

PeacePlayers International and Affiliates

**Consolidated Financial Statements
and Independent Auditor's Report**

June 30, 2015 and 2014 (As Restated)

COHN  REZNICK
ACCOUNTING • TAX • ADVISORY

PeacePlayers International and Affiliates

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Independent Auditor's Report

To the Board of Directors
PeacePlayers International and Affiliates

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of PeacePlayers International and Affiliates ("PPI"), which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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 PPI as of June 30, 2015, and the change 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.

Adjustments to Prior Period Consolidated Financial Statements

The consolidated financial statements of PeacePlayers International, Inc. as of June 30, 2014, were audited by other auditors whose report dated November 19, 2014 expressed an unmodified opinion on these consolidated financial statements. As discussed in Note 9, PPI has restated its 2014 consolidated financial statements during the current year to adjust temporarily restricted revenue and support and net assets, in accordance with accounting principles generally accepted in the United States of America. The other auditors reported on the 2014 consolidated financial statements before the restatement.

As part of our audit of the 2015 consolidated financial statements, we also audited adjustments described in Note 9 that were applied to restate the 2014 consolidated financial statements. In our opinion, such adjustments were appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2014 consolidated financial statements of PPI other than with respect to the adjustments and, accordingly, we do not express an opinion on any other form of assurance on the 2014 consolidated financial statements as a whole.

A handwritten signature in cursive script that reads "Cohn Reznick LLP".

Bethesda, Maryland
March 31, 2016

PeacePlayers International and Affiliates

**Consolidated Statements of Financial Position
June 30, 2015 and 2014 (As Restated)**

	<u>Assets</u>	
	2015	2014
Current assets		
Cash and cash equivalents	\$ 603,576	\$ 320,995
Short term investments	50,557	-
Grants and contributions receivable, current portion	295,609	730,941
Prepaid expenses	49,679	64,352
Total current assets	999,421	1,116,288
Fixed Assets		
Furniture	37,093	35,744
Vehicles	41,918	41,918
	79,011	77,662
Less: Accumulated depreciation	(76,052)	(73,914)
Net fixed assets	2,959	3,748
Other assets		
Grants and contributions receivable, net of current portion	172,891	62,500
Deposits	6,850	1,061
Total other assets	179,741	63,561
Total assets	\$ 1,182,121	\$ 1,183,597
	<u>Liabilities and net assets</u>	
Current liabilities		
Accounts payable	\$ 73,355	\$ 120,042
Accrued payroll	96,991	74,228
Total liabilities	170,346	194,270
Net Assets		
Unrestricted	653,647	324,639
Temporarily restricted	358,128	664,688
Total net assets	1,011,775	989,327
Total liabilities and net assets	\$ 1,182,121	\$ 1,183,597

See Notes to Consolidated Financial Statements

PeacePlayers International and Affiliates

**Consolidated Statement of Activities and Change in Net Assets
Year Ended June 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenue and Support			
Grants and contributions	\$ 1,019,287	\$ 899,758	\$ 1,919,045
Government grants	825,420	-	825,420
In-kind contributions	13,371	-	13,371
Other income	93,289	-	93,289
Net assets released from donor restrictions	<u>1,206,318</u>	<u>(1,206,318)</u>	<u>-</u>
 Total revenue and support	 3,157,685	 (306,560)	 2,851,125
Expenses			
Program services			
Cyprus	282,489	-	282,489
Middle East	1,085,351	-	1,085,351
Northern Ireland	562,449	-	562,449
South Africa	247,050	-	247,050
Training and Technical Assistance	<u>123,387</u>	<u>-</u>	<u>123,387</u>
 Total program services	 2,300,726	 -	 2,300,726
Supporting services			
General and administrative	234,768	-	234,768
Fundraising	<u>293,183</u>	<u>-</u>	<u>293,183</u>
 Total supporting services	 <u>527,951</u>	 <u>-</u>	 <u>527,951</u>
 Total expenses	 <u>2,828,677</u>	 <u>-</u>	 <u>2,828,677</u>
Changes in net assets	329,008	(306,560)	22,448
Net assets, beginning of year, as restated	<u>324,639</u>	<u>664,688</u>	<u>989,327</u>
Net assets, end of year	<u>\$ 653,647</u>	<u>\$ 358,128</u>	<u>\$ 1,011,775</u>

See Notes to Consolidated Financial Statements.

