

POSITIVE COACHING ALLIANCE

FINANCIAL STATEMENTS

August 31, 2016 and 2015

POSITIVE COACHING ALLIANCE

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Positive Coaching Alliance
Mountain View, California

We have audited the accompanying financial statements of Positive Coaching Alliance (a nonprofit organization), which comprise the statements of financial position as of August 31, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Positive Coaching Alliance as of August 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Barr Riger Mayer, cma.

E. Palo Alto, California
December 19, 2016

POSITIVE COACHING ALLIANCE
STATEMENTS OF FINANCIAL POSITION

August 31, 2016 and 2015

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,604,229	\$ 3,250,738
Money market fund	524,196	524,144
Promises to give, less \$16,000 allowance for uncollectible accounts for August 31, 2016 and 2015	1,828,266	3,215,523
Accounts receivable and miscellaneous receivables, less \$20,000 allowance for doubtful accounts for August 31, 2016 and 2015	192,527	246,832
Inventory	10,664	5,539
Prepaid expense and other current assets	111,818	120,281
Total current assets	7,271,700	7,363,057
Fixed assets, net of accumulated depreciation	375,790	151,260
Promises to give, noncurrent	786,083	1,163,215
Beneficial interest in permanently restricted assets held by others	10,000	10,000
Other assets	50,423	44,396
Total assets	\$ 8,493,996	\$ 8,731,928
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 652,055	\$ 261,031
Deferred revenue	903,091	942,059
Accrued liabilities	693,650	508,123
Deferred rent	32,378	11,164
Total current liabilities	2,281,174	1,722,377
Net assets:		
Unrestricted net assets	1,448,145	897,757
Temporarily restricted net assets	4,754,677	6,101,794
Permanently restricted net assets	10,000	10,000
Total net assets	6,212,822	7,009,551
Total liabilities and net assets	\$ 8,493,996	\$ 8,731,928

The accompanying notes are an integral part of these financial statements.

POSITIVE COACHING ALLIANCE
STATEMENTS OF ACTIVITIES

For the years ended August 31, 2016 and 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:								
Contributions	\$ 2,175,768	\$ 3,229,766	\$ -	\$ 5,405,534	\$ 2,005,230	\$ 6,131,759	\$ 10,000	\$ 8,146,989
Special events	1,497,482	-	-	1,497,482	1,025,061	-	-	1,025,061
In-kind revenue	571,099	-	-	571,099	187,752	-	-	187,752
Fees for workshops	2,541,912	-	-	2,541,912	2,136,576	-	-	2,136,576
Other service fees	318,631	-	-	318,631	353,912	-	-	353,912
Merchandise sales	2,511	-	-	2,511	4,183	-	-	4,183
Other revenue	86,966	-	-	86,966	56,814	-	-	56,814
Net assets released from restrictions	4,576,883	(4,576,883)	-	-	3,139,141	(3,139,141)	-	-
Total support and revenue	<u>11,771,252</u>	<u>(1,347,117)</u>	<u>-</u>	<u>10,424,135</u>	<u>8,908,669</u>	<u>2,992,618</u>	<u>10,000</u>	<u>11,911,287</u>
Expenses:								
Program services:								
Partnership sales	2,273,212	-	-	2,273,212	1,927,523	-	-	1,927,523
Training fulfillment	1,572,293	-	-	1,572,293	1,489,499	-	-	1,489,499
Trainer development	491,307	-	-	491,307	440,768	-	-	440,768
Content and product development	606,349	-	-	606,349	479,971	-	-	479,971
Program delivery	3,752,900	-	-	3,752,900	2,084,720	-	-	2,084,720
Total program services	<u>8,696,061</u>	<u>-</u>	<u>-</u>	<u>8,696,061</u>	<u>6,422,481</u>	<u>-</u>	<u>-</u>	<u>6,422,481</u>
Supporting services:								
Fundraising	1,423,884	-	-	1,423,884	1,348,318	-	-	1,348,318
Management and general	936,882	-	-	936,882	707,095	-	-	707,095
Total supporting services	<u>2,360,766</u>	<u>-</u>	<u>-</u>	<u>2,360,766</u>	<u>2,055,413</u>	<u>-</u>	<u>-</u>	<u>2,055,413</u>
Cost of direct benefit to donors	164,037	-	-	164,037	106,947	-	-	106,947
Total expenses	<u>11,220,864</u>	<u>-</u>	<u>-</u>	<u>11,220,864</u>	<u>8,584,841</u>	<u>-</u>	<u>-</u>	<u>8,584,841</u>
Change in net assets	550,388	(1,347,117)	-	(796,729)	323,828	2,992,618	10,000	3,326,446
Net assets, beginning of year	897,757	6,101,794	10,000	7,009,551	573,929	3,109,176	-	3,683,105
Net assets, end of year	<u>\$ 1,448,145</u>	<u>\$ 4,754,677</u>	<u>\$ 10,000</u>	<u>\$ 6,212,822</u>	<u>\$ 897,757</u>	<u>\$ 6,101,794</u>	<u>\$ 10,000</u>	<u>\$ 7,009,551</u>

