



# PEACE PLAYERS

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

## CONTENTS

Independent Auditor's Report .....	1
Consolidated Statement of Financial Position .....	3
Consolidated Statement of Activities .....	4
Consolidated Statement of Functional Expenses .....	5
Consolidated Statement of Cash Flows .....	6
Notes to Financial Statements .....	7

## 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 statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses, 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 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 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 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, 2020 and 2019, and the changes in their net assets and their cash flows for the year 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. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of and for the year ended June 30, 2020. Our opinion is not modified with respect to this matter.

Wegner CPAs LLP

Wegner CPAs, LLP  
Alexandria, Virginia  
May 12, 2021

**PEACEPLAYERS INTERNATIONAL**  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
June 30, 2020

---

---

**ASSETS**

Cash	\$ 2,027,040
Unconditional promises to give, net	2,279,120
Prepaid expenses	143,181
Security deposits	25,152
Fixed assets, net	<u>33,393</u>

**Total assets**

\$ 4,507,886

**LIABILITIES**

Accounts payable	\$ 26,375
Accrued payroll	228,391
Refundable advances	17,675
Paycheck Protection Program loan payable	<u>392,015</u>

Total liabilities

664,456

**NET ASSETS**

Without donor restrictions	1,001,187
With donor restrictions	<u>2,842,243</u>

Total net assets

3,843,430

**Total liabilities and net assets**

\$ 4,507,886

See accompanying notes.

**PEACEPLAYERS INTERNATIONAL**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
Contributions	\$ 3,348,215	\$ 470,243	\$ 3,818,458
Donated uniforms and materials	44,081	-	44,081
Program service revenue	135,323	-	135,323
Other income	3,680	-	3,680
	<u>3,531,299</u>	<u>470,243</u>	<u>4,001,542</u>
<b>EXPENSES AND LOSSES</b>			
Program services			
Cyprus	314,067	-	314,067
Middle East	873,440	-	873,440
Northern Ireland	516,957	-	516,957
South Africa	163,244	-	163,244
United States	2,271,869	-	2,271,869
	<u>4,139,577</u>	<u>-</u>	<u>4,139,577</u>
Supporting activities			
Management and general	700,471	-	700,471
Fundraising	293,638	-	293,638
	<u>5,133,686</u>	<u>-</u>	<u>5,133,686</u>
Total expenses	5,133,686	-	5,133,686
Foreign currency translation loss	27,092	-	27,092
	<u>5,160,778</u>	<u>-</u>	<u>5,160,778</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Expiration of time restrictions	300,000	(300,000)	-
Satisfaction of purpose restrictions	2,058,781	(2,058,781)	-
	<u>2,358,781</u>	<u>(2,358,781)</u>	<u>-</u>
Total net assets released from restrictions	2,358,781	(2,358,781)	-
<b>Change in net assets</b>	729,302	(1,888,538)	(1,159,236)
Net assets at beginning of year	271,885	4,730,781	5,002,666
<b>Net assets at end of year</b>	<u>\$ 1,001,187</u>	<u>\$ 2,842,243</u>	<u>\$ 3,843,430</u>

See accompanying notes.

**PEACEPLAYERS INTERNATIONAL**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2020

	Program Services					Supporting Activities			Total
	Cyprus	Middle East	Northern Ireland	South Africa	United States	Program Services	Management and General	Fundraising	
Personnel	\$ 190,487	\$ 568,862	\$ 318,006	\$ 90,390	\$ 1,687,509	\$ 2,855,254	\$ 285,855	\$ 207,276	\$ 3,348,385
Professional fees	26,216	33,681	16,301	6,155	278,289	360,642	253,245	59,128	673,015
Training, retreats, and assessments	10,154	11,729	14,271	9,051	49,911	95,116	4,584	10,517	110,217
Occupancy	41,277	87,138	82,269	23,036	62,999	296,719	82,286	4,604	383,609
Travel and lodging	19,966	93,740	45,095	7,109	119,047	284,957	10,583	5,848	301,388
Uniforms and equipment	12,646	23,615	18,295	6,927	35,438	96,921	545	237	97,703
Insurance	6,395	13,413	11,118	3,121	-	34,047	50,422	-	84,469
Depreciation	2,730	6,960	647	4,950	-	15,287	239	-	15,526
Office expenses	3,447	30,717	5,836	4,856	34,525	79,381	11,009	5,832	96,222
Information technology	749	3,585	5,119	7,649	4,151	21,253	1,703	196	23,152
<b>Total expenses</b>	<b>\$ 314,067</b>	<b>\$ 873,440</b>	<b>\$ 516,957</b>	<b>\$ 163,244</b>	<b>\$ 2,271,869</b>	<b>\$ 4,139,577</b>	<b>\$ 700,471</b>	<b>\$ 293,638</b>	<b>\$ 5,133,686</b>

See accompanying notes.

