

POSITIVE COACHING ALLIANCE

FINANCIAL STATEMENTS

August 31, 2023 and 2022



POSITIVE COACHING ALLIANCE

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of Positive Coaching Alliance (a nonprofit organization), which comprise the statements of financial position as of August 31, 2023 and 2022 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Positive Coaching Alliance as of August 31, 2023 and 2022, 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 ("U.S. GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Positive Coaching Alliance and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 U.S. GAAP, 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 Positive Coaching Alliance's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' 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 auditors' 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 U.S. GAAS 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 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 U.S. GAAS, 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 audit 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 Positive Coaching Alliance'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 Positive Coaching Alliance'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.

BPM LLP

San Jose, California
January 31, 2024

POSITIVE COACHING ALLIANCE
STATEMENTS OF FINANCIAL POSITION
As of August 31, 2023 and 2022

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,680,558	\$ 5,758,809
Promises to give, current, less allowance for uncollectible accounts of \$19,738 and \$51,215 as of August 31, 2023 and 2022, respectively	1,083,675	1,407,002
Accounts receivable and miscellaneous receivables, less allowance for doubtful accounts of \$70,330 and \$114,054 as of August 31, 2023 and 2022, respectively	18,704	8,732
Inventory	5,653	1,951
Prepaid expense and other current assets	155,169	119,165
Total current assets	5,943,759	7,295,659
Fixed assets, net of accumulated depreciation	1,598	10,234
Right-of-use asset	30,561	-
Promises to give, noncurrent	40,000	409,166
Beneficial interest in assets held by others	10,000	10,000
Other assets	15,371	13,585
	<u>\$ 6,041,289</u>	<u>\$ 7,738,644</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 275,956	\$ 261,183
Refundable advance	539,097	500,919
Deferred revenue	974,147	992,907
Accrued liabilities	566,071	542,315
Current maturities of right-to-use asset - operating	32,441	-
Deferred rent	-	3,169
Total current liabilities	2,387,712	2,300,493
Total liabilities	2,387,712	2,300,493
Commitments and contingencies (Note 15)		
Net assets:		
Without donor restrictions	2,460,216	2,991,193
With donor restrictions	1,193,361	2,446,958
Total net assets	3,653,577	5,438,151
Total liabilities and net assets	<u>\$ 6,041,289</u>	<u>\$ 7,738,644</u>

POSITIVE COACHING ALLIANCE

STATEMENTS OF ACTIVITIES

For the years ended August 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Contributions of cash and other financial assets	\$ 4,543,300	\$ 1,963,335	\$ 6,506,635	\$ 3,923,961	\$ 1,137,745	\$ 5,061,706
Special events, net of in-kind donated items	1,698,789	-	1,698,789	1,700,534	-	1,700,534
Contributions of nonfinancial assets	300,601	-	300,601	422,333	-	422,333
Fees for workshops	2,400,650	-	2,400,650	2,095,871	-	2,095,871
Other service fees	282,885	-	282,885	108,768	-	108,768
Merchandise sales	513	-	513	1,132	-	1,132
Other revenue	115,786	-	115,786	29,367	-	29,367
Net assets released from restrictions	3,216,932	(3,216,932)	-	1,455,989	(1,455,989)	-
Total support and revenue	12,559,456	(1,253,597)	11,305,859	9,737,955	(318,244)	9,419,711
Expenses:						
Program expenses:						
Partnership engagement and fulfillment	4,917,111	-	4,917,111	4,553,700	-	4,553,700
Program expansion and enhancement	2,092,487	-	2,092,487	1,397,475	-	1,397,475
Community and coach engagement	1,876,020	-	1,876,020	506,580	-	506,580
Total program services	8,885,618	-	8,885,618	6,457,755	-	6,457,755
Supporting services:						
Fundraising	2,083,948	-	2,083,948	1,948,496	-	1,948,496
Management and general	1,931,147	-	1,931,147	2,383,145	-	2,383,145
Total supporting services	4,015,095	-	4,015,095	4,331,641	-	4,331,641
Cost of direct benefit to donors	189,720	-	189,720	178,409	-	178,409
Total expenses	13,090,433	-	13,090,433	10,967,805	-	10,967,805
Change in net assets from operations	(530,977)	(1,253,597)	(1,784,574)	(1,229,850)	(318,244)	(1,548,094)
Other changes:						
Gain on forgiveness of Paycheck Protection Program loan	-	-	-	1,062,800	-	1,062,800
Total other changes	-	-	-	1,062,800	-	1,062,800
Change in net assets before change related to merger of Coaching Corps	(530,977)	(1,253,597)	(1,784,574)	(167,050)	(318,244)	(485,294)
Contribution of net assets acquired in merger of Coaching Corps (Note 16)	-	-	-	3,002,156	1,288,590	4,290,746
Change in net assets	(530,977)	(1,253,597)	(1,784,574)	2,835,106	970,346	3,805,452
Net assets (deficit), beginning of year	2,991,193	2,446,958	5,438,151	156,087	1,476,612	1,632,699
Net assets, end of year	\$ 2,460,216	\$ 1,193,361	\$ 3,653,577	\$ 2,991,193	\$ 2,446,958	\$ 5,438,151