The accompanying notes are an integral part of these financial statements.

POSITIVE COACHING ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES

For the year ended August 31, 2016

	Program Services					Supporting Services			Cost of Direct Benefit to Donors	Total Expenses	
	Partnership Sales	Training Fulfillment	Trainer Development	Content and Product Development	Program Delivery	Total Program Services	Fund Raising	Management and General			Total Supporting Services
Salaries	\$ 1,441,655	\$ 640,620	\$ 336,370	\$ 462,838	\$ 624,124	\$ 3,505,607	\$ 974,740	\$ 655,633	\$ 1,630,373	\$ -	\$ 5,135,980
Benefits	122,247	64,864	24,237	29,928	49,813	291,089	71,803	53,397	125,200	-	416,289
Payroll taxes	112,946	56,873	30,506	38,177	54,774	293,276	90,078	59,014	149,092	-	442,368
Total salaries and related expenses	1,676,848	762,357	391,113	530,943	728,711	4,089,972	1,136,621	768,044	1,904,665	-	5,994,637
Contract labor	180	376,104	6,625	599	120,980	504,488	4,600	-	4,600	-	509,088
Administrative fees	94,034	16,240	6,340	8,313	216,312	341,239	66,623	22,848	89,471	-	430,710
Professional fees	9,168	8,281	4,748	11,092	1,119,554	1,152,843	16,732	26,404	43,136	-	1,195,979
Insurance	12,017	6,865	2,360	3,031	4,944	29,217	6,829	4,856	11,685	-	40,902
Marketing	17,951	98	4,763	1	649,564	672,377	5,822	1,484	7,306	-	679,683
Printing and publications	203,831	103,312	1,273	2,569	26,293	337,278	21,434	3,211	24,645	-	361,923
Travel and entertainment	46,875	165,711	21,793	4,262	364,556	603,197	36,409	10,109	46,518	164,037	813,752
Supplies	4,449	2,260	5,874	587	9,328	22,498	4,723	1,713	6,436	-	28,934
Postage and shipping	2,784	47,759	697	951	5,998	58,189	7,460	1,030	8,490	-	66,679
Occupancy	96,247	57,719	21,003	29,475	88,502	292,946	65,189	44,582	109,771	-	402,717
Telephone	36,414	9,481	9,092	6,324	14,028	75,339	8,918	7,273	16,191	-	91,530
Equipment costs	45,442	14,173	12,568	7,275	108,711	188,169	26,461	21,267	47,728	-	235,897
Depreciation	13,252	1,809	3,039	927	49,926	68,953	10,415	21,199	31,614	-	100,567
Cost of goods sold	12,621	-	-	-	-	12,621	-	-	-	-	12,621
Scholarships and miscellaneous	1,099	124	19	-	245,493	246,735	5,648	2,862	8,510	-	255,245
Total functional expenses	<u>\$ 2,273,212</u>	<u>\$ 1,572,293</u>	<u>\$ 491,307</u>	<u>\$ 606,349</u>	<u>\$ 3,752,900</u>	<u>\$ 8,696,061</u>	<u>\$ 1,423,884</u>	<u>\$ 936,882</u>	<u>\$ 2,360,766</u>	<u>\$ 164,037</u>	<u>\$ 11,220,864</u>

The accompanying notes are an integral part of these financial statements.

