

PLAY RUGBY, INC.  
FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

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Focused on the road ahead

Tax, Audit & Advisory

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Play Rugby, Inc.  
New York, New York

### Opinion

We have audited the accompanying financial statements of Play Rugby, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Play Rugby, Inc. as of December 31, 2023, and the changes 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.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Play Rugby, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Play Rugby, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance

and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Play Rugby, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Play Rugby, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## *Cg Tax, Audit & Advisory*

November 13, 2024  
Tinton Falls, New Jersey



PLAY RUGBY, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2023

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 87,214
Unconditional Promise to Give, net of discount \$0	30,857
Accounts Receivable, net of allowance of \$10,000	36,875
Prepaid Expenses and Other Current Assets	<u>26,371</u>

Total Current Assets	<u>181,317</u>
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OTHER ASSETS

Right of Use Assets	134,570
Unconditional Promise to Give, net of current, net of discount of \$2,115	<u>47,885</u>

Total Other Assets	<u>182,455</u>
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Total Assets	<u><u>\$ 363,772</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 362
Operating Lease Liabilities	83,614
Accrued Expenses and Other Current Liabilities	<u>83,875</u>

Total Current Liabilities	167,851
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LONG-TERM LIABILITIES

Long-Term Portion of Operating Lease Liabilities	<u>50,956</u>
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Total Liabilities	<u>218,807</u>
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NET ASSETS

Without Donor Restrictions	<u>144,965</u>
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Total Net Assets	<u>144,965</u>
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Total Liabilities and Net Assets	<u><u>\$ 363,772</u></u>
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See Accompanying Notes and Independent Auditor's Report

## PLAY RUGBY, INC.

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions of Cash and Other Financial Assets	\$ 603,003	\$ -	\$ 603,003
Special Events	529,611	-	529,611
Program Service Fees	51,964	-	51,964
Interest and Dividends	12	-	12
Total Support and Revenue	<u>1,184,590</u>	<u>-</u>	<u>1,184,590</u>
<b>OPERATING EXPENSES</b>			
Program Services	476,586	-	476,586
Management and General	300,532	-	300,532
Fundraising	405,067	-	405,067
Total Operating Expenses	<u>1,182,185</u>	<u>-</u>	<u>1,182,185</u>
Change in Net Assets	2,405	-	2,405
Net Assets, Beginning of Year	<u>142,560</u>	<u>-</u>	<u>142,560</u>
Net Assets, End of Year	<u>\$ 144,965</u>	<u>\$ -</u>	<u>\$ 144,965</u>

See Accompanying Notes and Independent Auditor's Report

PLAY RUGBY, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Other Personnel Costs	\$ 375,784	\$ 123,778	\$ 102,248	\$ 601,810
Payroll Taxes	19,754	6,960	8,258	34,972
Insurance	-	20,179	-	20,179
Facilities, Equipment and Training Fees	31,537	73,552	3,599	108,688
Travel and Lodging	47,702	927	711	49,340
Office Expenses	394	26,106	317	26,817
Professional Fees	1,415	33,071	-	34,486
Marketing and Advertising	-	1,901	-	1,901
Fundraising Expenses	-	-	273,958	273,958
Bad Debt Expense	-	10,415	-	10,415
Service Fees	-	3,643	15,976	19,619
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenses	<u>\$ 476,586</u>	<u>\$ 300,532</u>	<u>\$ 405,067</u>	<u>\$ 1,182,185</u>

See Accompanying Notes and Independent Auditor's Report

PLAY RUGBY, INC.

STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in Net Assets	\$ 2,405
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities:	
Bad Debt	10,415
Changes in Operating Assets and Liabilities:	
Unconditional Promise to Give	(28,566)
Accounts Receivable	(26,974)
Prepaid Expenses and Other Current Assets	(26,371)
Accounts Payable	(5,803)
Accrued Expenses and Other Current Liabilities	<u>32,430</u>
Net Cash Provided by (Used in) Operating Activities	<u>(42,464)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net Cash Provided by (Used in) Investing Activities	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Net Cash Provided by Financing Activities	<u>-</u>
Net Decrease in Cash	(42,464)
Cash and Cash Equivalents, Beginning of Year	<u>129,678</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 87,214</u></u>
Cash Paid For:	
Interest	<u>\$ -</u>
Taxes	<u><u>\$ -</u></u>

See Accompanying Notes and Independent Auditor's Report

## PLAY RUGBY, INC.

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2023

#### NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Play Rugby, Inc. (the “Organization”) (a nonprofit organization) was established in 2002 by national team member Mark Griffin, the former Founder/CEO of the Organization, as a sports-based youth development program that pioneered the design and delivery of curriculum-based non-contact rugby classes to underprivileged children in New York City. The Organization’s mission is to develop youth through rugby. The Organization accomplishes this by strengthening youth character, conditioner and academic commitment by integrating the values of rugby into a distinct and inclusive team sports experience.