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

POSITIVE COACHING ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended August 31, 2023

	Program Services				Supporting Services			Cost of Direct Benefit to Donors	Total Expenses
	Partnership Engagement and Fulfillment	Program Expansion and Enhancement	Community and Coach Engagement	Total Program Services	Fundraising	Management and General	Total Supporting Services		
Salaries and related expenses	\$ 2,407,695	\$ 1,401,248	\$ 1,205,109	\$ 5,014,052	1,035,280	\$ 1,222,706	\$ 2,257,986	\$ -	\$ 7,272,038
Payroll taxes and employee benefits	591,326	344,144	295,972	1,231,442	254,263	300,294	554,557	-	1,785,999
Total salaries and related expenses	2,999,021	1,745,392	1,501,081	6,245,494	1,289,543	1,523,000	2,812,543	-	9,058,037
Administrative fees	92,389	42,987	37,840	173,216	59,884	72,139	132,023	-	305,239
Bad debt expense	23,673	-	-	23,673	35,000	-	35,000	-	58,673
Contract labor	15,928	-	-	15,928	25,380	-	25,380	-	41,308
Cost of goods sold	(207)	-	-	(207)	-	15,575	15,575	-	15,368
Depreciation	3,697	1,442	1,485	6,624	967	1,045	2,012	-	8,636
Equipment and software costs	219,491	61,359	59,863	340,713	83,543	56,046	139,589	-	480,302
Insurance	36,703	14,321	14,750	65,774	10,452	8,979	19,431	-	85,205
Marketing	174,101	9,437	47,148	230,686	124,078	3,173	127,251	8,700	366,637
Occupancy	74,547	20,954	26,678	122,179	218,003	21,725	239,728	-	361,907
Printing and publications	6,897	699	2,655	10,251	8,280	554	8,834	-	19,085
Professional fees	788,911	117,735	100,057	1,006,703	155,387	189,723	345,110	-	1,351,813
Postage and shipping	15,762	905	1,218	17,885	4,154	3,291	7,445	-	25,330
Scholarships and miscellaneous	95,978	36,500	-	132,478	-	565	565	-	133,043
Supplies	18,246	1,683	2,831	22,760	2,049	1,583	3,632	-	26,392
Telephone	1,803	472	518	2,793	316	1,000	1,316	-	4,109
Travel and entertainment	350,171	38,601	79,896	468,668	66,912	32,749	99,661	181,020	749,349
Total functional expenses	<u>\$ 4,917,111</u>	<u>\$ 2,092,487</u>	<u>\$ 1,876,020</u>	<u>\$ 8,885,618</u>	<u>2,083,948</u>	<u>\$ 1,931,147</u>	<u>\$ 4,015,095</u>	<u>\$ 189,720</u>	<u>\$ 13,090,433</u>

POSITIVE COACHING ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended August 31, 2022

	Program Services				Supporting Services			Cost of Direct Benefit to Donors	Total Expenses
	Partnership Engagement and Fulfillment	Program Expansion and Enhancement	Community and Coach Engagement	Total Program Services	Fundraising	Management and General	Total Supporting Services		
Salaries and related expenses	\$ 1,737,973	\$ 946,293	\$ 369,775	\$ 3,054,041	\$ 1,059,071	\$ 1,433,053	\$ 2,492,124	\$ -	\$ 5,546,165
Payroll taxes and employee benefits	383,030	208,552	81,494	673,076	233,407	315,829	549,236	-	1,222,312
Total salaries and related expenses	2,121,003	1,154,845	451,269	3,727,117	1,292,478	1,748,882	3,041,360	-	6,768,477
Administrative fees	23,348	39,667	24,710	87,725	70,493	79,663	150,156	-	237,881
Bad debt expense	95,461	-	-	95,461	11,600	-	11,600	-	107,061
Contract labor	248,436	-	-	248,436	20,612	-	20,612	-	269,048
Cost of goods sold	-	-	-	-	-	10,748	10,748	-	10,748
Depreciation	6,637	2,396	743	9,776	2,198	3,020	5,218	-	14,994
Equipment and software costs	188,478	19,974	9,379	217,831	154,554	221,010	375,564	-	593,395
Insurance	25,078	9,284	3,615	37,977	8,357	13,499	21,856	-	59,833
Marketing	386,756	1,061	112	387,929	(2,736)	15,934	13,198	39,869	440,996
Occupancy	138,972	33,689	6,850	179,511	156,180	58,072	214,252	-	393,763
Printing and publications	19,747	56	-	19,803	12,148	337	12,485	-	32,288
Professional fees	740,805	122,850	7,902	871,557	102,264	170,576	272,840	-	1,144,397
Postage and shipping	15,892	214	136	16,242	1,843	2,272	4,115	-	20,357
Scholarships and miscellaneous	197,100	4,500	-	201,600	1,430	346	1,776	-	203,376
Supplies	8,776	274	73	9,123	1,699	3,514	5,213	-	14,336
Telephone	23,359	6,027	306	29,692	5,226	10,374	15,600	-	45,292
Travel and entertainment	313,852	2,638	1,485	317,975	110,150	44,898	155,048	138,540	611,563
Total functional expenses	<u>\$ 4,553,700</u>	<u>\$ 1,397,475</u>	<u>\$ 506,580</u>	<u>\$ 6,457,755</u>	<u>\$ 1,948,496</u>	<u>\$ 2,383,145</u>	<u>\$ 4,331,641</u>	<u>\$ 178,409</u>	<u>\$ 10,967,805</u>