POSITIVE COACHING ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES

For the year ended August 31, 2015

	Program Services					Supporting Services				Cost of Direct Benefit to Donors	Total Expenses
	Partnership Sales	Training Fulfillment	Trainer Development	Content and Product Development	Program Delivery	Total Program Services	Fund Raising	Management and General	Total Supporting Services		
Salaries	\$ 1,343,174	\$ 503,680	\$ 247,308	\$ 361,093	\$ 636,040	\$ 3,091,295	\$ 896,432	\$ 480,860	\$ 1,377,292	\$ -	\$ 4,468,587
Benefits	121,147	57,047	23,642	27,809	51,169	280,814	57,837	33,267	91,104	-	371,918
Payroll taxes	91,268	41,961	20,830	28,290	53,303	235,652	77,175	40,663	117,838	-	353,490
Total salaries and related expenses	1,555,589	602,688	291,780	417,192	740,512	3,607,761	1,031,444	554,790	1,586,234	-	5,193,995
Contract labor	2,544	282,461	4,417	-	103,501	392,923	1,486	176	1,662	-	394,585
Administrative fees	63,736	7,525	2,933	3,706	64,090	141,990	50,373	38,311	88,684	-	230,674
Professional fees	16,659	13,994	4,901	8,961	326,795	371,310	30,782	18,861	49,643	-	420,953
Insurance	10,019	5,118	1,749	2,059	4,285	23,230	5,065	2,886	7,951	-	31,181
Marketing	19,026	464	18,572	722	190,180	228,964	43,222	1,715	44,937	-	273,901
Printing and publications	7,065	304,308	1,477	2,467	16,696	332,013	9,805	2,008	11,813	-	343,826
Travel and entertainment	44,452	143,694	68,415	1,455	288,775	546,791	41,663	19,451	61,114	106,947	714,852
Supplies	2,856	1,907	3,092	523	9,703	18,081	2,427	2,717	5,144	-	23,225
Postage and shipping	2,908	50,934	907	1,029	4,471	60,249	8,954	1,040	9,994	-	70,243
Occupancy	100,416	49,237	20,676	27,206	50,128	247,663	61,464	33,486	94,950	-	342,613
Telephone	36,785	9,559	8,982	5,729	9,827	70,882	12,510	6,046	18,556	-	89,438
Equipment costs	34,045	13,466	9,300	6,343	65,484	128,638	32,090	4,925	37,015	-	165,653
Depreciation	16,411	4,144	3,567	2,579	23,523	50,224	12,624	18,912	31,536	-	81,760
Cost of goods sold	15,012	-	-	-	-	15,012	-	-	-	-	15,012
Scholarships and miscellaneous	-	-	-	-	186,750	186,750	4,409	1,771	6,180	-	192,930
Total functional expenses	<u>\$ 1,927,523</u>	<u>\$ 1,489,499</u>	<u>\$ 440,768</u>	<u>\$ 479,971</u>	<u>\$ 2,084,720</u>	<u>\$ 6,422,481</u>	<u>\$ 1,348,318</u>	<u>\$ 707,095</u>	<u>\$ 2,055,413</u>	<u>\$ 106,947</u>	<u>\$ 8,584,841</u>

The accompanying notes are an integral part of these financial statements.