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Basis of Accounting

The Organization prepares its financial statements on the accrual method of accounting, recognizing income when earned and expenses when incurred.

##### Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Net Assets without Donor Restrictions** – Net assets without donor restrictions represent revenues and expenses related to the operation and management of the Organization primary programs and supporting services and are not subject to donor-imposed restrictions. If funds are raised and set aside by the Board for future use, these are considered net assets without donor restrictions. Donor restricted contributions that are expended for their restricted purpose in the same reporting period as received may be recorded as net assets without donor restrictions.

**Net Assets with Donor Restrictions** – Net assets subject to donor-imposed restrictions that will be met either by the completion of a stipulated action and/or the passage of time and net assets subject to donor-imposed stipulations that are maintained permanently by the Organization. The donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. There were no net assets with donor restrictions as of December 31, 2023.

##### Adoption of New Accounting Standard

In June 2016, FASB issued Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 significantly changes the impairment model for most financial assets and certain other instruments. ASU 2016-13 will require immediate recognition of estimated credit losses expected to occur over the remaining life of many financial assets, which will generally result in earlier recognition of allowances for credit losses on loans and other financial instruments. ASU 2016-13 is effective for the Company’s fiscal year beginning January 1, 2023 and subsequent interim periods. The adoption of ASU 2016-13 did not have a material impact on the Company’s financial statements.

##### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities and disclosures of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

PLAY RUGBY, INC.

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Play Rugby, Inc. considers all highly liquid investing cash instruments with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The Organization maintains cash balances at various institutions which may exceed federally insured limits. The Federal Deposit Insurance Corporation (“FDIC”) insures these accounts up to \$250,000 per depositor. The Organization historically has not experienced any related cash in bank losses.

Additionally, events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems.

Revenue and Support

Contributions are presented on the statement of activities and changes in net assets in accordance with ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributions Nonfinancial Assets*, presenting contributed financial and nonfinancial assets separately within the financial statements. A contribution is an unconditional transfer of cash or other assets, as well as unconditional promises to give, to an entity or a reduction, settlement, or cancellation of its liabilities in a voluntary nonreciprocal transfer by another entity acting other than as an owner.

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction 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.

Service Fee is recognized as each program occurs. Contributions and service revenue are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value.

Unconditional promises to give due in subsequent years are reflected as long-term promises to give and recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount those amounts. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

PLAY RUGBY, INC.

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Company recognizes and measures its leases in accordance with FASB ASC 842, Leases. The Company determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Company recognizes a lease liability and a right of use (ROU) asset at the commencement date of the lease. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

Accounts Receivable

Accounts receivable are recorded at their present value. On a period basis, the Organization evaluates its receivables to determine if any portion is uncollectible. The Organization provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of current status of individual accounts. Accounts receivable as of December 31, 2023 is presented net of an allowance of doubtful accounts of \$10,000.

Prepaid Expenses

Prepaid expenses are expenses that have been paid in one year but have not yet been fully used or consumed at the end of the accounting period. Prepaid assets are amortized on a straight-line basis, matching the incurred expense to the appropriate service period.

Advertising and Marketing

The Organization expenses the cost of advertising and marketing costs as incurred unless there are material costs that benefit future periods. Advertising and marketing costs charged to operations was \$1,901 for the year ended December 31, 2023.

Functional Allocation of Expenses

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

The financial statements contain certain categories of expenses that are attributed to more than one supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses are charged to the program based on direct expenditures incurred. Any program, management, and general expenditures not directly chargeable are allocated based on units of services, or time and space studies. Program expenses are those related to client assistance and other activities.

Income Tax Status

Play Rugby, Inc. is an organization described under Section 501 (c) (3) of the Internal Revenue Code (the "Code") and is therefore exempt from federal income taxes under Section 501 (a) of the Code. Play Rugby, Inc. is also exempt under the State of New York. Accordingly, no provision for federal or state income taxes has been presented in the accompanying financial statements. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements.

PLAY RUGBY, INC.

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status (Continued)

The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations; and to identify and evaluate other matters that may be considered tax positions. In addition, the Corporation qualifies for the charitable contribution deduction under Section 170 (b)(1)(A)(vi) and has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509 (a)(1) of the Internal Revenue Code.