POSITIVE COACHING ALLIANCE

STATEMENTS OF CASH FLOWS

For the years ended August 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets before changes related to merger of Coaching Corps	\$ (1,784,574)	\$ (485,294)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Gain on forgiveness of Paycheck Protection Program loan	-	(1,062,800)
Depreciation	8,636	14,994
Bad debt	58,673	107,061
(Increase) decrease in:		
Promises to give	657,493	(14,076)
Accounts receivable and miscellaneous receivables	(33,645)	141,117
Inventory	(3,702)	5,536
Prepaid expense and other current assets	(36,004)	114,163
Other assets	(1,786)	25,878
Amortization of right-of-use lease asset	1,880	-
Accounts payable	14,773	1,079
Deferred revenue	(18,760)	(58,087)
Refundable advance	38,178	(179,498)
Accrued expenses	23,756	(209,471)
Deferred rent	(3,169)	(15,588)
Net cash used in operating activities	(1,078,251)	(1,614,986)
Cash flows from investing activities:		
Cash acquired in merger of Coaching Corps	-	3,657,160
Net cash provided by investing activities	-	3,657,160
Net (decrease) increase in cash and cash equivalents	(1,078,251)	2,042,174
Cash and cash equivalents, beginning of year	5,758,809	3,716,635
Cash and cash equivalents, end of year	\$ 4,680,558	\$ 5,758,809

POSITIVE COACHING ALLIANCE

NOTES TO FINANCIAL STATEMENTS

August 31, 2023 and 2022

1. Summary of Significant Accounting Policies

Nature of Business

Positive Coaching Alliance (“PCA” or the “Organization”) is a nonprofit organization, established in June 1998, whose mission is to change the culture of youth sports so that every child, regardless of social or economic circumstance, has access to a positive youth sports experience. PCA imagines a world where every young person benefits from a positive youth sports experience with a coach who inspires them to become the best version of themselves in the game and in life.

PCA completed a merger with Coaching Corps, a nonprofit organization, on April 1, 2022 (Note 16). The combined strength of the Organization will enable it to partner with youth sports organizations, schools, and communities to make youth sports positive, equitable, and accessible for all kids. Through the partnerships, PCA will enable over 7 million kids to reap the benefits of a positive youth sports experience by 2027. That’s less than \$12 per young person.

PCA is advancing its mission by focusing on three strategies:

1. Training, recruiting, and supporting coaches to provide young people with positive youth sports experiences that inspire them to achieve their potential despite the increased challenges faced by youth today.
2. Increasing equitable access to youth sports by forging alliances with leaders in under-resourced communities of color to shape a sports equity agenda tailored to their neighborhoods.
3. Partnering with school districts, youth sports organizations, and community-based programs to improve their youth sports culture, ensuring that coaches, parents, program administrators, and student athletes receive training on positive youth development through sports.

PCA trains coaches directly through partnerships with schools, youth sports organizations, parks and recreation agencies, national governing bodies, afterschool programs, and community organizations. PCA provides a range of over 3,000 interactive in-person and virtual coach trainings a year complimented by mobile on-demand tools to support hundreds of thousands of coaches. Fifty percent of the coaches PCA trains are coaching kids from under-resourced communities.

Through the partnerships, PCA also trains youth sports programs and school administrators, student-athletes, parents, and officials to develop a positive youth sports culture in the place where coaching happens.

This local community-based approach is complemented by a top-down national strategy that includes partnerships with professional sports leagues, governing bodies, and national youth sports organizations designed to reach more coaches and to increase the awareness of the benefits of a positive youth sports experience and of the urgent need to reduce the sports equity gap.

PCA collaborates closely with community leaders in under-resourced communities of color to identify ways to make youth sports more accessible. Using local data, the nature of the sports equity gap and the underlying conditions holding it in place are identified. Based on this data, PCA and community leaders co-create a Sports Equity Agenda tailored to the unique strengths and challenges of the community and then assist in the implementation of the agenda.

POSITIVE COACHING ALLIANCE

NOTES TO FINANCIAL STATEMENTS

August 31, 2023 and 2022

1. Summary of Significant Accounting Policies, continued

Nature of Business, continued

In five years, PCA will have made progress towards its mission with the following results:

- Over 7 million young people will learn essential life skills, practice new athletic competencies, and develop confidence, teamwork, empathy, pride in belonging, resilience, and belief in their best selves, through their sports experience.
- There will be nearly half a million more trained coaches who have research-backed skills and tools to provide kids with the life changing benefits of a positive youth sports experience.
- The sports equity gap will be narrowed. More youth of color and kids from low-income neighborhoods will participate and stay involved in sports. There will be a greater number of youth sports coaches of color who have similar lived experiences as the kids they coach. Leaders in historically marginalized communities will have the support and resources to advance their own sports equity agendas within their communities.
- Communities will harness the power of youth sports to improve young people's physical health outcomes, mental health outcomes, academic success, character development, and personal growth—critical building blocks for a healthy next generation.
- The culture of youth sports will transform. More leaders across the sports ecosystem will understand how to build healthy and affirming youth sports environments for kids, and PCA will see a positive transformation in the “win-at-all-costs” mentality of youth sports.