**PEACEPLAYERS INTERNATIONAL**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
Year Ended June 30, 2020

---

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (1,159,236)
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Depreciation	15,526
Discount on long-term promises to give	1,600
(Increase) decrease in assets	
Unconditional promises to give	(100,047)
Prepaid expenses	1,398,617
Increase (decrease) in liabilities	
Accounts payable	(34,812)
Accrued payroll	37,649
Refundable advances	17,675
	176,972
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of fixed assets	(14,737)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from Paycheck Protection loan	392,015
	554,250
<b>Net change in cash</b>	<b>554,250</b>
Cash at beginning of year	1,472,790
	1,472,790
<b>Cash at end of year</b>	<b>\$ 2,027,040</b>
	2,027,040
<b>SUPPLEMENTAL DISCLOSURES</b>	
Cash paid for interest	\$ 2,106

See accompanying notes.



**PEACEPLAYERS INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

---

---

*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 statement of activities.

**PEACEPLAYERS INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

---

---

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**

On June 21, 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for evaluating whether transactions such as grants and similar contracts with government agencies and others should be accounted for as exchange transactions (that is, revenue from contracts with customers) or contributions. The ASU also assists entities in determining whether a contribution is conditional. PPI adopted the requirements of the ASU as of July 1, 2019. The changes in the ASU have been applied on a modified prospective basis, that is, the changes have been applied to agreements that are either not completed as of July 1, 2019 or entered into after that date.

**PEACEPLAYERS INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

---

---

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 May 12, 2021, the date which the consolidated financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

PPI-DC maintains its cash balances at two financial institutions in Washington, DC. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2020, PPI's uninsured cash balances totaled approximately \$1,130,000.

**PEACEPLAYERS INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

---

---

**NOTE 3 – PROMISES TO GIVE**

Unconditional promises to give consist of the following:

Receivable in less than one year	\$ 2,180,720
Receivable in more than one year	<u>100,000</u>
Unconditional promises to give	2,280,720
Discount to net present value	<u>(1,600)</u>
Unconditional promises to give, net	<u><u>\$ 2,279,120</u></u>

Promises to give due in more than one year are discounted at an effective rate of 1.67%.

**NOTE 4 – FIXED ASSETS**

Fixed assets consist of the following:

Furniture and equipment	\$ 87,279
Vehicles	<u>26,760</u>
Total fixed assets	114,039
Accumulated depreciation	<u>(80,646)</u>
Fixed assets, net	<u><u>\$ 33,393</u></u>

**NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS**

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

Purpose restricted	
Friendship games	\$ 2,078,000
Equipment	40,000
All-Stars - Middle East	25,000
Middle East general programming	71,910
Subsequent periods	<u>627,333</u>
Net assets with donor restrictions	<u><u>\$ 2,842,243</u></u>

**NOTE 6 – PAYCHECK PROTECTION PROGRAM LOAN PAYABLE**

In April 2020, PPI-DC received a \$392,015 loan under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loan accrues interest at 1% until a determination of the amount of forgiveness is made. In December 2020, PPI-DC had its application for forgiveness approved in full. The loan will be written off and recognized as revenue in fiscal year 2021.

**PEACEPLAYERS INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

---

---

**NOTE 7 – LINE OF CREDIT**

On May 7, 2020, PPI renewed its \$400,000 secured line of credit bearing interest at the prevailing bank interest rate with a maturity date of May 7, 2022. At June 30, 2020 there was no outstanding balance.

**NOTE 8 – 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 year ended June 30, 2020, PPI-DC made matching contributions of \$77,649.

**NOTE 9 – LIQUIDITY AND AVAILABILITY**

The following reflects PPI's financial assets as of June 30, 2020, reduced by amounts not available for general expenditures within one year because of contractual or donor-imposed restrictions:

Financial assets at year-end	\$ 4,306,160
Less amounts unavailable for within one year, due to:	
Contractual or donor imposed restrictions:	
Restricted by donor with time and purpose restrictions	(2,842,243)
Add back amounts available for expenditures within one year	<u>627,333</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,091,250</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. 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.

**NOTE 10 – RISKS AND UNCERTAINTIES**

Prior to the COVID-19 pandemic, PPI-DC had leased its global office space in Washington, D.C. which was set to expire December 31, 2020. As a result of the pandemic, PPI elected to allow the lease to lapse after it expired. Global PPI personnel have adopted and will continue adhering to a work from home arrangement indefinitely.

The extent of the impact of COVID-19 on PPI's operations will depend on certain developments, including the duration and spread of the outbreak, and impact on PPI's employees, all of which are uncertain and cannot be predicted. At this point the extent to which COVID-19 may impact PPI's operations is uncertain.