PeacePlayers International and Affiliates

**Consolidated Statement of Activities and Change in Net Assets
Year Ended June 30, 2014 (As Restated)**

	Unrestricted	Temporarily restricted	Total
Revenue and Support			
Grants and contributions	\$ 726,739	\$ 989,567	\$ 1,716,306
Government grants	633,668	-	633,668
Other income	217,289	-	217,289
Net assets released from donor restrictions	1,183,057	(1,183,057)	-
Total revenue and support	2,760,753	(193,490)	2,567,263
Expenses			
Program services			
Cyprus	290,975	-	290,975
Middle East	975,000	-	975,000
Northern Ireland	588,261	-	588,261
South Africa	232,136	-	232,136
Training and Technical Assistance	146,845	-	146,845
Total program services	2,233,217	-	2,233,217
Supporting services			
General and administrative	184,361	-	184,361
Fundraising	278,384	-	278,384
Total supporting services	462,745	-	462,745
Total expenses	2,695,962	-	2,695,962
Changes in net assets	64,791	(193,490)	(128,699)
Net assets, beginning of year, as restated	259,848	858,178	1,118,026
Net assets, end of year, as restated	\$ 324,639	\$ 664,688	\$ 989,327

See Notes to Consolidated Financial Statements.

PeacePlayers International and Affiliates
Consolidated Statement of Functional Expenses
Year Ended June 30, 2015

	Program Services					Supporting Services				
	Cyprus	Middle East	Northern Ireland	South Africa	Training and Technical Assistance	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and related expenses	\$ 150,082	\$ 493,997	\$ 337,035	\$ 140,783	\$ 71,524	\$ 1,193,421	\$ 146,548	\$ 201,534	\$ 348,082	\$ 1,541,503
Insurance expense	29,214	25,520	25,063	18,169	7,880	105,846	11,370	10,698	22,068	127,914
Other personal expenses	15,980	76,479	15,141	12,825	22,004	142,429	17,109	5,586	22,695	165,124
Trainings, retreats and assessment	1,294	-	3,805	5,050	569	10,718	236	32	268	10,986
Uniforms	4,937	57,678	11,360	3,225	792	77,992	-	1,590	1,590	79,582
Non-personnel expenses	11,537	41,029	20,404	17,424	4,838	95,232	36,609	20,116	56,725	151,957
Occupancy and other expenses	42,354	143,943	61,337	23,379	7,983	278,996	8,891	41,263	50,154	329,150
Travel and transportation	21,183	224,864	80,708	24,648	7,797	359,200	6,273	7,731	14,004	373,204
Depreciation	-	570	1,078	248	-	1,896	242	-	242	2,138
Miscellaneous expenses	3,308	18,319	5,831	39	-	27,497	4,914	2,241	7,155	34,652
Business expenses	2,600	2,952	687	1,260	-	7,499	2,576	2,392	4,968	12,467
Total	\$ 282,489	\$ 1,085,351	\$ 562,449	\$ 247,050	\$ 123,387	\$ 2,300,726	\$ 234,768	\$ 293,183	\$ 527,951	\$ 2,828,677

See Notes to Consolidated Financial Statements.

PeacePlayers International and Affiliates
Consolidated Statement of Functional Expenses
Year Ended June 30, 2014

	Program Services					Supporting Services				Total Expenses
	Cyprus	Middle East	Northern Ireland	South Africa	Training and Technical Assistance	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and related expenses	\$ 126,565	\$ 567,037	\$ 289,685	\$ 99,141	\$ 39,694	\$ 1,122,122	\$ 90,446	\$ 196,460	\$ 286,906	\$ 1,409,028
Insurance expense	25,562	22,833	20,184	13,419	8,390	90,388	12,418	14,946	27,364	117,752
Other personal expenses	35,604	110,644	36,652	48,001	50,234	281,135	30,983	11,928	42,911	324,046
Trainings, retreats and assessment	1,946	95	31,574	823	363	34,801	56	25	81	34,882
Uniforms	3,958	27,040	22,244	2,403	884	56,529	602	-	602	57,131
Non-personnel expenses	7,259	15,522	21,525	9,592	3,858	57,756	17,144	23,152	40,296	98,052
Occupancy and other expenses	53,008	90,836	63,388	35,960	27,661	270,853	17,789	5,199	22,988	293,841
Travel and transportation	32,428	129,842	96,007	20,261	15,532	294,070	3,250	24,252	27,502	321,572
Depreciation	-	1,492	3,002	1,485	-	5,979	861	-	861	6,840
Miscellaneous expenses	4,246	6,946	3,421	114	-	14,727	4,524	951	5,475	20,202
Business expenses	399	2,713	579	937	229	4,857	3,573	1,471	5,044	9,901
Bad debt	-	-	-	-	-	-	2,715	-	2,715	2,715
Total	\$ 290,975	\$ 975,000	\$ 588,261	\$ 232,136	\$ 146,845	\$ 2,233,217	\$ 184,361	\$ 278,384	\$ 462,745	\$ 2,695,962

