



PEACEPLAYERS

INTERNATIONAL

bridging divides | developing leaders | changing perceptions

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017 and 2016

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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 statement of financial position as of June 30, 2017, 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, 2017, 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.

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Prior Period Financial Statements

The consolidated financial statements of PeacePlayers International and affiliates as of June 30, 2016, were audited by other auditors whose report dated March 29, 2017, expressed an unmodified opinion on those statements.

Wegner CPAs LLP

Wegner CPAs, LLP
Alexandria, Virginia
February 21, 2018

PEACEPLAYERS INTERNATIONAL
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash	\$ 305,791	\$ 362,999
Contributions receivable, current portion	1,818,850	384,166
Grants receivable	69,398	63,394
Prepaid expenses	76,849	59,172
Total current assets	2,270,888	869,731
OTHER ASSETS		
Contributions receivable, long-term	5,500	239,692
Security deposits	25,282	26,267
Furniture and equipment - net	1,750	3,009
Total assets	\$ 2,303,420	\$ 1,138,699
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 60,303	\$ 43,741
Accrued payroll	153,892	136,123
Accrued expenses	2,844	-
Total current liabilities	217,039	179,864
NET ASSETS		
Unrestricted	75,269	84,580
Temporarily restricted	2,011,112	874,255
Total net assets	2,086,381	958,835
Total liabilities and net assets	\$ 2,303,420	\$ 1,138,699

See accompanying notes.

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

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
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	1,541,798	(1,541,798)	-
Total support and revenue	3,137,188	1,136,857	4,274,045
EXPENSES			
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	269,854	-	269,854
Total program services	2,758,712	-	2,758,712
Supporting activities			
Management and general	156,477	-	156,477
Fundraising	215,035	-	215,035
Total expenses	3,130,224	-	3,130,224
LOSSES			
Foreign currency translation loss	16,275	-	16,275
Change in net assets	(9,311)	1,136,857	1,127,546
Net assets - beginning of year	84,580	874,255	958,835
Net assets - end of year	\$ 75,269	\$ 2,011,112	\$ 2,086,381

See accompanying notes.

PEACEPLAYERS INTERNATIONAL
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Contributions	\$ 717,189	\$ 1,618,263	\$ 2,335,452
Government grants	548,653	-	548,653
Program service revenue	55,177	-	55,177
Other income	2,010	-	2,010
Net assets released from restrictions	<u>1,102,136</u>	<u>(1,102,136)</u>	<u>-</u>
Total support and revenue	2,425,165	516,127	2,941,292
EXPENSES			
Program services			
Cyprus	292,896	-	292,896
Middle East	1,147,819	-	1,147,819
Northern Ireland	556,706	-	556,706
South Africa	230,513	-	230,513
Training and Technical Assistance	<u>179,968</u>	<u>-</u>	<u>179,968</u>
Total program services	2,407,902	-	2,407,902
Supporting activities			
Management and general	328,795	-	328,795
Fundraising	<u>225,286</u>	<u>-</u>	<u>225,286</u>
Total expenses	<u>2,961,983</u>	<u>-</u>	<u>2,961,983</u>
LOSSES			
Foreign currency translation loss	<u>32,249</u>	<u>-</u>	<u>32,249</u>
Change in net assets	(569,067)	516,127	(52,940)
Net assets - beginning of year	<u>653,647</u>	<u>358,128</u>	<u>1,011,775</u>
Net assets - end of year	<u>\$ 84,580</u>	<u>\$ 874,255</u>	<u>\$ 958,835</u>

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	\$ 207,141	\$ 680,459	\$ 346,184	\$ 160,547	\$ 140,029	\$ 140,783	\$ 1,675,143	\$ 27,757	\$ 110,929	\$ 1,813,829
Insurance	35,623	33,860	24,143	19,665	12,695	8,923	134,909	9,281	4,911	149,101
Professional fees	3,335	66,519	9,046	7,107	2,175	17,169	105,351	60,572	4,197	170,120
Training and retreats	-	-	5,636	1,545	22	-	7,203	654	-	7,857
Uniforms	9,464	20,701	9,295	6,341	237	-	46,038	1	-	46,039
Non-personnel expenses	7,550	39,745	22,164	9,577	2,471	10,544	92,051	21,303	61,850	175,204
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
Depreciation	-	-	893	16	-	-	909	350	-	1,259
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
Total expenses	\$ 368,498	\$ 1,101,853	\$ 590,808	\$ 237,491	\$ 190,208	\$ 269,854	\$ 2,758,712	\$ 156,477	\$ 215,035	\$ 3,130,224

See accompanying notes.

