



PEACE PLAYERS

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
PeacePlayers International
Washington, DC

We have audited the accompanying consolidated financial statements of PeacePlayers International and affiliates, which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

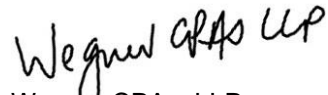
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PeacePlayers International and affiliates as of June 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, PeacePlayers International adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended June 30, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.



Wegner CPAs, LLP
Alexandria, Virginia
March 6, 2020

PEACEPLAYERS INTERNATIONAL
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,342,742	\$ 783,553
Unconditional promises to give, current portion	2,107,021	158,361
Grants receivable	49,515	60,111
Prepaid expenses	44,751	79,113
Total current assets	3,544,029	1,081,138
OTHER ASSETS		
Unconditional promises to give, net	1,647,000	73,535
Security deposits	25,135	30,611
Fixed assets, net	37,566	47,639
Total assets	\$ 5,253,730	\$ 1,232,923
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 34,271	\$ 38,313
Accrued payroll	190,754	179,166
Accrued expenses	26,039	5,108
Total current liabilities	251,064	222,587
NET ASSETS		
Without donor restrictions	271,885	79,035
With donor restrictions	4,730,781	931,301
Total net assets	5,002,666	1,010,336
Total liabilities and net assets	\$ 5,253,730	\$ 1,232,923

See accompanying notes.

PEACEPLAYERS INTERNATIONAL
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ 545,729	\$ 6,947,815	\$ 7,493,544
Government grants	767,717	-	767,717
Program service revenue	143,835	-	143,835
Donated uniforms and materials	40,000	-	40,000
Other income	13,684	-	13,684
Total revenues	1,510,965	6,947,815	8,458,780
EXPENSES			
Program services			
Cyprus	320,687	-	320,687
Middle East	985,221	-	985,221
Northern Ireland	659,497	-	659,497
South Africa	225,891	-	225,891
P2L2	1,211,061	-	1,211,061
Training and Technical Assistance	120,088	-	120,088
Total program services	3,522,445	-	3,522,445
Supporting activities			
Management and general	553,200	-	553,200
Fundraising	295,780	-	295,780
Total expenses	4,371,425	-	4,371,425
LOSSES			
Foreign currency translation loss	95,025	-	95,025
NET ASSETS RELEASED FROM RESTRICTIONS			
Expiration of time restrictions	718,399	(718,399)	-
Satisfaction of purpose restrictions	2,429,936	(2,429,936)	-
Total net assets released from restrictions	3,148,335	(3,148,335)	-
Change in net assets	192,850	3,799,480	3,992,330
Net assets at beginning of year	79,035	931,301	1,010,336
Net assets at end of year	<u>\$ 271,885</u>	<u>\$ 4,730,781</u>	<u>\$ 5,002,666</u>

See accompanying notes.

PEACEPLAYERS INTERNATIONAL
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ 1,247,774	\$ 1,056,603	\$ 2,304,377
Government grants	691,254	-	691,254
Program service revenue	88,500	-	88,500
Other income	8,673	-	8,673
Total revenues	2,036,201	1,056,603	3,092,804
EXPENSES			
Program services			
Cyprus	375,499	-	375,499
Middle East	1,136,254	-	1,136,254
Northern Ireland	682,465	-	682,465
South Africa	265,818	-	265,818
P2L2	1,136,968	-	1,136,968
Training and Technical Assistance	96,772	-	96,772
Total program services	3,693,776	-	3,693,776
Supporting activities			
Management and general	322,208	-	322,208
Fundraising	120,926	-	120,926
Total expenses	4,136,910	-	4,136,910
LOSSES			
Foreign currency translation loss	31,939	-	31,939
NET ASSETS RELEASED FROM RESTRICTIONS			
Expiration of time restrictions	1,273,248	(1,273,248)	-
Satisfaction of purpose restrictions	863,166	(863,166)	-
Total net assets released from restrictions	2,136,414	(2,136,414)	-
Change in net assets	3,766	(1,079,811)	(1,076,045)
Net assets at beginning of year	75,269	2,011,112	2,086,381
Net assets at end of year	\$ 79,035	\$ 931,301	\$ 1,010,336

See accompanying notes.