POSITIVE COACHING ALLIANCE

STATEMENTS OF CASH FLOWS

For the years ended August 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ (796,729)	\$ 3,326,446
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	100,567	81,760
Gain from sale of fixed assets	(500)	-
(Gain)/loss on money market funds	(52)	74
Contributions restricted for endowment	-	(10,000)
Bad debt expense	(179,165)	(53,663)
(Increase) decrease in:		
Promises to give	1,913,639	(1,937,061)
Accounts receivable and miscellaneous receivables	84,220	138,764
Inventory	(5,125)	(2,792)
Prepaid expense and other current assets	8,463	(39,385)
Other assets	(6,027)	(3,977)
Accounts payable	391,024	67,555
Deferred revenue	(38,968)	49,577
Accrued liabilities	185,527	(84,096)
Deferred rent	21,214	451
Net cash provided by operating activities	<u>1,678,088</u>	<u>1,533,653</u>
Cash flows from investing activities:		
Purchases of equipment	(325,271)	(108,576)
Proceeds from sale equipment	674	-
Net cash used in investing activities	<u>(324,597)</u>	<u>(108,576)</u>
Net increase in cash and cash equivalents	1,353,491	1,425,077
Cash and cash equivalents, beginning of year	<u>3,250,738</u>	<u>1,825,661</u>
Cash and cash equivalents, end of year	<u>\$ 4,604,229</u>	<u>\$ 3,250,738</u>

The accompanying notes are an integral part of these financial statements.

POSITIVE COACHING ALLIANCE
NOTES TO FINANCIAL STATEMENTS

August 31, 2016 and 2015

1. Summary of Significant Accounting Policies

Nature of Business

Positive Coaching Alliance (PCA) is a nonprofit organization, established in June 1998, whose mission is to transform the culture of youth sports to give all young athletes the opportunity for a positive, character-building experience. Our goal is to develop “Better Athletes, Better People”. PCA will accomplish this by:

- replacing the “Win-At-All-Cost” model of coaching with the “Double-Goal Coach®” who wants to win, but has a second, more important, goal of using sports to teach life lessons;
- teaching Youth Sports Organization (YSO) and school leaders how to create an organizational culture in which “Honoring the Game” is the norm; and
- sparking and fueling a “social movement” of Positive Coaching that will sweep this country.

Through the following five programs, PCA assists the participants in learning ways to transform the culture of youth sport and to provide youth with an opportunity to have a positive and character-building sports experience.

Training Fulfillment

Through coach, sports parent, student-athlete, and leadership workshops presented by certified trainers, PCA aims to train each participant to become a Double-Goal Coach, Second-Goal Parent®, or Triple-Impact Competitor® and to help them develop an Honoring the Game organizational culture.

Trainer Development

PCA offers continuous development opportunities to its trainers to maintain the workshop effectiveness. The effectiveness and the success of the workshops hinge on the certified trainer’s ability to engage the audience and to present the materials in the manner that yields the highest impact.

Content and Product Development

PCA dedicates resources to the development of products and content to ensure that quality and relevant materials are available to the trainers, partners, and general public interest in the PCA movement. The materials developed are used during the live and online workshops and provided to the participants for their use in the principles of PCA to their constituents.

Partnership Sales

The goal of Partnership Sales is to educate the leaders of YSOs and schools to recognize that they can transform youth sports by partnering with PCA. When the partnership is forged, Partnership Sales provides the support partners require to implement the program.

POSITIVE COACHING ALLIANCE

NOTES TO FINANCIAL STATEMENTS

August 31, 2016 and 2015

1. Summary of Significant Accounting Policies, continued

Nature of Business, continued

Program Delivery

With the financial support of many generous individuals, foundations, and corporations, PCA is able to pursue key programmatic initiatives that are focused on either expanding and enhancing existing programs or developing new programs that further our mission of transforming youth sports.