Partnership Engagement and Fulfillment

PCA's core Partnership Engagement and Fulfillment program educates and trains the leaders of youth service organizations (“YSO”) and schools to change the culture of youth sports. Once a partnership is forged, PCA teams provide continuous support, workshops, and certified trainers to coaches, parents, and students to develop a positive and inclusive youth sports culture.

Program Expansion and Enhancement

PCA continuously advocates to change the culture of youth sports. PCA also pursues programmatic initiatives that focus on expanding and enhancing existing programs or developing new programs that further its mission.

Community and Coach Engagement

PCA's commitment to closing the sports equity gap entails direct community-level work, coach recruitment, and awareness building to provide quality youth sports experiences in all communities.

On December 1, 2020, PCA purchased the assets of Balance Sports Publishing (“BSP”) for existing inventory plus the publishing rights for existing contracts for \$110,000. PCA will also receive royalty payments from the foreign rights granted to a Swedish publisher.

Basis of Accounting

The financial statements of PCA are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

POSITIVE COACHING ALLIANCE

NOTES TO FINANCIAL STATEMENTS

August 31, 2023 and 2022

1. Summary of Significant Accounting Policies, continued

Nature of Business, continued

Basis of Presentation

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, PCA classified its net assets and changes in net assets as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions represent resources available to support the Organization's operations, including previously restricted donor net assets that became available for use by the Organization in accordance with the intentions of donors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors, and grantors. These include those assets which are subject to a contributor's restriction and for which the applicable restriction was not yet satisfied as of the end of the current reporting period. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

Cash equivalents consist of money market funds with original maturities of 30 days or less.

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 Corporation ("FDIC") for up to \$250,000 per financial institution. Brokerage accounts are insured by the Security Investor Protection Corporation for up to \$500,000. Periodically throughout the year, cash is maintained at the bank in excess of the insured FDIC amount.

Promises to Give

Promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Promises to give that extend beyond one year are discounted to reflect their net present value at the date of contribution. For the years ended August 31, 2023 and 2022, the discount on promises to give was not recorded, as it was insignificant to the financial statements.

As of August 31, 2023, there was one donor who accounted for 44% of promises to give. As of August 31, 2022, there were two donors who accounted for 55% and 11% of promises to give.

Allowance for Uncollectible and Doubtful Accounts – Promises to Give

PCA provides for an allowance for uncollectible accounts for promises to give. 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 PCA's policy to charge off uncollectible promises to give when management determines the receivable will not be collected. The total allowance was \$19,738 and \$51,215 for the years ended August 31, 2023 and 2022, respectively.

POSITIVE COACHING ALLIANCE

NOTES TO FINANCIAL STATEMENTS

August 31, 2023 and 2022

1. Summary of Significant Accounting Policies, continued

Allowance for Uncollectible and Doubtful Accounts – Accounts Receivable

PCA records an allowance for uncollectible and doubtful 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 their contractual terms. It is PCA's policy to charge off uncollectible promises to give when management determines the receivable will not be collected. The total allowance was \$70,330 and \$114,054 for the years ended August 31, 2023 and 2022, respectively. Accounts receivables as of September 1, 2021 was \$239,304.

Inventory

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

Fixed Assets

PCA capitalizes all property and equipment purchases in excess of \$5,000. 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.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. PCA classifies its financial assets and liabilities according to the following hierarchy, and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value:

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.

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 future 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.

POSITIVE COACHING ALLIANCE

NOTES TO FINANCIAL STATEMENTS

August 31, 2023 and 2022

1. Summary of Significant Accounting Policies, continued

Contributions

Contribution revenue is recognized when contributions are received. All contributions are considered available for general operations unless specifically restricted by the donor. PCA reports contributions with donor restrictions if such contributions are received with donor stipulations that limit the time or use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

For the year ended August 31, 2023, there were no donors who accounted for more than 10% of contribution revenue. For the year ended August 31, 2022, there was one donor who accounted for 11% of contribution revenue.

Conditional Contributions

PCA has received certain conditional promises that are generally restricted by donors, primarily for seed funding for a specific region, achieving a match goal, or providing programming to a certain demographic. These award amounts are not recognized as revenue until the projects progress and conditions are met, generally, as expenses are incurred or upon satisfaction of the time and/or purpose restrictions (see Note 4).

Refundable Advances

PCA received payments during the year in the form of conditional contributions. As of August 31, 2023 and 2022, the refundable advances balance represents advanced payments received from donors for which the conditions were not yet met as of August 31, 2023 and 2022. These amounts will be recognized when the conditions are met (see Note 6).

Contributed Materials and Services

Contributed 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.