See Notes to Consolidated Financial Statements.

PeacePlayers International and Affiliates

Consolidated Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets	\$ 22,448	\$ (128,699)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,138	6,840
Change in discount on grants and contributions receivable	-	(1,932)
Change in:		
Grants and contributions receivable	324,941	46,507
Prepaid expenses	14,673	(40,303)
Deposits	(5,789)	(839)
Accounts payable	(46,687)	54,874
Accrued payroll	22,763	(4,205)
Other accrued liabilities	-	(35,032)
	<u>334,487</u>	<u>(102,789)</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities		
Purchase of short term investments	(50,557)	-
Purchase of fixed assets	<u>(1,349)</u>	<u>(2,998)</u>
	<u>(51,906)</u>	<u>(2,998)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Payments on line of credit	(150,000)	(250,000)
Draws from line of credit	<u>150,000</u>	<u>250,000</u>
	<u>-</u>	<u>-</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in cash and cash equivalents	282,581	(105,787)
Cash and cash equivalents, beginning of year	<u>320,995</u>	<u>426,782</u>
Cash and cash equivalents, end of year	<u>\$ 603,576</u>	<u>\$ 320,995</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 1,104</u>	<u>\$ 4,253</u>

See Notes to Consolidated Financial Statements.

PeacePlayers International and Affiliates

Notes to Consolidated Financial Statements June 30, 2015 and 2014

Note 1 - Organization and summary of significant accounting policies

Organization

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 has affiliates in the Middle East (Israel and West Bank), South Africa, Northern Ireland 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. In 2011, PPI launched a Technical Assistance program, leveraging the organization's institutional knowledge to support others seeking to use sports to make a positive impact in their communities.

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.

Principles of consolidation

The consolidated financial statements include the accounts of PeacePlayers International and Affiliates (collectively, "PPI"). All significant intercompany accounts and transactions between the organizations have been eliminated.

Basis of presentation

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting, and accordingly, revenues are recognized when earned and expenses are recognized when the obligation is incurred.

Cash and cash equivalents

PPI considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Short-term investments

Short-term investments include a certificate of deposit with a maturity over three months, held at an Israeli bank.

PeacePlayers International and Affiliates

Notes to Consolidated Financial Statements June 30, 2015 and 2014

Grants and contributions receivable

Grants and contributions, including unconditional promises to give are recognized as revenues in the appropriate category of net assets in the period received. Management considers all grants and contributions receivable to be fully collectable. Accordingly, an allowance for doubtful accounts has not been established. Unconditional promises to give that are expected to be collected in future years are reflected as grants and contributions receivable and are recorded at their net present value using a risk adjusted discount rate. Amortization of the discount on long-term grants and contributions receivable is recognized as grants and contribution revenue.

Fixed assets

Fixed assets in excess of \$1,000 with an estimated useful life of greater than one year are capitalized. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years.

Income tax status

PPI-DC is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the PPI's tax-exempt purpose is subject to taxation as unrelated business income. There has been no unrelated business income or income tax expense reported for the years ended June 30, 2015 and 2014. PPI-ME, PPI-NI, PPI-CY and PPI-SA are subject to tax laws of their respective countries and had no taxable income to report in accordance with tax laws for the years ended.

PPI believes that it has appropriate support for any tax positions taken, and, as such, does not have any uncertain tax positions that are material to the consolidated financial statements. PPI recognizes interest expense and penalties on income taxes related to uncertain tax positions in general administration expense on the consolidated statements of activities and change in net assets and in accounts payable in the consolidated statements of financial position. PPI reported no penalties or interest on income taxes related to uncertain tax positions for the years ended June 30, 2015 and 2014. Tax years prior to 2011 for PPI-DC are no longer subject to examination by the IRS or the tax jurisdiction of the District of Columbia.

