

Sports Humanitarian Group, Inc.

dba Right To Play

**Financial Statements
and
Independent Auditors' Report**

December 31, 2018

Sports Humanitarian Group, Inc.

dba Right To Play

Table of Contents

	Page
Independent Auditors' Report	1 - 2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cashflows	5
Notes to Financial Statements	6 - 10
Supplementary Information:	
Schedule of Functional Expense	12

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, 2018, 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, 2018, 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 Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Vargas & Rivera, LLP

New City, New York

May 31, 2019

Sports Humanitarian Group, Inc.
Statement of Financial Position
dba Right To Play
December 31, 2018

ASSETS

Current Assets	
Cash	\$ 879,764
Contribution Receivable	174,069
Advance Deposits (Note 3)	1,398,431
Prepaid Expenses	<u>16,826</u>
Total Current Assets	<u>2,469,090</u>
Fixed Assets (Note 4)	
Equipment (net of accumulated depreciation)	<u>800</u>
Total Fixed Assets	<u>800</u>
Other Assets	
Security Deposits	<u>15,900</u>
Total Other Assets	<u>15,900</u>
Total Assets	<u><u>\$ 2,485,790</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable and Accrued Expenses	<u>\$ 148,450</u>
Total Current Liabilities / Total Liabilities	<u>148,450</u>
Net Assets	
Net Assets without Donor Restrictions	938,910
Net Assets with Donor Restrictions	<u>1,398,430</u>
Total Net Assets	<u>2,337,340</u>
Total Liabilities and Net Assets	<u><u>\$ 2,485,790</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, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Foundation Grants	\$ -	\$ 2,174,966	\$ 2,174,966
Corporate Grants	-	24,761	24,761
Contributions			
Foundation	1,000	-	1,000
Corporate	266,456	-	266,456
Individual	1,723,893	-	1,723,893
Other Income	60		60
Interest and Dividends	163	-	163
Net Assets Released from Restrictions	1,188,304	(1,188,304)	-
Total Support and Revenue	3,179,876	1,011,423	4,191,299
Expenses			
Program Services	2,365,581	-	2,365,581
Management and General	154,611	-	154,611
Fundraising	1,094,654	-	1,094,654
Total Expenses	3,614,846	-	3,614,846
Change in Net Assets Before Depreciation	(434,970)	1,011,423	4,709,500
Depreciation Expense	400	-	400
Change in Net Assets	(435,370)	1,011,423	576,053
Net Assets, Beginning of Year	1,374,280	387,007	1,761,287
Net Assets, End of Year	\$ 938,910	\$ 1,398,430	\$ 2,337,340

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, 2018

Cash Flows From Operating Activities	
Change in Net Assets	\$ 576,053
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	400
(Increase) Decrease in Assets:	
Contribution Receivable	214,219
Advance Deposits	(1,011,424)
Prepaid Expenses	3,446
Security Deposits	94
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	<u>(72,463)</u>
Total Adjustments	<u>(865,728)</u>
Net Cash Used In Operating Activities	<u>(289,675)</u>
Net Decrease In Cash	(289,675)
Cash, Beginning of Year	<u>1,169,439</u>
Cash, End of Year	<u><u>\$ 879,764</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, 2018

NOTE 1 – ORGANIZATION

Sports Humanitarian Group, Inc. dba Right To Play (the “Organization”) is a not-for-profit organization formed February 2, 1999 to raise awareness of humanitarian issues through sporting competition; to promote goodwill through sports; and to produce educational materials such as film, video and books in order to promote a better understanding of the problems faced by youths in poor and war-torn areas.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The classification of the Organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets – without donor restrictions, and with donor restrictions - be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities. These classes are defined as follows:

Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

With Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Cash 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

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

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, 2018

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, 2018 include fiscal years 2015, 2016 and 2017. 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.

Change In Accounting Principle

Effective January 1, 2018, the Organization adopted Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958– Presentation of Financial Statements of Not-for-Profit Entities. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (c) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (d) presenting investment return net of external and direct expenses, and (e) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. Implementation of ASU 2016-14 did not require reclassification or restatement of any opening balances related to the period presented. The Organization net assets previously reported as unrestricted are now reported as net assets without donor restrictions.

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, 2018:

Equipment	\$	1,200
Less Accumulated Depreciation		(400)
		800
	\$	800

Sports Humanitarian Group, Inc.
Notes to the Financial Statements
dba Right To Play
December 31, 2018

NOTE 5 - LIQUIDITY

The Organization has \$1,053,833 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of \$879,764 in cash and contributions receivable of \$174,069. None of the financial assets are subject to donor or other contractual restrictions.

The Organization is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures and for meeting its liabilities and other obligations as they become due.

NOTE 6 - 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 7 - CONTRIBUTIONS FOR PROGRAM EXPENSES

The Organization has contributed to other organizations having a similar and related mission. In determining whether to grant support to such organizations, due diligence is observed to ensure compliance with any donor stipulations and preferences.

For the year ended December 31, 2018, contributions of \$2,271,289 were made to Right To Play International, an affiliate organization.

The Corporation is a global organization operating in 18 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, 2018

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2018, are donor restricted for expenditures toward the following purposes:

Disney Worldwide Services - China	\$ 84,525	
LDS Charities	1,313,905	
	\$ 1,398,430	

NOTE 9 – COMMITMENTS

Occupancy Lease

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
2019	100,719	6,054	106,773
2020	16,868	1,514	18,382
Thereafter	-	-	-
	\$ 117,587	\$ 7,568	\$ 125,155

NOTE 10 - FUNCTIONAL EXPENSES

The Organization has presented expenses in its statement of activities by the nature of the expense. Expenses presented by their functional classification are as follows for the year ended December 31, 2018:

Program Services	2,365,581
Supporting Services	
Management and General	154,611
Fundraising	1,094,654
Total Expenses	3,614,846

Sports Humanitarian Group, Inc.
Notes to the Financial Statements
dba Right To Play
December 31, 2018

NOTE 11 - 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 12 - 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 13 - 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 31, 2019, for these financial statements, and concluded that no additional disclosures are required.

Sports Humanitarian Group, Inc.

dba Right To Play

Schedule of Functional Expenses

December 31, 2018

Sports Humanitarian Group, Inc.
Functional Expense Schedule
dba Right To Play
For the year ended December 31, 2018

	Program Services	Supporting Services		Total
		Management & General	Fundraising	
Employee Salary	\$ 68,049	\$ 74,498	\$ 491,931	\$ 634,478
Salary Taxes	7,309	8,002	52,837	68,148
Employee Fringe Benefits	4,232	4,633	30,596	39,461
Total Salary and Related Expenses	<u>79,590</u>	<u>87,133</u>	<u>575,364</u>	<u>742,087</u>
Contracted Services (Note 7)	1,104,885	-	-	1,104,885
Professional Fees	836	27,773	18,960	47,569
Occupancy Cost	7,711	12,977	262,806	283,494
Office and Related Expenses	722	12,692	11,490	24,904
Telephone and Postage Expenses	1,761	4,539	20,149	26,449
Office Equipment: Hardware/Software	466	1,309	5,854	7,629
Media and Promotional Expenses	1,210	-	62,625	63,835
Contributions (Note 7)	1,166,404	-	-	1,166,404
Travel and Conferences	1,378	5,574	51,216	58,168
Bank Fees	-	742	25,302	26,044
Events	618	1,872	60,888	63,378
	<u>\$ 2,365,581</u>	<u>\$ 154,611</u>	<u>\$ 1,094,654</u>	<u>\$ 3,614,846</u>

The accompanying notes form an integral part of these financial statements.