Basis of Accounting

PCA maintains its records on the accrual basis of accounting in accordance with generally accepted accounting principles. There are three classes of net assets:

- Unrestricted net assets consist of resources that are neither temporarily nor permanently restricted by donor-imposed stipulation.
- Temporarily restricted net assets consist of any resources that have been restricted as to use or time by the donor. Once the restriction is satisfied, either by the passage of time or by actions of PCA, the temporarily restricted net assets are reclassified to unrestricted net assets. PCA reports as an increase in unrestricted net assets any temporarily restricted revenue for which the restrictions have been met in the current year.
- Permanently restricted net assets consist of any resources that have been permanently restricted as to use by the donor and will neither expire by the passage of time nor be removed by actions of PCA. PCA has \$10,000 in permanently restricted assets at August 31, 2016 and 2015.

Cash and Cash Equivalents

All highly liquid instruments with a maturity of three months or less are considered to be cash equivalents.

Contributions

Contributions received are recorded as an increase in unrestricted revenue, temporarily restricted, or permanently restricted net assets depending on the existence and/or nature of any donor restrictions.

Donated materials and services (in-kind contributions) are recorded at the fair value of materials and services provided and have been included in revenue and expense or assets, depending on their nature. The donation of services is recorded if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Continued

POSITIVE COACHING ALLIANCE
NOTES TO FINANCIAL STATEMENTS

August 31, 2016 and 2015

1. Summary of Significant Accounting Policies, continued

Contributions, continued

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. PCA benefited from donated advertising services to enhance PCA's message and program delivery which were valued by Google AdWords at approximately \$465,000 and \$112,000 during the years ended August 31, 2016 and 2015, respectively. These amounts have been reported as both in-kind contribution revenue and in-kind marketing expense on the statements of activities. PCA recognizes the fair value of contributed services received as the services have provided PCA with a way to help communicate its message and mission during each fiscal year.

Allowance for Uncollectible and Doubtful Accounts – Promises to Give and Accounts Receivable

PCA provides for an allowance for uncollectible accounts for promises to give and an allowance for doubtful accounts for accounts receivable. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of participants to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the PCAs policy to charge off uncollectible promises to give and doubtful accounts receivable when management determines the receivable will not be collected. Total allowance was \$36,000 for the years ended August 31, 2016 and 2015.

Program Service Fees and Accounts Receivable

Program service fees represent income from workshops and are recognized when the contract is entered into as receivable and deferred revenue. Deferred revenue is released to income as workshops are performed.

Inventory

Inventory consists primarily of Honor The Game banners, buttons and cards relating to PCA's mission. It is stated at the lower of cost, determined on the average cost basis, or market.

Fixed Assets

PCA capitalizes all property and equipment purchases in excess of \$1,000. Property and equipment are stated at cost or at fair value on the date of receipt in the case of donated property. Depreciation is computed using the straight-line method over the estimated useful lives of the equipment, which range from three to five years. The cost of maintenance and repairs are expensed as incurred.

Beneficial Interest

In connection with an establishment of the endowment fund at The Community Foundation of Tampa Bay ("CFTB"), PCA transferred the endowment fund assets to CFTB to manage as investments and specified itself as the beneficiary. Thus, PCA has a beneficial interest in such endowment fund assets.

A beneficial interest is defined as a future economic benefit of anticipated further cash flows. PCA has a beneficial interest in the endowment fund assets of CFTB. The CFTB measures its beneficial interest at fair value on a recurring basis at each financial statement date; accordingly, PCA reports its beneficial interest in the CFTB endowment fund assets in the statement of financial position and reports a change in its beneficial interest in the statement of activities.

Continued

POSITIVE COACHING ALLIANCE

NOTES TO FINANCIAL STATEMENTS

August 31, 2016 and 2015

1. Summary of Significant Accounting Policies, continued

Income Taxes

PCA has been granted tax-exempt status from federal and California taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d), respectively. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

Fair Value of Financial Instruments

PCA has determined that the amounts reported for financial assets and liabilities, including cash equivalents, accounts receivable, and accounts payable, are considered to have carrying amounts that approximate fair value because of the short maturity of these financial instruments.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that may affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

2. Money Market Fund

The money market fund for August 31, 2016 and 2015 had a fair value of \$524,196 and \$524,144, respectively. Brokerage accounts are insured by the Security Investor Protection Corporation for up to \$500,000.