Net assets

Unrestricted net assets are net assets that are neither temporarily restricted nor permanently restricted by donor stipulations for a time or purpose restriction.

Temporarily restricted net assets result from grants and contributions whose use is limited by donor-imposed purpose restrictions that have not yet been fulfilled by actions of PPI pursuant to these stipulations or by the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities and change in net assets as net assets released from restrictions.

Revenue recognition

PPI records contributions as revenue when they are pledged by the donor or when received in cash if not pledged. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Temporarily restricted net assets represent resources with temporary, donor-imposed time and/or program-specific restrictions. These temporary restrictions require that resources be used for specific purposes and/or in a certain period.

PeacePlayers International and Affiliates

Notes to Consolidated Financial Statements June 30, 2015 and 2014

Temporarily restricted net assets become unrestricted when the time restrictions expire or the funds are used for their restricted purposes and are reported in the consolidated statements of activities and change in net assets as net assets released from restrictions. PPI has no permanently restricted net assets.

Government grants

PPI receives funding under grants and contracts from the U.S. government. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. PPI recognizes government grant revenue as unrestricted revenues when the related expenses are incurred. Amounts due from the U.S. government for reimbursable expenses incurred but not yet received are recorded in grants and contributions receivable.

In-kind contributions

In-kind contributions consist of various goods and the use of facilities. In-kind contributions are recorded at their fair market value as of the date of the gift, both as support and as expenses in the period when donated.

Use of estimates

Management uses estimates and assumptions in preparing these consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. 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 vary from the estimates that were used.

Functional allocation of expenses

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

Functional and presentation currency

Items included in the consolidated financial statements of PPI are measured using the currency of the primary economic environment in which PPI operates (the "functional currency"). The consolidated financial statements are presented in U.S. dollars, which is the PPI's functional and presentation currency. Transactions in a currencies other than the functional and presentation currency (foreign currency) are translated into the functional currency using the exchange rates prevailing at the date of significant transactions or an exchange rate at the date PPI made a cash transfer to the foreign entity. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies were translation losses of \$104,361 and \$128,328, for the years ended June 30, 2015 and 2014, respectively, and are recognized in the consolidated statements of activities and change in net assets and are included in other income.

Subsequent events

PPI has evaluated events and transactions for potential recognition or disclosure through March 31, 2016, the date the consolidated financial statements were available to be issued.

PeacePlayers International and Affiliates

**Notes to Consolidated Financial Statements
June 30, 2015 and 2014**

Note 2 - Grants and contributions receivable

Contributions receivable are collectible through 2019, and the following is a summary of grants and contributions receivable, by years, as of:

	June 30,	
	2015	2014
Less than one year	\$ 295,609	\$ 730,941
One to five years	172,891	62,500
Total grants and contributions receivable	\$ 468,500	\$ 793,441

Note 3 - Line of credit

PPI had a \$250,000 bank line of credit, bearing interest at the bank's prime rate plus 1 percent. The line of credit matured on January 23, 2015 and was not renewed. The line was secured by all of PPI's assets. There were no outstanding balances on the line of credit at June 30, 2014. On November 19, 2015, PPI entered into a \$250,000 bank line of credit, bearing interest at variable rate which adjusts daily based on the bank's prime rate plus 1 percent, but not less than 5 percent. The line of credit matures on November 19, 2017.

Note 4 - Temporarily restricted net assets

Temporarily restricted net assets consist of the unexpended portion of restricted grants and contributions received by PPI. These contributions are restricted for the following:

	June 30,	
	2015	2014
Purpose		
Training and technical assistance	30,797	42,736
Time and purpose		
Training and technical assistance	47,151	64,351
Time restrictions	280,180	557,601
	\$ 358,128	664,688

PeacePlayers International and Affiliates

Notes to Consolidated Financial Statements June 30, 2015 and 2014

Net assets released from donor restrictions by incurring expenses that satisfied the restricted purposes specified by the donors of by the passage of time as follows:

	Year Ended June 30,	
	2015	2014
Time and purpose		
Cyprus	\$ 193,849	\$ 143,876
Middle East	271,230	196,219
Northern Ireland	176,858	353,515
South Africa	66,975	49,091
Training and technical assistance	123,386	146,846
	-	
Passage of time	<u>374,020</u>	<u>293,510</u>
	<u>\$ 1,206,318</u>	<u>\$ 1,183,057</u>

Note 5 - Lease commitments

PPI-DC leased office space in Washington, DC under a four-year agreement which expired on March 30, 2015. In January 2015, PPI signed a new lease for office space in Washington DC, and moved into the new space in April 2015. Under the new lease, the first two months of rent were abated, with one month of free rent each year for the next four years. Base rent is \$5,977 per month and increases by four percent each year. The lease expires on December 31, 2020.