Play Rugby, Inc. regularly reviews and evaluates its tax positions taken in previously filed information returns with regards to issues affecting its tax-exempt status, unrelated business income and other related matters.

The most significant tax positions of the Organization are its assertion that it is exempt from income taxes and its determination of whether any amounts are subject to unrelated business tax (UBIT).

The Organization follows the guidance of Accounting Standards Codification (ASC) 740, Accounting for Income Taxes, related to uncertain income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. All significant tax positions have been considered by Management. It has been determined that it is more likely than not that all tax positions previously taken would be sustained upon examination by taxing authorities. As of the report date, the Federal Form 990 and New York filings for the fiscal years ended December 31, 2023 through 2019 are open to examination by the IRS and New York. No returns are currently under examination.

Fair Value of Financial Instruments

The Organization utilizes three levels of inputs to measure the fair value of (a) nonfinancial assets and liabilities that are recognized or disclosed at fair value in the Play Rugby’s financial statements on a recurring basis (at least annually) and (b) all financial assets and liabilities. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

The first two inputs are considered observable and the last is considered unobservable. The levels of inputs are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Donated Services

The Organization receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition has not been satisfied.

PLAY RUGBY, INC.

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition and disclosure through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover general expenditures. Financial assets in excess of daily cash requirements may be invested in certificates of deposit and other short-term investments, as available. Amounts not available to cover general expenditures include investments with liquidity horizons greater than one year. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions. There were no net assets with donor restrictions at December 31, 2023. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprise the following:

Cash and Cash Equivalents	\$	87,214
Unconditional Promises to Give, Current		30,857
Accounts Receivable		<u>36,875</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$</u>	<u>154,946</u>

NOTE 4 – UNCONDITIONAL PROMISES TO GIVE

At December 31, 2023, unconditional promises to give consist of the following:

Unconditional Promise to Give	\$	80,857
Less Discount		<u>(2,115)</u>
Unconditional Promise to Give, Net	<u>\$</u>	<u>78,742</u>
Amounts due in:		
Less Than One Year	\$	30,857
More Than One Year		<u>47,885</u>
	<u>\$</u>	<u>78,742</u>

All promises to give are considered collectible until determined otherwise by management. Management provides for probable uncollectable amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. At year end, any balances that are outstanding after management has used reasonable collection efforts are written off through a charge to bad debt expense. They are reflected at a discount rate of the two year daily treasury rate of 4.23%

PLAY RUGBY, INC.

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

NOTE 5 – CONDITIONAL PROMISES TO GIVE

At December 31, 2023, conditional promises to give consist of the following:

Amounts due in:	
Less Than One Year	\$ 100,000
One to Five Years	-
	<u>\$ 100,000</u>

The organization has a conditional promise to give as of December 31, 2023 and this conditional promise to give has not been met as of December 31, 2023.

NOTE 6 – LEASES

The Organization has operating leases for a corporate office and two storage leases. These leases have a remaining lease term in excess of one year from December 31, 2023 and expire through December 31, 2026.

Supplemental cash flow information related to leases are as follows as of December 31:

	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows for operating leases	<u>\$ 36,752</u>
	<u>2023</u>
Operating lease expense	<u>\$ 42,252</u>
	<u>2023</u>
Weighted-average remaining lease term in years for operating leases	1.98 years
Weighted-average discount rate for operating leases	3.33%

Supplemental statement of financial position information related to leases as follows as of December 31:

	<u>2023</u>
Classification on the Statement of Financial Position	
Assets	
Right of Use Assets	Operating Lease Right of Use Assets \$ 134,570
Liabilities	
Current Liabilities:	
Operating Lease Liabilities	Operating lease liability \$ 83,614
Non-current Liabilities:	
Operating Lease Liabilities	Operating lease liability, net of current portion \$ 50,956

PLAY RUGBY, INC.

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2023

NOTE 6 – LEASES (Continued)

Future minimum lease payments under non-cancellable operating leases (with an initial or remaining lease terms in excess of one year) are as follows:

Year Ending December 31,

2024	\$ 86,253
2025	31,252
2026	<u>20,252</u>
Total minimum lease payments	\$ <u>137,757</u>
Less: present value adjustment	<u>(3,187)</u>
Present value of lease liabilities	<u>\$ 134,570</u>

NOTE 7 – CONTRIBUTIONS

The Organization did not receive any contributions of non-financial assets for the year ended December 31, 2013.