3. Promises to Give

Promises to give at August 31, 2016 and 2015 are expected to be collected as follows:

	2016	2015
Received within 1 year	\$ 1,844,266	\$ 3,231,523
Received beyond 1 year	786,083	1,163,215
Allowance for uncollectible accounts	(16,000)	(16,000)
	<u>\$ 2,614,349</u>	<u>\$ 4,378,738</u>

4. Concentration of Credit Risk

Financial instruments that potentially subject PCA to credit risk in excess of insured limits consist principally of cash and money market mutual funds. Cash is insured by Federal Deposit Insurance for up to \$250,000 per financial institution.

Cash balances in excess of insured limits amount to \$4,128,425 and \$2,772,943 as of August 31, 2016 and 2015, respectively.

Continued

POSITIVE COACHING ALLIANCE
NOTES TO FINANCIAL STATEMENTS

August 31, 2016 and 2015

5. Concentrations

Promises to Give

At August 31, 2016, two donors accounted for 42% of gross promises to give, all of which were temporarily restricted. At August 31, 2015, three donors accounted for 61% of gross promises to give, all of which were temporarily restricted.

Contribution Support

For the year ended August 31, 2016, PCA received approximately 10% of its contribution support from one donor. For the year ended August 31, 2015, PCA received approximately 37% of its contribution support from two donors.

Vendor

For the year ended August 31, 2016, PCA had one vendor who accounted for 54% of the total accounts payable balance.

6. Employee Benefit Plan

PCA sponsors a Section 403(b) salary reduction plan (the Plan) covering substantially all employees. Participation in the Plan is at the employees' discretion. Positive Coaching Alliance does not currently provide a matching contribution.

7. Special Events

PCA sponsors special events for fund-raising and program participant recognition. Revenue and direct expenses relating to these events are as follows:

<u>Special Events</u>	For the Year Ended August 31, 2016				
	Revenue	Cost of Direct Benefit to Donors	Other Direct Expenses	In-Kind Donated Items Donors	Net
NYSA Dinner	\$ 513,263	\$ (52,514)	\$ (104,027)	\$ (39,204)	\$ 317,518
SF Bay Area	237,079	(32,805)	(56,199)	-	148,075
Cleveland	28,700	(2,550)	(6,256)	-	19,894
Minnesota	104,795	(6,566)	(15,277)	(14,076)	68,876
Sacramento	103,084	(2,700)	(15,339)	(12,919)	72,126
Chicago	104,541	(13,862)	(21,892)	(5,744)	63,043
North Texas	37,980	(4,900)	(5,996)	-	27,084
Colorado	68,200	(7,425)	(30,202)	-	30,573
Portland	76,572	(6,040)	(18,251)	-	52,281
Phoenix	33,595	(5,892)	(1,562)	-	26,141
Houston	139,350	(10,710)	(21,496)	-	107,144
New England	56,880	(4,323)	(9,571)	(5,400)	37,586
Hawaii	78,206	(13,750)	(17,995)	(7,420)	39,041
	\$ 1,582,245	\$ (164,037)	\$ (324,063)	\$ (84,763)	\$ 1,009,382