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as support without donor restrictions unless explicit donor stipulations specify how donated assets must be used. These amounts have been reported as both in-kind contribution revenue and expense on the statements of activities.

Revenue Recognition

Program Service Fees

The Organization recognizes revenue when services are provided to customers in an amount that reflects the consideration to which the Organization expects to be entitled to in exchange for the services.

POSITIVE COACHING ALLIANCE

NOTES TO FINANCIAL STATEMENTS

August 31, 2023 and 2022

1. Summary of Significant Accounting Policies, continued

Revenue Recognition, continued

Program Service Fees, continued

The Organization determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, a performance obligation is satisfied.

Program service fees include online workshops, local and national partnerships, consulting fees, and participant fees. Online workshops, local and national partnerships, and participant fees only include one performance obligation that is satisfied simultaneously as customers receive the services at a point in time. Consulting fees are recognized over the period of the contract term.

The Organization's contracts do not include highly variable components. The timing of revenue recognition, billings and cash collections can result in billed accounts receivable, unbilled receivables (contract assets), and refundable advances (contract liabilities).

The following table summarizes the revenue from contracts with customers recognized by the Organization, disaggregated by timing of revenue recognition, for the years ended August 31:

	2023	2022
Products and services transferred over time	\$ 282,885	\$ 108,768
Products and services transferred at a point in time	2,400,650	2,095,871
Total program service revenue	<u>\$ 2,683,535</u>	<u>\$ 2,204,639</u>

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. However, income from activities not related to PCA's tax-exempt purposes may be subject to taxation as unrelated business income.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

POSITIVE COACHING ALLIANCE

NOTES TO FINANCIAL STATEMENTS

August 31, 2023 and 2022

1. Summary of Significant Accounting Policies, continued

Measure of Operations

The Organization includes in its measure of operations all revenue and expenses that are an integral part of its programs and supporting activities. The measure of operations does not include proceeds from the forgiven debt, or the net assets received related to the merger with Coaching Corps.

Reclassification

Certain reclassifications have been made to the 2022 financial statement presentation to conform to the 2023 presentation.

Functional Expense Allocation

The costs of providing PCA's program and other activities have been summarized on a functional basis in the statement of functional expenses. The statement of functional expenses presents natural classification detail of expenses by function. The major functional expense classifications are program services and supporting services. Program services include expenses that are directly related to transforming the culture of youth sports to give all young athletes the opportunity for a positive, character-building experience. Supporting services are all activities of the Organization other than program services. Supporting services consist of management and general and fundraising. Management and general includes expenses for general oversight and management of the Organization, recordkeeping, and budgeting. Fundraising activities include conducting events, preparing and distributing fundraising materials, and solicitation of contributions from individuals and corporations.

Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee benefits and payroll taxes; occupancy; depreciation; insurance; and certain travel and indirect operating expenses. These expenses are allocated on the basis of estimated time and effort by employees.

Recent Accounting Pronouncements - Adopted

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)* ("ASU 2016-02" or "ASC 842"). The FASB has subsequently issued several related ASUs that clarified the implementation guidance for certain aspects of ASU 2016-02, which were effective upon the adoption of ASU 2016-02. The amendments in this ASU related to the accounting for leasing transactions. ASC 842 requires lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all operating and finance leases (with the exception of short-term leases based on the practical expedient elected by the Organization) at the lease commencement date, whereas only finance leases were required to be recognized on the balance sheet under the previous guidance in ASC 840, and recognize expenses on the income statement in a similar manner to the previous guidance in ASC 840. The lease liability is measured as the present value of the unpaid lease payments and the right-of-use asset is derived from the calculation of the lease liability adjusted for initial direct costs, prepaid lease payments, and lease incentives. Lease payments include fixed and in-substance fixed payments, variable payments based on an index or rate at lease commencement. Lease payments do not include variable lease payments other than those that depend on an index or rate measured at lease commencement. The discount rate used to derive the present value of unpaid lease payments is based on the rates implicit in the lease, or if not available, the risk free rate.

POSITIVE COACHING ALLIANCE

NOTES TO FINANCIAL STATEMENTS

August 31, 2023 and 2022

1. Summary of Significant Accounting Policies, continued

Recent Accounting Pronouncements – Adopted, continued

The most significant impact of ASC 842 on the Organization's accounting was the balance sheet impact of its existing leases, which increased assets and liabilities. The Organization elected the package of practical expedients available under the transition provisions of ASC 842, including (i) not reassessing whether expired or existing contracts contain leases, (ii) lease classification, and (iii) not revaluing initial direct costs for existing leases. Also, the Organization elected the practical expedient which allows aggregation of non-lease components with the related lease components when evaluating accounting treatment for property and equipment leases. Lastly, the Organization applied the modified retrospective adoption method, utilizing the simplified transition option available in ASC 842, which allows entities to continue to apply the legacy guidance in ASC 840, including its disclosure requirements, in the comparative periods presented in the year of adoption. The Organization adopted ASC 842 on September 1, 2022, which resulted in the recognition of operating right-of-use assets totaling \$65,012, as well as operating lease liabilities totaling \$64,955. There was no cumulative effect adjustment to the opening balance of retained earnings required.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, and subsequently issued several supplemental/clarifying ASUs (collectively, "ASC 326"). ASU 326 requires entities to estimate a lifetime expected credit loss for most financial assets, including trade and other receivables, other long-term financings including available for sale and held-to-maturity debt securities, and loans. Subsequently, the FASB issued ASU 2018-19, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses*, which amended the scope of ASC 326 and clarified that receivables arising from operating leases are not within the scope of the standard and should continue to be accounted for in accordance with ASC 842. In November 2019, the FASB issued ASU 2019-10, *Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*, which amended certain effective dates. This ASU will be effective for the Organization on September 1, 2023. Currently, the Organization is evaluating the impact of adopting ASU 2016-13 on its financial statements.