PPI-SA leases office space in South Africa under a three-year agreement, which originated in July 2014. Base rent is \$7,320 per year, plus a proportionate share of expenses, increasing by a factor of 10 percent per year.

PPI-NI leases office space in Northern Ireland under a three-year agreement, which originated in January 2012, and is currently month-to-month. Base rent is \$12,276 per year, plus a proportionate share of expenses.

PPI-CY leases office space in Cyprus under a one-year agreement, which expired on December 31, 2015, and was subsequently renewed through December 31, 2016. Base rent is \$5,325 per year, plus a proportionate share of expenses.

Additionally, PPI-ME leases office space in the Middle East under a one-year agreement, which expires in December 2016. Base rent is \$23,663 per year, plus a proportionate share of expenses.

PeacePlayers International and Affiliates
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

The following is a schedule of the future minimum lease payments:

<u>Year Ending June 30</u>	
2016	\$ 100,604
2017	89,564
2018	71,630
2019	74,495
2020	84,747
Thereafter	<u>43,632</u>
	<u>\$ 464,672</u>

Rent expense for the years ended June 30, 2015 and 2014 totaled \$91,694 and \$91,103, respectively.

Note 6 - Retirement plan

PPI-DC provides retirement benefits to its employees through a Simple IRA Plan (the Plan) covering full-time employees in the United States headquarters. The Plan became effective January 1, 2013. PPI matches up to 3 percent of gross wages. Employer contributions to the Plan during the years ended June 30, 2015 and 2014 totaled \$16,094 and \$10,201, respectively.

Note 7 - Contingency

PPI receives grants from the United States government. Such grants are subject to audit under the provisions of OMB Circular A-133. The ultimate determination of amounts received under the United States government grants is based upon the allowance of costs reported to and accepted by the United States government as a result of the audits. Audits in accordance with the provisions of OMB Circular A-133 have been completed for all required fiscal years through 2014. Until such audits have been completed and accepted by the United States government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

Note 8- Concentrations

Credit risk

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, PPI maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal. PPI also maintains bank accounts in other foreign countries that are uninsured. Management believes the risk in these situations to be minimal.

Revenue and support

For the years ended June 30, 2015 and 2014, approximately 29 percent and 25 percent, respectively, of total revenue and support was received from government grants.

PeacePlayers International and Affiliates

**Notes to Consolidated Financial Statements
June 30, 2015 and 2014**

Note 9 - Restatement of financial statements

In 2015, it was determined that there was an error in the reporting of temporarily restricted revenue and support, and net assets released from restrictions. This resulted in an overstatement of PPI's temporarily restricted net assets, and an understatement of PPI's unrestricted net assets as of June 30, 2014 and 2013, respectively. Accordingly, the effects of the restatement on the consolidated statement of financial position and consolidated statement of activities and change in net assets, is as follows:

	As Previously Reported	As Restated	Difference
June 30, 2013			
Net Assets - Unrestricted	\$ 223,135	\$ 259,848	\$ 36,713
Net Assets - Temporarily restricted	894,891	858,178	(36,713)
	<u>1,118,026</u>	<u>1,118,026</u>	<u>-</u>
June 30, 2014			
Grants and Contributions- Unrestricted	331,534	726,739	395,205
Grants and Contributions- Temporarily restricted	1,384,772	989,567	(395,205)
Government Grants- Unrestricted	-	633,668	633,668
Government Grants- Temporarily restricted	633,668	-	(633,668)
Net assets released from donor restrictions- Unrestricted	2,063,799	1,183,057	(880,742)
Net assets released from donor restrictions- Temporarily restricted	<u>(2,063,799)</u>	<u>(1,183,057)</u>	<u>880,742</u>
Net Assets - Unrestricted	139,795	324,639	184,844
Net Assets - Temporarily restricted	849,532	664,688	(184,844)
	<u>989,327</u>	<u>989,327</u>	<u>-</u>

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