Continued

POSITIVE COACHING ALLIANCE
NOTES TO FINANCIAL STATEMENTS

August 31, 2016 and 2015

7. Special Events, continued

For the Year Ended August 31, 2015					
Special Events	Revenue	Cost of Direct Benefit to Donors	Other Direct Expenses	In-Kind Donated Items Donors	Net
NYSA Dinner	\$ 482,260	\$ (52,555)	\$ (100,300)	\$ (23,091)	\$ 306,314
SF Bay Area	47,829	(2,000)	(6,417)	(2,978)	36,434
Cleveland	52,409	(8,500)	(5,508)	(2,946)	35,455
Minnesota	88,532	(8,350)	(11,215)	(115)	68,852
Sacramento	36,186	(2,880)	(10,100)	(9,620)	13,586
Chicago	97,160	(10,450)	(19,400)	-	67,310
North Texas	31,360	(3,052)	(4,198)	-	24,110
Colorado	11,200	(600)	(10,038)	(2,350)	(1,788)
Houston	144,125	(7,800)	(11,332)	-	124,993
Tampa Bay	26,650	(1,880)	(9,095)	-	15,675
Hawaii	52,238	(8,880)	(10,317)	(3,788)	29,253
	\$ 1,069,949	\$ (106,947)	\$ (197,920)	\$ (44,888)	\$ 720,194

8. Fixed Assets

Fixed assets consist of the following:

	2016	2015
Computer equipment	\$ 289,414	\$ 261,511
Software	189,134	175,084
Office equipment	73,332	57,864
Leasehold improvements	9,781	9,781
Website design	431,076	298,929
	992,737	803,169
Less accumulated depreciation	(748,902)	(651,909)
	243,835	151,260
Software not yet placed in service	131,955	-
	\$ 375,790	\$ 151,260

Depreciation expense for the years ended August 31, 2016 and 2015 was \$100,567 and \$81,760, respectively.

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POSITIVE COACHING ALLIANCE
NOTES TO FINANCIAL STATEMENTS

August 31, 2016 and 2015

9. In-kind Contributions

In-kind contributions for the year ended August 31, 2016 and 2015 are as follows:

	2016	2015
Promotional and special event items	\$ 99,012	\$ 41,501
Professional services	13,951	12,060
Use of facilities	11,760	21,931
Online advertising services	446,376	112,260
	\$ 571,099	\$ 187,752

10. Commitments and Contingencies

PCA leased office space through April 30, 2022. Future minimum lease payments under these leases are as follows:

<u>Fiscal Year Ending August 31:</u>	<u>Amount</u>
2017	\$ 253,309
2018	238,021
2019	226,856
2020	229,784
2021	239,136
2022	163,619
	\$ 1,350,725

Rental expense and sublease rental income for the year ended August 31, 2016 was \$353,785 and \$5,895, respectively. Rental expense and sublease rental income for the year ended August 31, 2015 was \$310,334 and \$6,255, respectively.

PCA received two grants to support a Tufts University research project to determine the effect of PCA's influence on coaches and athletes in an effort to further support the Organization's mission and provide awareness of its impact. The first grant was from Templeton Foundation of which of \$947,673 was subcontracted with Tufts University for a contract period from August 1, 2014 through July 31, 2017 for a total grant amount of \$1,277,155. The second grant was from Bechtel Foundation for \$687,510 which was subcontracted to Tufts University for a contract period from December 11, 2015 through December 10, 2016 in which PCA agrees to reimburse expenses incurred plus overhead of 15% in the performance of the agreement up to \$552,453. For the year ended August 31, 2016 expenses incurred were \$480,984 and \$257,201, respectively. For the year ended August 31, 2015 expenses incurred were \$141,068 and \$0, respectively. At August 31, 2016 and 2015 \$347,725 and \$59,532 was included in accounts payable, respectively.

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POSITIVE COACHING ALLIANCE

NOTES TO FINANCIAL STATEMENTS

August 31, 2016 and 2015

11. Temporarily Restricted Net Assets, continued

Temporarily restricted net assets are restricted as follows:

<u>Program</u>	<u>2016</u>	<u>2015</u>
Expansion and operating	\$ 3,255,866	\$ 4,496,871
Program delivery	1,498,811	1,604,923
	<u>\$ 4,754,677</u>	<u>\$ 6,101,794</u>

Temporarily restricted net assets released from restriction were as follows:

<u>Program</u>	<u>2016</u>	<u>2015</u>
Expansion and operating	\$ 2,850,187	\$ 1,660,274
Program delivery	1,726,696	1,478,867
	<u>\$ 4,576,883</u>	<u>\$ 3,139,141</u>

12. Endowment Funds

In October 2014, PCA established the Positive Coaching Alliance – Tampa Bay Endowment Fund. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions. The Endowment Fund is a permanently restricted net asset for which the principal value of \$10,000 was stipulated by donors to be invested in perpetuity, with the earnings available to carry out PCA's role and mission in the Tampa Bay area. Investment of these assets is at the discretion of the Community Foundation of Tampa Bay, Inc.