PEACEPLAYERS INTERNATIONAL
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019

	Program Services					Supporting Activities				
	Cyprus	Middle East	Northern Ireland	South Africa	P2L2	Training and Technical Assistance	Total Program Services	Management and General	Fundraising	Total
Personnel	\$ 223,578	\$ 617,990	\$ 392,517	\$ 157,331	\$ 904,137	\$ 37,074	\$ 2,332,627	\$ 221,728	\$ 112,371	\$ 2,666,726
Occupancy	19,622	92,830	111,873	18,133	67,779	1,874	312,111	15,751	65,328	393,190
Travel and lodging	14,362	116,026	70,496	7,246	56,874	16,062	281,066	32,418	20,761	334,245
Professional fees	9,009	53,114	4,337	4,348	103,864	63,863	238,535	179,635	27,535	445,705
Non-personnel expenses	10,716	32,470	18,514	10,693	29,503	336	102,232	33,589	66,234	202,055
Insurance	31,257	24,202	19,964	14,190	391	-	90,004	12,956	-	102,960
Uniforms	2,617	31,137	19,978	1,461	12,433	-	67,626	915	-	68,541
Office expenses	8,941	13,738	8,684	10,741	28,104	785	70,993	22,704	2,987	96,684
Licenses and bank fees	585	1,683	1,166	412	2,271	94	6,211	15,001	298	21,510
Training and retreats	-	2,031	11,436	1,336	5,705	-	20,508	3,631	266	24,405
Depreciation	-	-	532	-	-	-	532	14,872	-	15,404
Total expenses	\$ 320,687	\$ 985,221	\$ 659,497	\$ 225,891	\$ 1,211,061	\$ 120,088	\$ 3,522,445	\$ 553,200	\$ 295,780	\$ 4,371,425

See accompanying notes.

PEACEPLAYERS INTERNATIONAL
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2018

	Program Services					Supporting Activities				
	Cyprus	Middle East	Northern Ireland	South Africa	P2L2	Training and Technical Assistance	Total Program Services	Management and General	Fundraising	Total
Personnel	\$ 198,519	\$ 713,996	\$ 386,752	\$ 184,346	\$ 767,184	\$ 39,050	\$ 2,289,847	\$ 162,492	\$ 88,264	\$ 2,540,603
Occupancy	57,927	134,241	130,069	20,296	73,982	2,524	419,039	18,770	9,849	447,658
Travel and lodging	64,401	137,636	81,988	14,405	54,652	21,442	374,524	11,718	6,720	392,962
Professional fees	348	11,611	84	1,655	182,493	31,924	228,115	82,051	9,620	319,786
Non-personnel expenses	9,287	50,097	22,737	14,074	28,017	1,081	125,293	29,288	5,341	159,922
Insurance	23,476	26,831	21,299	14,418	784	-	86,808	5,144	-	91,952
Uniforms	7,295	34,476	19,632	8,957	11,497	-	81,857	-	-	81,857
Office expenses	11,450	16,794	4,578	1,572	7,392	686	42,472	3,924	1,021	47,417
Licenses and bank fees	2,796	5,512	5,827	1,724	2,057	65	17,981	8,233	111	26,325
Training and retreats	-	-	9,499	1,050	8,910	-	19,459	250	-	19,709
Depreciation	-	5,060	-	3,321	-	-	8,381	338	-	8,719
Total expenses	\$ 375,499	\$ 1,136,254	\$ 682,465	\$ 265,818	\$ 1,136,968	\$ 96,772	\$ 3,693,776	\$ 322,208	\$ 120,926	\$ 4,136,910

See accompanying notes.

PEACEPLAYERS INTERNATIONAL
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,992,330	\$ (1,076,045)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	15,404	8,719
Discount on long-term promises to give	53,000	-
(Increase) decrease in assets		
Unconditional promises to give	(3,575,125)	1,592,454
Grants receivable	10,596	9,287
Prepaid expenses	34,362	(2,264)
Security deposits	5,476	(5,329)
Increase (decrease) in liabilities		
Accounts payable	(4,042)	(21,990)
Accrued payroll	11,588	25,274
Accrued expenses	20,931	2,264
Net cash flows from operating activities	564,520	532,370
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(5,331)	(54,608)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	235,000	200,000
Payments on line of credit	(235,000)	(200,000)
Net cash flows from financing activities	-	-
Net change in cash	559,189	477,762
Cash at beginning of year	783,553	305,791
Cash at end of year	<u>\$ 1,342,742</u>	<u>\$ 783,553</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ 3,419	\$ 484

See accompanying notes.