PEACEPLAYERS INTERNATIONAL
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2016

	Program Services					Supporting Activities			Total
	Cyprus	Middle East	Northern Ireland	South Africa	Training and Technical Assistance	Total Program Services	Management and General	Fundraising	
Personnel	\$ 151,819	\$ 586,107	\$ 309,484	\$ 135,197	\$ 98,515	\$ 1,281,122	\$ 201,309	\$ 152,660	\$ 1,635,091
Insurance	32,857	37,871	30,127	22,455	5,094	128,404	9,600	8,163	146,167
Professional fees	7,944	60,156	12,336	8,477	23,334	112,247	42,100	1,188	155,535
Training and retreats	-	-	6,805	2,812	1,650	11,267	348	81	11,696
Uniforms	5,735	10,878	12,967	4,732	1,139	35,451	-	1,668	37,119
Non-personnel expenses	10,247	49,285	24,365	11,441	1,053	96,391	28,708	9,918	135,017
Occupancy	52,284	175,419	79,563	20,890	26,648	354,804	25,631	41,166	421,601
Travel and lodging	22,227	213,113	75,503	22,449	22,535	355,827	7,235	9,659	372,721
Depreciation	-	142	955	-	-	1,097	451	-	1,548
Office expenses	6,224	12,731	4,145	900	-	24,000	6,310	783	31,093
Business expenses	2,196	2,117	456	1,160	-	5,929	7,103	-	13,032
Bad debt	1,363	-	-	-	-	1,363	-	-	1,363
Total expenses	\$ 292,896	\$ 1,147,819	\$ 556,706	\$ 230,513	\$ 179,968	\$ 2,407,902	\$ 328,795	\$ 225,286	\$ 2,961,983

See accompanying notes.

PEACEPLAYERS INTERNATIONAL
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended June 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,127,546	\$ (52,940)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	1,259	1,548
Loss on disposal of fixed assets	-	1,210
(Increase) decrease in assets		
Contributions receivable	(1,200,492)	(284,005)
Grants receivable	(6,004)	65,253
Prepaid expenses	(17,677)	(9,493)
Security deposits	985	(19,417)
Increase (decrease) in liabilities		
Accounts payable	16,562	(29,614)
Accrued payroll	17,769	39,132
Accrued expenses	2,844	-
	(57,208)	(288,326)
Net cash flows from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of furniture and equipment	-	(2,808)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	465,000	50,000
Payments on line of credit	(465,000)	(50,000)
	-	-
Net cash flows from financing activities		
Net change in cash	(57,208)	(291,134)
Cash - beginning of year	362,999	654,133
Cash - end of year	\$ 305,791	\$ 362,999
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ 4,807	\$ 83

See accompanying notes.

PEACEPLAYERS INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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.

PEACEPLAYERS INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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.

Furniture and Equipment

Acquisitions of furniture and equipment with a value greater than \$1,000 and a useful life greater than one year are capitalized. Furniture and equipment 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.

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, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

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.

Date of Management's Review

Management has evaluated subsequent events through February 21, 2018, the date which the consolidated financial statements were available to be issued.

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.

PEACEPLAYERS INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

NOTE 2 – FURNITURE AND EQUIPMENT

Furniture and equipment at June 30, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Furniture and equipment	\$ 36,772	\$ 36,772
Vehicles	<u>41,918</u>	<u>41,918</u>
Total furniture and equipment	78,690	78,690
Accumulated depreciation	<u>(76,940)</u>	<u>(75,681)</u>
Furniture and equipment - net	<u>\$ 1,750</u>	<u>\$ 3,009</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$1,259 and \$1,548.

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2017 and 2016 are available for the following purposes or periods:

Purpose	<u>2017</u>	<u>2016</u>
Training and technical assistance	\$ 60,340	\$ 167,769
The Office of Organizational Learning	-	82,627
P2L2	126,422	-
Time and purpose		
Training and technical assistance	60,000	46,116
P2L2	1,460,000	-
The Office of Organizational Learning	166,000	333,000
Cyprus	-	21,227
Middle East	18,553	44,891
Northern Ireland	110,234	173,499
South Africa	<u>9,563</u>	<u>5,126</u>
Temporarily restricted net assets	<u>\$ 2,011,112</u>	<u>\$ 874,255</u>

NOTE 4 – LINE OF CREDIT

PPI had available a \$250,000 secured line of credit bearing interest at the prevailing bank interest rate and expired on November 17, 2017. At June 30, 2017 and 2016, there was no outstanding balance.

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, 2017 and 2016, PPI-DC made matching contributions of \$19,853 and \$17,482.

PEACEPLAYERS INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

NOTE 6 – 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 office space in the Middle East requiring monthly payments of \$3,108. The lease expires March 31, 2018.

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

2018	\$ 114,140
2019	86,641
2020	90,204
2021	<u>41,596</u>
Total	<u>\$ 332,581</u>

Rent expense for the years ended June 30, 2017 and 2016 was \$106,335 and \$125,026.