The Board of PCA has interpreted the California version of the Uniform Prudent Management of Institutional Funds Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, PCA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

13. Scholarships

During the years ended August 31, 2016 and 2015, PCA has identified 156 and 115 winners of the Triple-Impact Competitor® scholarships award for \$208,250 and \$160,500, respectively. For August 31, 2016 PCA did not identify scholarship winners until September 2016 and therefore no scholarships were included in accrued liabilities as of August 31, 2016. For August 31, 2015 the Sacramento scholarship winners were identified in August 2015 with payment in spring 2016. As such \$7,500 was included in accrued liabilities as of August 31, 2015 for the Sacramento winners.

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POSITIVE COACHING ALLIANCE
NOTES TO FINANCIAL STATEMENTS

August 31, 2016 and 2015

14. Line of Credit

PCA has a secured line of credit with First Republic Bank for \$300,000 with an interest rate of 3.25% with maturity of November 4, 2016. Subsequent to year end the maturity date of this line of credit was extended to February 4, 2017 (see Note 17). The line of credit includes certain financial covenants. As of August 31, 2016 and 2015 there was no balance is outstanding on the line of credit.

15. Fair Value Measurement

PCA utilizes valuation techniques in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs reflect assumptions that market participants would use in pricing an asset or liability and are based on market data obtained from independent sources while unobservable inputs reflect PCA's assumptions in pricing an asset or liability. There have been no changes in valuation techniques for the year ended August 31, 2016.

PCA's financial assets measured at fair value on a recurring basis are categorized according to the fair value hierarchy consisting of the following three levels:

Level 1—Valuation inputs are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Level 2—Valuation inputs are obtained from readily-available pricing sources for comparable instruments.

Level 3—Valuation inputs are obtained without observable market values and require a high level of judgment to determine the fair value.

The following table summarizes PCA's financial assets measured at fair value on a recurring basis as of August 31, 2016 and 2015:

	2016			
	Level 1	Level 2	Level 3	Total
Money market accounts	\$ 524,196	\$ -	\$ -	\$ 524,196
Beneficial interest in assets held by others	-	10,000	-	10,000
	\$ 524,196	\$ 10,000	\$ -	\$ 534,196
	2015			
	Level 1	Level 2	Level 3	Total
Money market accounts	\$ 524,144	\$ -	\$ -	\$ 524,144
Beneficial interest in assets held by others	-	10,000	-	10,000
	\$ 524,144	\$ 10,000	\$ -	\$ 534,144

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POSITIVE COACHING ALLIANCE

NOTES TO FINANCIAL STATEMENTS

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16. Conditional Promises to Give

PCA does not recognize conditional promises to give as revenue until the conditions on which they depend are substantially met.

Outstanding conditional promises to give for the year ended August 31, 2016 are as follows:

Tom Lewis	Pledge for Phoenix operating expenses	\$	50,000
Warren Lichtenstein	Seed funding for Los Angeles Chapter		98,341
Warren Lichtenstein	Seed funding for New York Chapter		100,000
Lisle Payne	Pledge based on approval of growth capital plan		15,000
Lisle Payne	Pledge based on achieving annual campaign goals		50,000
			<u>50,000</u>
		\$	<u>313,341</u>

17. Subsequent Events

PCA evaluated subsequent events for recognition and disclosure through December 19, 2016, the date which these financial statements were available to be issued. Subsequent to year end the line of credit was extended with similar terms to February 4, 2017. Management has concluded that no other material subsequent events have occurred since August 31, 2016 that require recognition or disclosure in these financial statements.