PEACEPLAYERS INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

PeacePlayers International (PPI-DC) is a non-profit organization based in Washington, DC. PPI-DC uses sports and the values of sportsmanship to bridge divides and to develop leaders in conflict and post-conflict communities. PPI-DC has affiliates in the Middle East (Israel and West Bank), Northern Ireland, South Africa, and Cyprus. The affiliates bring together thousands of children from different religious, racial and cultural backgrounds to form positive relationships, develop leadership and life skills, live healthy lives and improve their futures.

PeacePlayers International - Middle East (PPI-ME) is a locally led charity active in Israel and the West Bank that unites and educates Jewish and Arab young people and their communities through basketball.

PeacePlayers International - Northern Ireland (PPI-NI) is an independently registered cross community peacebuilding charity in Northern Ireland that uses sport—in particular, basketball—to unite and educate young people from Protestant and Catholic communities.

PeacePlayers International - South Africa (PPI-SA) is an independently registered charity founded with the goal of promoting peaceful coexistence among white, black, Indian and coloured children, while providing a positive extracurricular outlet and leadership opportunities for those from disadvantaged communities.

PeacePlayers - Cyprus (PPI-CY) is a locally led, independently registered charity in Cyprus that uses the game of basketball to allow 10-to-16 year old Greek-Cypriot and Turkish-Cypriot boys and girls to play together, learn together and build positive relationships that overcome generations of mistrust and formidable physical barriers to interaction.

Play Together, Live Together - United States (P2L2) In 2017, PeacePlayers partnered with Nike to bring programming to the United States. In the U.S., historical divides driven by race and geography have created an inequitable society. PeacePlayers is working to develop a network of young leaders who come together across community divides and become catalysts in building a more peaceful and equitable society.

Training and Technical Assistance (PPI-SPIN) the PeacePlayers International Sports and Peace Innovation Network leverages the knowledge gained through PPI's cumulative experience uniting and educating young people through sport to support others seeking to make a similar impact. With specific technical competencies in the use of sports for conflict transformation, youth civic engagement and leadership development, PPI-SPIN offers services including consultation, curriculum development and training.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of PeacePlayers International and its affiliates, collectively referred to as PPI. Each affiliate is consolidated since PeacePlayers International has both an economic interest in each affiliate and control of each affiliate through a majority voting interest in its governing board. All material intra-entity transactions have been eliminated.

Foreign Currency Translation

Results of operations for PPI's affiliates are translated from their respective local currencies to the U.S. dollar using average exchange rates during the period, while assets and liabilities are translated at the exchange rate in effect at the reporting date. Resulting gains or losses from translating foreign currencies are recorded net in the consolidated statements of activities.

PEACEPLAYERS INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the contributions become unconditional. Contributions to be received in more than one year are discounted using an appropriate risk-adjusted rate if material to the financial statements.

Fixed Assets

Acquisitions of fixed assets with a value greater than \$1,000 and a useful life greater than one year are capitalized. Fixed assets are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Contributions

Contributions received are recorded as increases in net assets without donor restrictions or with donor restrictions, depending on the nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Government Grants

PPI's programs are funded in part by grants from various government agencies. Revenue from these grants is based upon the actual cost of the services provided up to the maximum amount specified in the grants. Costs are allocated to these grants in accordance with established procedures and are subject to audit by various government agencies. No determination has been made regarding the effect, if any, such audits could have on the financial statements. PPI considers all grants receivable to be fully collectible; accordingly, no allowance for doubtful amounts has been established.

Adoption of New Accounting Pronouncement

PPI adopted the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended June 30, 2019. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The changes required by the update have been applied retrospectively to all periods presented. The changes required by the update have been applied retrospectively to all periods presented. PPI has adjusted the presentation of the financial statements accordingly.