2. Financial Results and Liquidity

The accompanying financial statements have been prepared in conformity with U.S. GAAP. PCA's statement of activities shows changes in net assets from operations of (\$1,784,574) and (\$1,548,094) and total change in net assets of (\$1,784,574) and (485,294) for the years ended August 31, 2023 and 2022, respectively. Additionally, PCA has net assets without donor restrictions of \$2,460,216 and \$2,991,193 as of August 31, 2023 and 2022, respectively. PCA statement of cash flows also show net cash used in operations was (\$1,078,251) and (\$1,614,986) for August 31, 2023 and 2022, respectively. PCA is dependent on contributions from third-party donors as well as earned revenues to fund their operations. The ability to continue as a going concern anticipates that such funding will continue for a period of one year or more. PCA management intends to mitigate the liquidity concerns mentioned above by instituting cost containment measures and enhancing its outreach to donors during fiscal year 2024.

PCA manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining adequate liquid assets to fund near-term operating needs; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. PCA also has a \$500,000 line of credit available for liquidity needs (see Note 8).

POSITIVE COACHING ALLIANCE

NOTES TO FINANCIAL STATEMENTS

August 31, 2023 and 2022

2. Financial Results and Liquidity, continued

PCA's financial assets available for general expenditures within one year of the statement of financial position date are as follows as of August 31:

	2023	2022
Cash and cash equivalents	\$ 4,680,558	\$ 5,758,809
Promises to give, net	1,123,675	1,816,168
Accounts receivable and miscellaneous receivables, net	18,704	8,732
Total financial assets available within one year	5,822,937	7,583,709
Less: amounts not available to be used within one year:		
Promises to give, noncurrent	(40,000)	(409,166)
Financial assets available to meet general expenditures within one year	<u>\$ 5,782,937</u>	<u>\$ 7,174,543</u>

3. Promises to Give

Promises to give are expected to be collected as follows as of August 31:

	2023	2022
Within one year	\$ 1,103,413	\$ 1,458,217
Within two to five years	40,000	365,833
More than five years	-	43,333
	1,143,413	1,867,383
Less: allowance	(19,738)	(51,215)
	<u>\$ 1,123,675</u>	<u>\$ 1,816,168</u>

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

POSITIVE COACHING ALLIANCE

NOTES TO FINANCIAL STATEMENTS

August 31, 2023 and 2022

4. Conditional Promises to Give

Outstanding conditional promises to give were as follows for the years ended August 31:

2023				
Grantor	Total Award	Term	Condition	Remaining Conditional Portion
Miami Dolphins	\$ 75,000	N/A	Seed funding for South Florida Chapter	\$ 50,000
2022				
Grantor	Total Award	Term	Condition	Remaining Conditional Portion
Miami Dolphins	\$ 75,000	N/A	Seed funding for South Florida Chapter	\$ 50,000
Susan Crown Exchange	\$ 1,400,000	January 1, 2020 - December 31, 2023	Million Coaches Challenge	200,000
Susan Crown Exchange	\$ 600,000	July 1, 2021 - June 30, 2024	Million Coaches Challenge	400,000
				\$ 650,000

5. Fixed Assets

Fixed assets consisted of the following as of August 31:

	2023	2022
Website design	\$ 25,681	\$ 25,681
Less: accumulated depreciation	(24,083)	(15,447)
	\$ 1,598	\$ 10,234

Depreciation expense was \$8,636 and \$14,994 for the years ended August 31, 2023 and 2022, respectively.

POSITIVE COACHING ALLIANCE

NOTES TO FINANCIAL STATEMENTS

August 31, 2023 and 2022

6. Refundable Advance

Refundable advances received by PCA that have not been recognized because the required conditions have not yet been met, consisted of the following as of August 31:

	2023	2022
Susan Crown Exchange	\$ 283,333	\$ 166,669
Daniels Fund	82,964	161,250
Miami Marlins Foundation	75,000	-
Under Armour	74,300	100,000
Other donors	23,500	73,000
Total refundable advance	<u>\$ 539,097</u>	<u>\$ 500,919</u>

7. Deferred Revenue

PCA recognizes revenue from partner workshops at a point in time in which the workshop occurs. The performance obligation of delivering the workshop is simultaneously received and consumed by the partner once the workshop has occurred. Fees received in advance of the workshop date are recorded as deferred revenue. As of August 31, 2023 and 2022, PCA entered into contracts totaling approximately \$956,000 and \$768,000, respectively, where services will be performed and payments will be received in subsequent periods. These contracts were reversed out of deferred revenue and accounts receivable for presentation in these statements.

