



# PEACEPLAYERS

INTERNATIONAL

bridging divides | developing leaders | changing perceptions

## CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018 and 2017

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
PeacePlayers International  
Washington, D.C.

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, 2018 and 2017, 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, 2018 and 2017, 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.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Alexandria, Virginia  
February 28, 2019

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**PEACEPLAYERS INTERNATIONAL**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
June 30, 2018 and 2017

	2018	2017
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 783,553	\$ 305,791
Contributions receivable, current portion	158,361	1,818,850
Grants receivable	60,111	69,398
Prepaid expenses	79,113	76,849
<b>Total current assets</b>	<b>1,081,138</b>	<b>2,270,888</b>
<b>OTHER ASSETS</b>		
Contributions receivable, long-term	73,535	5,500
Security deposits	30,611	25,282
Fixed assets - net	47,639	1,750
<b>Total assets</b>	<b>\$ 1,232,923</b>	<b>\$ 2,303,420</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 38,313	\$ 60,303
Accrued payroll	179,166	153,892
Accrued expenses	5,108	2,844
<b>Total current liabilities</b>	<b>222,587</b>	<b>217,039</b>
<b>NET ASSETS</b>		
Unrestricted	79,035	75,269
Temporarily restricted	931,301	2,011,112
<b>Total net assets</b>	<b>1,010,336</b>	<b>2,086,381</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,232,923</b>	<b>\$ 2,303,420</b>

See accompanying notes.

**PEACEPLAYERS INTERNATIONAL**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
Year ended June 30, 2018

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
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
Net assets released from restrictions	2,136,414	(2,136,414)	-
<b>Total support and revenue</b>	<b>4,172,615</b>	<b>(1,079,811)</b>	<b>3,092,804</b>
<b>EXPENSES</b>			
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
<b>Total program services</b>	<b>3,693,776</b>	<b>-</b>	<b>3,693,776</b>
Supporting activities			
Management and general	322,208	-	322,208
Fundraising	120,926	-	120,926
<b>Total expenses</b>	<b>4,136,910</b>	<b>-</b>	<b>4,136,910</b>
<b>LOSSES</b>			
Foreign currency translation loss	31,939	-	31,939
<b>Change in net assets</b>	<b>3,766</b>	<b>(1,079,811)</b>	<b>(1,076,045)</b>
Net assets - beginning of year	75,269	2,011,112	2,086,381
<b>Net assets - end of year</b>	<b>\$ 79,035</b>	<b>\$ 931,301</b>	<b>\$ 1,010,336</b>

See accompanying notes.

**PEACEPLAYERS INTERNATIONAL**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
Year ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 785,473	\$ 2,678,655	\$ 3,464,128
Government grants	697,999	-	697,999
Program service revenue	57,148	-	57,148
Donated uniforms and materials	53,000	-	53,000
Other income	1,770	-	1,770
Net assets released from restrictions	<u>1,541,798</u>	<u>(1,541,798)</u>	<u>-</u>
 Total support and revenue	 3,137,188	 1,136,857	 4,274,045
<b>EXPENSES</b>			
Program services			
Cyprus	368,498	-	368,498
Middle East	1,101,853	-	1,101,853
Northern Ireland	590,808	-	590,808
South Africa	237,491	-	237,491
P2L2	190,208	-	190,208
Training and Technical Assistance	<u>269,854</u>	<u>-</u>	<u>269,854</u>
 Total program services	 2,758,712	 -	 2,758,712
Supporting activities			
Management and general	156,477	-	156,477
Fundraising	<u>215,035</u>	<u>-</u>	<u>215,035</u>
 Total expenses	 <u>3,130,224</u>	 <u>-</u>	 <u>3,130,224</u>
<b>LOSSES</b>			
Foreign currency translation loss	<u>16,275</u>	<u>-</u>	<u>16,275</u>
 <b>Change in net assets</b>	 <b>(9,311)</b>	 <b>1,136,857</b>	 <b>1,127,546</b>
 Net assets - beginning of year	 <u>84,580</u>	 <u>874,255</u>	 <u>958,835</u>
 <b>Net assets - end of year</b>	 <b><u>\$ 75,269</u></b>	 <b><u>\$ 2,011,112</u></b>	 <b><u>\$ 2,086,381</u></b>

See accompanying notes.

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

	Program Services					Supporting Activities				Total
	Cyprus	Middle East	Northern Ireland	South Africa	P2L2	Training and Technical Assistance	Total Program Services	Management and General	Fundraising	
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
Business expenses	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
<b>Total expenses</b>	<b>\$ 375,499</b>	<b>\$ 1,136,254</b>	<b>\$ 682,465</b>	<b>\$ 265,818</b>	<b>\$ 1,136,968</b>	<b>\$ 96,772</b>	<b>\$ 3,693,776</b>	<b>\$ 322,208</b>	<b>\$ 120,926</b>	<b>\$ 4,136,910</b>

See accompanying notes.