PEACEPLAYERS INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Allocation

The financial statements report certain expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, occupancy, insurance, and amortization, which are allocated on the basis of estimates of time and effort. All other expenses are allocated based upon the types of services performed and expenses incurred.

Income Tax Status

PPI-DC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

PPI-ME is exempt from income tax as a nonprofit organization under tax law of the Israel Tax Authority.

PPI-NI is classified as a Charity of Tax Purposes and is exempt from income tax under the tax laws of the Northern Ireland HM Revenue & Customs.

PPI-CY is classified as a not for profit organization and is exempt from income tax under the tax laws of the Cyprus Ministry of Finance Tax Department.

PPI-SA is classified as an NPO (non-profit organization) and a PBO (public benefit organization) and is exempt from income tax under Section 18A of the South African Revenue Service.

Estimates

Management uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through March 6, 2020, the date which the consolidated financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

PPI maintains its cash balances at a financial institution in Washington DC. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2019 and 2018, PPI's uninsured cash balances totaled approximately \$817,000 and \$235,000.

PEACEPLAYERS INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 3 – PROMISES TO GIVE

Unconditional promises to give consist of the following:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 2,107,021	\$ 158,361
Receivable in more than one year	<u>1,700,000</u>	<u>73,535</u>
Unconditional promises to give	3,807,021	231,896
Discount to net present value	<u>(53,000)</u>	<u>-</u>
Unconditional promises to give, net	<u>\$ 3,754,021</u>	<u>\$ 231,896</u>

Promises to give due in more than one year are discounted at an effective rate of 3.26%.

NOTE 4 – FIXED ASSETS

Fixed assets consist of the following:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 75,838	\$ 70,507
Vehicles	<u>62,791</u>	<u>62,791</u>
Total fixed assets	138,629	133,298
Accumulated depreciation	<u>(101,063)</u>	<u>(85,659)</u>
Fixed assets, net	<u>\$ 37,566</u>	<u>\$ 47,639</u>

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at are restricted for the following purposes and periods:

	<u>2019</u>	<u>2018</u>
Training and technical assistance	\$ 77,781	\$ 148,998
Northern Ireland	-	63,904
Subsequent period activities	<u>4,653,000</u>	<u>718,399</u>
Net assets with donor restrictions	<u>\$ 4,730,781</u>	<u>\$ 931,301</u>

NOTE 6 – LEASING ARRANGEMENTS

PPI-DC leases its global office space in Washington, D.C. which require monthly payments of \$6,465 with annual increases in base rent of 4%. The lease expires December 31, 2020. Additionally, PPI leases its affiliates' office space in their respective foreign locations under various operating leases expiring through June 2020. Lease expense for the years ended June 30, 2019 and 2018 was \$132,842 and \$120,094. Future annual minimum lease payments for the years ending June 30, 2020 and 2021 are \$113,064 and \$43,632, respectively.

PEACEPLAYERS INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 7 – RETIREMENT PLAN

PPI-DC provides retirement benefits to its employees through a Simple IRA Plan covering full-time employees in the United States Headquarters. PPI-DC matches up to 3% of qualifying employee wages. During the years ended June 30, 2019 and 2018, PPI-DC made matching contributions of \$43,620 and \$34,473.

NOTE 8 – LINE OF CREDIT

PPI has available a \$400,000 secured line of credit bearing interest at the prevailing bank interest rate with a maturity date of May 7, 2020. At June 30, 2019 and 2018, there were no outstanding balances.

NOTE 9 – LIQUIDITY AND AVAILABILITY

The following reflects PPI's financial assets as of the date of the consolidated statement of financial position, reduced by amounts not available for general expenditures within one year because of contractual or donor-imposed restrictions:

Financial assets, at year-end	\$ 3,499,278
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor imposed restrictions:	
Restricted by donor with time and purpose restrictions	(4,730,781)
Add back amounts available for expenditures within one year	<u>2,107,021</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 875,518</u>

PPI is substantially supported by contributions. When a donor's restriction requires resources to be used in a particular manner or in a future period, PPI must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of PPI'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.