189	-	46,189
Bank Fees	18,128	-	18,128
Events	3,973	-	3,973
	<u>4,258,614</u>	<u>-</u>	<u>4,258,614</u>
<b>Total Expenses</b>			
Change in Net Assets	1,096,831	270,569	1,367,400
Net Assets, Beginning of Year	2,156,464	410,280	2,566,744
	<u>\$ 3,253,295</u>	<u>\$ 680,849</u>	<u>\$ 3,934,144</u>
<b>Net Assets, End of Year</b>			

See accompanying notes and independent auditor's report.

Sports Humanitarian Group, Inc.  
 dba Right To Play  
 Statement of Cash Flows  
 For the year ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	<u>\$ 1,367,400</u>
Adjustments to Reconcile Change in Net Assets to	
(Increase) Decrease in:	
(Increase)/Decrease in Contributions Receivable	(176,721)
(Increase)/Decrease in Advance Deposits	(365,867)
(Increase)/Decrease in Prepaid Expenses	39,975
(Increase)/Decrease in Security Deposit	4,131
Increase (Decrease) in:	
Accounts Payable and Accrued Expenses	<u>(148,174)</u>
TOTAL ADJUSTMENTS	<u>(646,656)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>720,744</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	720,744
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	<u>1,047,879</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u><u>\$ 1,768,623</u></u>

See accompanying notes and independent auditor's report.

Sports Humanitarian Group, Inc.  
dba Right To Play  
Notes to the Financial Statements  
December 31, 2015

NOTE 1 - NATURE OF 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 accompanying financial statements were prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

*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.

*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).

*Cash and Cash Equivalents*

For the purposes of the statement of cash flows, the organization considers all highly liquid investments available for current use with an initial period of six months or less to be cash equivalents.

*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.

*Contributions*

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporarily restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Fixed Assets and Depreciation*

All expenditures for equipment, furniture and fixtures in excess of \$1,000 are capitalized and donated assets are valued at their estimated fair value on the date donated. Depreciation is provided over the estimated useful life of the assets on a straight line basis. The useful life of equipment, furniture and fixtures is 3 - 7 years.



Sports Humanitarian Group, Inc.  
dba Right To Play  
Notes to the Financial Statements  
December 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*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 - INVESTMENT VALUATION AND INCOME RECOGNITION

The Organization's investments are stated at fair value in the statement of financial position, with all gains and losses included in the statement of activities . Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 2 for discussion of fair value measurement .

Investments acquired by gift are recorded at their fair value at the date of the gift. The Organization's policy is to liquidate all gifts of investments as soon as possible after receipt, taking into consideration the impact on market price.

Sales of securities are recorded on a trade-date basis. Interest and dividend income are recorded on the accrual basis. Realized gains or losses on the sale of marketable securities are calculated using the specific-identification method. Unrealized gains and losses represent the change in the fair value of the individual investments for the year, or since the acquisition date, if acquired during the year.

The Organization had no investments at December 31, 2015.

NOTE 5 - DONATED SERVICES & FACILITIES

A number of volunteers have donated substantial amounts of their time to the Organization's program services, however no accounting has been made for these, in as much as there is no objective basis available to measure the value of such services . 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.

Sports Humanitarian Group, Inc.  
 dba Right To Play  
 Notes to the Financial Statements  
 December 31, 2015

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, 2015, contributions of \$1,527,948 were made to Right To Play International, an affiliate organization.

Right To Play International is an international humanitarian organization that uses sport and play as a tool for development of children and youth in the most disadvantaged areas of the world. It was initiated in 1999 through Johann Olav Koss, President of Sports Humanitarian Group, Inc. dba Right To Play. Right To Play International contributes the following activities:

- (a) The delivery of programs in situations of disadvantage around the world to:
  - Support sport and play as a strategy to enhance child development;
  - Build community capacity to deliver sport and play by training local sport leadership;
  - Use sport and play to promote the health and well being of a population; and
  - Reduce violence through sport and play based programs with peace and conflict-resolution education.
- (b) The development of education programs which:
  - Raise awareness of sport and play as an effective development strategy;
  - Use sport and 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 sport and 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 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2015, are donor restricted for expenditures toward the following purposes:

Canada Uganda Challenge	\$ 21,890
Disney Worldwide Services - China	25,000
Glades Foundation	50,000
Silicon Valley Foundation on behalf of Anonymous Donor	200,000
Microsoft Canada, Inc.	382,995
Other Programs	<u>964</u>
 Total Temporarily Restricted Net Assets	 <u><u>\$ 680,849</u></u>

Sports Humanitarian Group, Inc.  
 dba Right To Play  
 Notes to the Financial Statements  
 December 31, 2015

NOTE 8 – COMMITMENTS

Occupancy Lease

The Organization currently leases its office space under an operating lease agreement expiring 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.

Equipment Lease

The Organization has a lease for a copier that requires monthly payments of \$475 and expires in June 2020.

Future commitments under the operating lease are as follows:

<u>Year Ending</u>	<u>Occupancy</u>	<u>Equipment</u>	<u>Total</u>
2016	\$ 92,703	\$ 5,700	\$ 98,403
2017	16,700	5,700	22,400
2018	-	5,700	5,700
2019	-	5,700	5,700
2020	-	2,850	2,850
	<u>\$ 109,403</u>	<u>\$ 25,650</u>	<u>\$ 135,053</u>

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 23, 2016, for these financial statements, and concluded that no additional disclosures are required.

Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance  
and Other Matters Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 23, 2016.

#### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sports Humanitarian Group, Inc. dba Right To Play's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, 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, we do not express an opinion on the effectiveness of the Sports Humanitarian Group, Inc. dba Right To Play's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sports Humanitarian Group, Inc. dba Right To Play's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Vargas & Rivera, LLP*

New City, New York  
May 23, 2016