The following table provides information about significant changes in deferred revenue liabilities for the year ended August 31:

	2023	2022
Deferred revenue, beginning of year	\$ 992,907	\$ 1,050,994
Add: Increase in deferred revenue due to cash received during the year	2,220,963	1,868,334
Less: Deferred revenue recognized during the year	<u>(2,239,723)</u>	<u>(1,926,421)</u>
Deferred revenue, end of year	<u>\$ 974,147</u>	<u>\$ 992,907</u>

8. Line of Credit

PCA has a secured line of credit with a bank of \$500,000 with an interest rate of 9.5% and a maturity date of May 4, 2024. There were no borrowings on the line of credit as of August 31, 2023 and 2022. PCA was in compliance with applicable loan covenants for years ended August 31, 2023 and 2022.

POSITIVE COACHING ALLIANCE

NOTES TO FINANCIAL STATEMENTS

August 31, 2023 and 2022

9. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes for the years ended August 31:

	2023	2022
Subject to expenditure for specified purpose:		
Expansion	\$ -	\$ 150,000
Workshops	518,158	825,571
Operations and other programming	665,203	1,461,387
Beneficial interest held in perpetuity	10,000	10,000
Total	<u>\$ 1,193,361</u>	<u>\$ 2,446,958</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or passage of events specified by the donors were as follows for the years ended August 31:

	2023	2022
Satisfaction of purpose restrictions:		
Expansion	\$ 850,000	\$ 180,000
Workshops	737,163	686,868
Operations and other programming	1,629,769	589,121
	<u>\$ 3,216,932</u>	<u>\$ 1,455,989</u>

10. Contributed Nonfinancial Assets

Contributed nonfinancial assets were as follows for the years ended August 31:

	2023	2022
Promotional and special event items	\$ 144,066	\$ 68,408
Online advertising services	133,166	345,525
Professional services	23,369	8,400
Total nonfinancial assets	<u>\$ 300,601</u>	<u>\$ 422,333</u>

PCA recognized contributed nonfinancial assets within revenue, including contributed promotional and special event items, online advertising services, and other professional services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. The contributed nonfinancial assets were used to help communicate PCA's mission by promoting PCA's advertising efforts in public online searches, and are included in the program marketing functional expense allocation. The contributed nonfinancial assets are reported at fair value based on the value provided by the vendor for the promotional and special event items and the professional services provided by the provider if paid directly, the invoices provided from the advertising service for the services rendered, or the fair market value of donated merchandise provided by the donor.

POSITIVE COACHING ALLIANCE

NOTES TO FINANCIAL STATEMENTS

August 31, 2023 and 2022

11. Fair Value Measurement

The following tables summarize PCA's financial assets measured at fair value on a recurring basis as of August 31, 2023 and 2022:

2023				
	Level 1	Level 2	Level 3	Total
Cash equivalents - money market	\$ 527,447	\$ -	\$ -	\$ 527,447
Beneficial interest in assets held by others	-	10,000	-	10,000
Total	<u>\$ 527,447</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 537,447</u>

2022				
	Level 1	Level 2	Level 3	Total
Cash equivalents - money market	\$ 526,674	\$ -	\$ -	\$ 526,674
Beneficial interest in assets held by others	-	10,000	-	10,000
Total	<u>\$ 526,674</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 536,674</u>

12. Special Events

PCA sponsors special events for fund-raising and program participant recognition. Revenue and direct expenses relating to these events are as follows for the years ended August 31, 2023 and 2022:

For the Year Ended August 31, 2023					
Special Events	Revenue	Cost of Direct Benefit to Donors	Other Direct Expenses	In-Kind Donated Items Donors	Net
National	\$ 1,374,750	\$ (92,000)	\$ (679,208)	\$ (81,836)	\$ 521,706
Arizona	87,179	(29,700)	(78,082)	(18,346)	(38,949)
Central Texas	-	-	-	-	-
MidAtlantic	102,569	(12,400)	(43,026)	(6,010)	41,133
Colorado	50,245	(7,000)	(41,529)	(2,287)	(571)
Minnesota	-	-	-	-	-
New England	-	-	-	-	-
Ohio	21,900	(2,280)	(4,483)	-	15,137
Portland	-	-	-	-	-
Seattle	-	-	-	-	-
SF Bay Area	99,471	(37,700)	(54,376)	(719)	6,676
Tampa Bay	101,885	(8,640)	(58,062)	(30,012)	5,171
	<u>\$ 1,837,999</u>	<u>\$ (189,720)</u>	<u>\$ (958,766)</u>	<u>\$ (139,210)</u>	<u>\$ 550,303</u>