**PEACEPLAYERS INTERNATIONAL**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended June 30, 2017

	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	216,213	692,195	352,212	166,757	152,724	149,017	1,729,118	35,207	115,840	\$ 1,880,165
Occupancy	59,594	127,924	75,328	20,525	19,239	33,207	335,817	6,745	23,939	366,501
Travel and lodging	38,978	126,351	88,933	10,661	13,285	57,891	336,099	10,353	9,209	355,661
Professional fees	3,335	66,519	9,046	7,107	2,175	17,169	105,351	60,572	4,197	170,120
Non-personnel expenses	7,550	39,745	22,164	9,577	2,471	10,544	92,051	21,303	61,850	175,204
Insurance	26,551	22,124	18,114	13,455	-	689	80,933	1,833	-	82,766
Uniforms	9,464	20,701	9,295	6,341	237	-	46,038	-	-	46,038
Office expenses	4,442	3,649	5,482	-	-	837	14,410	16,031	-	30,441
Business expenses	2,371	2,645	3,705	1,507	55	500	10,783	3,429	-	14,212
Training and retreats	-	-	5,636	1,545	22	-	7,203	654	-	7,857
Depreciation	-	-	893	16	-	-	909	350	-	1,259
<b>Total expenses</b>	<b>\$ 368,498</b>	<b>\$ 1,101,853</b>	<b>\$ 590,808</b>	<b>\$ 237,491</b>	<b>\$ 190,208</b>	<b>\$ 269,854</b>	<b>\$ 2,758,712</b>	<b>\$ 156,477</b>	<b>\$ 215,035</b>	<b>\$ 3,130,224</b>

See accompanying notes.



**PEACEPLAYERS INTERNATIONAL**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
Years ended June 30, 2018 and 2017

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (1,076,045)	\$ 1,127,546
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	8,719	1,259
(Increase) decrease in assets		
Contributions receivable	1,592,454	(1,200,492)
Grants receivable	9,287	(6,004)
Prepaid expenses	(2,264)	(17,677)
Security deposits	(5,329)	985
Increase (decrease) in liabilities		
Accounts payable	(21,990)	16,562
Accrued payroll	25,274	17,769
Accrued expenses	2,264	2,844
<b>Net cash flows from operating activities</b>	<b>532,370</b>	<b>(57,208)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	(54,608)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from line of credit	200,000	465,000
Payments on line of credit	(200,000)	(465,000)
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net change in cash</b>	<b>477,762</b>	<b>(57,208)</b>
Cash - beginning of year	305,791	362,999
<b>Cash - end of year</b>	<b>\$ 783,553</b>	<b>\$ 305,791</b>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid for interest	\$ 484	\$ 4,807

See accompanying notes.

**PEACEPLAYERS INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018 and 2017

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*PeacePlayers International* (PPI-DC) is a non-profit organization based in Washington, D.C. 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* (P2L2) is a domestic program that launched in 2017 to unite communities in the United States with a specific focus on strengthening relationships between youth and law enforcement. We are currently operating in the following cities: Baltimore, Maryland; Brooklyn, New York and Detroit, Michigan. P2L2 is helping to mobilize young people across the United States as leaders who will show that if you can play together, you can live together.

*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, 2018 and 2017

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Basis of Presentation**

PPI reports information regarding its financial position and activities according to three classes of net assets:

*Unrestricted net assets*—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

*Temporarily restricted net assets*—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

*Permanently restricted net assets*—Net assets that have been restricted by donors to be maintained in perpetuity.

**Contributions Receivable**

Unconditional contributions receivable 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 contributions receivable 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 unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets 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.

**PEACEPLAYERS INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018 and 2017

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Reclassifications**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**Expense Allocation**

The costs of providing various programs and other activities have been summarized on functional basis in the consolidated statements of activities and in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

**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 February 28, 2019, the date which the consolidated financial statements were available to be issued.

NOTE 2 – CONCENTRATION 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, 2018, PPI's uninsured cash balances totaled approximately \$235,000. At June 30, 2017, PPI's cash balances were fully insured.

**PEACEPLAYERS INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018 and 2017

**NOTE 3 – FIXED ASSETS**

Fixed assets at June 30, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Furniture and equipment	\$ 70,507	\$ 36,772
Vehicles	<u>62,791</u>	<u>41,918</u>
Total fixed assets	133,298	78,690
Accumulated depreciation	<u>(85,659)</u>	<u>(76,940)</u>
Fixed assets - net	<u>\$ 47,639</u>	<u>\$ 1,750</u>

**NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at June 30, 2018 and 2017 are available for the following purposes and/or periods:

Purpose	<u>2018</u>	<u>2017</u>
Training and technical assistance	\$ 148,998	\$ 60,340
Northern Ireland	63,904	-
P2L2	-	126,422
Time and purpose		
P2L2	486,667	1,460,000
Middle East	143,235	18,553
Training and technical assistance	69,700	60,000
South Africa	11,562	9,563
Northern Ireland	7,235	110,234
The Office of Organizational Learning	<u>-</u>	<u>166,000</u>
Temporarily restricted net assets	<u>\$ 931,301</u>	<u>\$ 2,011,112</u>

**NOTE 5 – 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, 2018 and 2017, PPI-DC made matching contributions of \$34,473 and \$19,853.

**NOTE 6 – 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, 2018 and 2017, there was no outstanding balance.

**PEACEPLAYERS INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018 and 2017

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NOTE 7 – LEASING ARRANGEMENTS

PPI-DC leases office space in Washington, D.C. requiring monthly payments of \$6,465 with annual increases in base rent of 4%. The lease expires December 31, 2020. PPI-SA leases office space in South Africa requiring annual payments of \$8,821 with annual increases in base rent of 5%. The lease expires June 30, 2020. PPI-NI and PPI-CY lease office space in Northern Ireland and Cyprus on a month-to-month basis. PPI-ME leases a basketball court in the Middle East requiring monthly payments through August 2018 and then on a month to month basis.

Future annual minimum lease payments for the years ending June 30 consist of the following:

2019	\$	98,216
2020		87,389
2021		<u>43,632</u>
Total	\$	<u><u>229,237</u></u>

Lease expense for the years ended June 30, 2018 and 2017 was \$120,094 and \$106,335.