

Sports Humanitarian Group, Inc.

dba Right To Play

**Financial Statements
and
Independent Auditors' Report**

December 31, 2021

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 Functional Expense	5
Statement of Cashflows	6
Notes to Financial Statements	7 - 10



Independent Auditors' Report

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

Opinion

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, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 required to be independent of Sports Humanitarian Group, Inc. dba Right To Play and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sports Humanitarian Group, Inc. dba Right To Play's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- * Exercise professional judgment and maintain professional skepticism throughout the audit.
- * Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- * 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 Sports Humanitarian Group, Inc. dba Right To Play's internal control. Accordingly, no such opinion is expressed.
- * Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- * Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sports Humanitarian Group, Inc. dba Right To Play's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Vargas & Rivera, LLP

New City, New York

June 6, 2022

Sports Humanitarian Group, Inc.
Statement of Financial Position
dba Right To Play
December 31, 2021

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 745,188
Contribution Receivable	166,970
Advance Deposits (Note 3)	1,371,132
Prepaid Expenses	<u>44,371</u>

Total Current Assets	<u>2,327,661</u>
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Other Assets

Security Deposits	<u>7,500</u>
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Total Other Assets	<u>7,500</u>
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Total Assets	<u><u>\$ 2,335,161</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable and Accrued Expenses	<u>\$ 35,249</u>
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Total Current Liabilities / Total Liabilities	<u>35,249</u>
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Net Assets

Net Assets without Donor Restrictions	928,779
Net Assets with Donor Restrictions	<u>1,371,133</u>

Total Net Assets	<u>2,299,912</u>
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Total Liabilities and Net Assets	<u><u>\$ 2,335,161</u></u>
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Sports Humanitarian Group, Inc.
Statement of Activities
dba Right To Play
For the year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Government Grants	\$ 94,567	\$ -	\$ 94,567
Foundation Grants	-	1,270,041	1,270,041
Corporate Grants	-	250,000	250,000
Individual and Others	-	13,026	13,026
Contributions			
Corporate	304,517	-	304,517
Individual	1,351,292	-	1,351,292
Interest and Dividends	40	-	40
Net Assets Released from Restrictions	1,240,735	(1,240,735)	-
Total Support and Revenue	2,991,151	292,332	3,283,483
Expenses			
Program Services	2,297,280	-	2,297,280
Management and General	311,326	-	311,326
Fundraising	256,522	-	256,522
Total Expenses	2,865,128	-	2,865,128
Change in Net Assets	126,023	292,332	418,355
Net Assets, Beginning of Year	802,756	1,078,801	1,881,557
Net Assets, End of Year	\$ 928,779	\$ 1,371,133	\$ 2,299,912

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

Sports Humanitarian Group, Inc.
Statement of Functional Expenses
dba Right To Play
For the year ended December 31, 2021

	Program Services	Supporting Services		Total
		Management & General	Fundraising	
Employee Salary	\$ 149,674	\$ 213,601	\$ 132,450	\$ 495,725
Salary Taxes	11,804	16,846	10,446	39,096
Employee Fringe Benefits	18,948	26,350	15,822	61,120
Total Salary and Related Expenses	<u>180,426</u>	<u>256,797</u>	<u>158,718</u>	<u>595,941</u>
Contracted Services (Note 4)	1,240,735	-	3,479	1,244,214
Professional Fees	69	24,406	34,633	59,108
Occupancy Cost	8,592	12,467	8,342	29,401
Office and Related Expenses	-	2,889	6,850	9,739
Telephone and Postage Expenses	1,206	3,394	1,160	5,760
Office Equipment: Hardware/Software	-	4,508	790	5,298
Media and Promotional Expenses	-	-	16,456	16,456
Contributions (Note 4)	866,252	-	-	866,252
Travel and Conferences	-	6,556	700	7,256
Bank Fees	-	269	4,618	4,887
Events	-	40	20,776	20,816
	<u>\$ 2,297,280</u>	<u>\$ 311,326</u>	<u>\$ 256,522</u>	<u>\$ 2,865,128</u>

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

Sports Humanitarian Group, Inc.
Statement of Cash Flows
dba Right To Play
For the year ended December 31, 2021

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Change in Net Assets	\$ 418,355
(Increase) Decrease in Assets:	
Contribution Receivable	(106,138)
Prepaid Expenses	(2,262)
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	9,144
Total Adjustments	(99,256)
Net Cash Provided by Operating Activities	319,099
Net Increase In Cash and Cash Equivalents and Restricted Cash	319,099
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	1,797,221
Cash and Cash Equivalents and Restricted Cash, End of Year	\$ 2,116,320
Cash and cash equivalents and restricted cash consist of:	
Cash and Cash Equivalents	\$ 745,188
Advance Deposits	1,371,132
	\$ 2,116,320

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, 2021

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, Cash Equivalents and Restricted Cash

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. Restricted cash consists of advance deposits - see note 3.

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.

Sports Humanitarian Group, Inc.
Notes to the Financial Statements
dba Right To Play
December 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 \$5,000. Lesser amounts are expensed.

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, 2021 include fiscal years 2018 through 2020. 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.

Contributed Services

Contributed services are recorded in the financial statements to the extent that those service create or enhance a nonfinancial asset or meet the following criteria: a) the service requires specialized skills, b) the service is provided by individuals who possess those skills, and c) the service would typically need to be purchased if not contributed. No contributed services were recognized in 2021 .

Administrative supporting services have been provided by Right To Play International.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Sports Humanitarian Group, Inc.
Notes to the Financial Statements
dba Right To Play
December 31, 2021

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 - 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, 2021, contributions of \$2,106,987 were made to Right To Play International, an affiliate organization.

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. 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.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2021, are donor restricted for expenditures toward the following purposes:

LDS Charities	\$ 1,020,180
Foundations	100,953
Corporate	<u>250,000</u>
	<u>\$ 1,371,133</u>

Sports Humanitarian Group, Inc.
Notes to the Financial Statements
dba Right To Play
December 31, 2021

NOTE 6 - LIQUIDITY

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of December 31, 2021, comprise of cash and cash equivalents of \$745,188 and receivables of \$166,970.

Operating liquidity comes from grants and contributions. The Organization seeks to maintain liquidity to cover 90 days of operating expenses. In addition, the Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures.

NOTE 7 - 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 8 – COMMITMENTS

Occupancy Lease

The Organization is currently on a month-to-month lease for a Private Office with Primary for \$2,450 a month. Rental expense for year ended December 31, 2021 was \$29,400.

NOTE 9 - 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 10 - 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 June 6, 2022, for these financial statements, and concluded that no additional disclosures are required.