POSITIVE COACHING ALLIANCE

NOTES TO FINANCIAL STATEMENTS

August 31, 2023 and 2022

12. Special Events, continued

For the Year Ended August 31, 2022					
Special Events	Revenue	Cost of Direct Benefit to Donors	Other Direct Expenses	In-Kind Donated Items Donors	Net
National	\$ 795,386	\$ (42,000)	\$ (335,415)	\$ -	\$ 417,971
Arizona	38,100	(8,560)	(6,287)	-	23,253
Central Texas	31,840	(7,564)	(15,307)	-	8,969
Chicago	70,170	(8,600)	(12,919)	(3,918)	44,733
Colorado	95,010	(4,410)	(9,504)	(9,519)	71,577
Minnesota	44,926	(12,370)	(12,322)	(3,251)	16,983
New England	233,456	(33,350)	(49,814)	(19,120)	131,172
Ohio Valley	5,195	(1,400)	(1,188)	-	2,607
Portland	36,400	(10,080)	(13,523)	-	12,797
Seattle	55,550	(13,200)	(8,695)	-	33,655
SF Bay Area	107,350	(30,375)	193	-	77,168
Tampa Bay	234,280	(4,400)	(43,996)	(29,181)	156,703
Mid-Atlantic	18,100	(2,100)	(12,597)	(240)	3,163
	<u>\$ 1,765,763</u>	<u>\$ (178,409)</u>	<u>\$ (521,374)</u>	<u>\$ (65,229)</u>	<u>\$ 1,000,751</u>

13. Scholarships

During the years ended August 31, 2023 and 2022, PCA identified 91 and 108 winners, respectively, of the Triple-Impact Competitor® scholarships award for \$114,000 and \$136,000, respectively. PCA paid the scholarships during the summer of 2023 and 2022, respectively; therefore, no scholarships were included in accrued liabilities as of August 31, 2023 and 2022.

14. 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. Effective April 1, 2022, PCA offers a matching contribution of up to 7% but is limited to no more than 3% of total employee contributions to the 403(b) or 401(k) Plan. Total match was approximately \$354,000 and \$138,000 for fiscal year August 31, 2023 and 2022, respectively.

POSITIVE COACHING ALLIANCE

NOTES TO FINANCIAL STATEMENTS

August 31, 2023 and 2022

15. Commitments and Contingencies

Lease

The Organization leases office facilities, and equipment under noncancelable operating lease agreements with expiration dates through fiscal 2024.

ROU assets included in the statements of financial position as of August 31, 2023 are as follows:

Right-of-use assets - operating leases:	
Cost	\$ 65,012
Accumulated amortization	<u>(34,451)</u>
Right-of-use assets - operating leases, net of amortization	<u>\$ 30,561</u>

The Organization recognized the following lease expenses during the year ended August 31, 2023:

Operating lease cost	\$ 38,914
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The following is a summary of the approximate future minimum lease payments for operating leases that have initial or remaining noncancelable lease terms in excess of one year:

For the year ending August 31:	
2024	\$ 33,235
Less: imputed interest	<u>(794)</u>
Total future minimum lease payments	<u>\$ 32,441</u>

Supplementary information related to leases for 2023 is as follows:

Weighted-average remaining lease term (years) - operating leases	0.84
Weighted-average discount rate - operating leases	6.50%

Legal Contingencies

The Organization is involved in various legal actions in the ordinary course of business. In the opinion of management, the outcome of these matters, individually or in the aggregate, would not have a material effect on the Organization's financial statements as of August 31, 2023.

POSITIVE COACHING ALLIANCE

NOTES TO FINANCIAL STATEMENTS

August 31, 2023 and 2022

16. Merger with Coaching Corps

On April 1, 2022, PCA entered into a merger agreement with Coaching Corps, a nonprofit organization, as part of furthering both Organizations' missions to create a world where every young person, regardless of social or economic circumstance, benefits from a positive youth sports experience and a coach who inspires them to become the best version of themselves.

The Agreement of Merger identifies that the Merging Corporation merged with and into the Surviving Corporation, with PCA as the "Surviving Corporation" and Coaching Corps as the "Disappearing Corporation." All Coaching Corps assets were transferred to PCA and PCA assumed all Coaching Corps liabilities as of the date of the merger. PCA's Articles of Incorporation and Bylaws as the surviving corporation were amended to reflect the combined governance structure as a result of the merger.

Because the operations of the merged entity are expected to be predominantly supported by contributions, PCA has recognized the assets and liabilities of the merging entity Coaching Corps on its statements of financial position, in accordance with ASC 958-805-25-1, Business Combinations. These financial statements reflect five months of statement of activities transactions for Coaching Corps for the period from April 1, 2022 to August 31, 2022. On the date of the merger April 1, 2022, the net identifiable assets of Coaching Corps were \$4,290,746. The breakdown of net assets acquired as of April 1, 2022 was as follows:

17. Major Funding Source and Related Parties

For the years ended August 31, 2023 and 2022, the Organization had no funding sources that provided 10% or more of total contributions. Of total contributions, \$2,065,353 and \$1,081,812 came from members of the Board of Directors and, as such, are considered to be related-party transactions for the years ended August 31, 2023 and 2022, respectively.

18. Subsequent Events

PCA evaluated subsequent events for recognition and disclosure through January 31, 2024, the date which these financial statements were available to be issued. Management has concluded that no material subsequent events have occurred since August 31, 2023 that require recognition or disclosure in these financial statements.