COACHING CORPS

DECEMBER 31, 2017

INDEPENDENT AUDITORS' REPORT

AND

FINANCIAL STATEMENTS

Coaching Corps

Independent Auditors' Report
and Financial Statements

Independent Auditors' Report

THE BOARD OF TRUSTEES
COACHING CORPS
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of **COACHING CORPS** (**the Organization**) which comprise the statement of financial position as of December 31, 2017, 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.

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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditor's 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 auditor considers internal control relevant to the Organization'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 Organization'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 Coaching Corps as of December 31, 2017, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 16, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hood & Strong LLP

San Francisco, California
July 10, 2018

Coaching Corps

Statement of Financial Position

December 31, 2017 (with comparative totals for 2016)	2017	2016
Assets		
Cash and cash equivalents	$ 1,674,096	$ 1,533,769
Pledges and grants receivable, net	2,429,704	2,336,982
Prepaid expenses and other assets	202,376	156,877
Investments	1,694,305	1,272,235
Property and equipment, net	1,528	4,894
Total assets	$ 6,002,009	$ 5,304,757
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 365,829	$ 338,614
Total liabilities	365,829	338,614
Net Assets:		
Unrestricted	1,925,202	1,436,707
Temporarily restricted	3,710,978	3,529,436
Total net assets	5,636,180	4,966,143
Total liabilities and net assets	$ 6,002,009	$ 5,304,757

See accompanying notes to financial statements.

Coaching Corps

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2017 (with comparative totals for 2016)

	2017			2016
	Unrestricted	Temporarily Restricted	Total	2016 Total
Support and Revenue:				
Contributions	$ 1,468,641	$ 156,074	$ 1,624,715	$ 2,239,185
Foundations	65,000	2,610,459	2,675,459	4,032,471
Events	1,200	639,840	641,040	622,511
Interest and dividends	30,933	-	30,933	21,768
Other income	6,537	5113	11,650	2,433
Net assets released from restrictions	3,229,939	(3,229,939)	-	-
Total support and revenue	4,802,250	181,547	4,983,797	6,918,368
Expenses:				
Program services	3,590,997		3,590,997	3,813,467
General and administrative	296,312		296,312	370,080
Fundraising	424,162		424,162	572,959
Total expenses	4,311,471	-	4,311,471	4,756,506
Change in Net Assets from Operations	490,779	181,547	672,326	2,161,862
Net (Loss) Gain on Investments	(2,284)	(5)	(2,289)	10,777
Total Change in Net Assets	488,495	181,542	670,037	2,172,639
Net Assets - beginning of year	1,436,707	3,529,436	4,966,143	2,793,504
Net Assets - end of year	$ 1,925,202	$ 3,710,978	$ 5,636,180	$ 4,966,143

See accompanying notes to financial statements.

Coaching Corps

Statement of Functional Expenses

Year Ended December 31, 2017 (with comparative totals for 2016)

	Program Services					Supporting Services				
	Program Leadership	Public Education & Communications	Technology	Organizational Impact	Total	General & Administrative	Fund Development	Total	2017 Total	2016 Total
Salaries and Wages	$ 1,241,570	$ 250,508	$ 273,076	$ 268,150	$ 2,033,305	$ 187,391	$ 163,875	$ 351,266	$ 2,384,570	$ 2,486,070
Payroll Taxes	97,003	19,919	20,189	20,982	158,093	12,207	12,890	25,097	183,190	172,306
Employee Benefits	186,187	37,661	39,767	40,106	303,720	23,302	25,281	48,583	352,304	385,181
Accounting and Audit	-	-	-	-	-	30,429	-	30,429	30,429	29,804
Bank Fees	494	83	103	104	784	13,645	4,696	18,341	19,125	16,591
Conference and Meeting	25,539	1,350	1,442	1,595	29,925	1,008	2,548	3,556	33,481	15,272
Consultants	153,567	153,083	66,473	33,909	407,032	3,874	21,618	25,492	432,523	751,975
Depreciation and Amortization	1,772	375	365	386	2,897	231	237	469	3,366	6,575
Equipment Rental	14,098	2,811	9,921	2,821	29,652	2,032	1,759	3,791	33,442	46,154
Events	-	153,979	-	-	153,979	-	157,113	157,113	311,091	265,270
Insurance	11,937	2,333	2,456	2,570	19,296	1,463	1,569	3,032	22,328	16,874
Legal Fees	4,707	1,464	1,081	1,081	8,333	815	699	1,513	9,846	5,063
Materials	27,059	-	-	-	27,059	-	-	-	27,059	32,661
Networking and Collaborations	24,699	223	42	36	25,000	23	26	49	25,049	4,699
Occupancy	76,976	11,990	12,220	12,746	113,931	8,006	7,813	15,819	129,750	113,046
Office Supplies	4,816	642	794	561	6,813	2,825	427	3,252	10,066	9,777
Organizational Development	1,500	-	-	-	1,500	-	-	-	1,500	54,443
Postage and Delivery	2,596	169	132	130	3,027	431	1,852	2,283	5,310	3,599
Printing and Copying	2,401	13,890	73	15	16,379	179	3,365	3,544	19,923	15,710
Telephone, Internet and Website	35,008	20,463	97,444	6,496	159,410	2,138	826	2,963	162,373	143,433
Training and Coaching	40,291	192	160	219	40,863	4,311	1,110	5,422	46,285	52,996
Travel and Parking	44,368	2,404	1,453	1,772	49,997	2,002	16,461	18,463	68,460	129,007
Total	$ 1,996,587	$ 673,538	$ 527,191	$ 393,678	$ 3,590,995	$ 296,313	$ 424,164	$ 720,477	$ 4,311,471	$ 4,756,506

See accompanying notes to financial statements.

Coaching Corps

Statement of Cash Flows

Year Ended December 31, 2017 (with comparative totals for 2016)	2017	2016
Cash Flows from Operating Activities:		
Change in net assets	$ 670,037	$ 2,172,639
Adjustments to reconcile change in net assets to cash flows provided by operating activities:		
Change in discount	(16,839)	157,691
Depreciation	3,366	6,575
Net realized and unrealized loss (gain)	2,289	(10,777)
Donated stocks	(8,604)	(1,395)
Changes in operating assets and liabilities:		
Pledges and grants receivable	(75,883)	(2,213,964)
Prepaid expenses and other assets	(45,499)	(53,777)
Accounts payable and accrued expenses	27,215	(39,799)
Cash flows provided by operating activities	556,082	17,193
Cash Flows from Investing Activities:		
Proceeds from sale of investments	780,571	309,422
Purchases of investments	(1,196,326)	(359,869)
Cash flows used in investing activities	(415,755)	(50,447)
Net Change in Cash and Cash Equivalents	140,327	(33,254)
Cash and Cash Equivalents, beginning of year	1,533,769	1,567,023
Cash and Cash Equivalents, end of year	$ 1,674,096	$ 1,533,769

See accompanying notes to financial statements.

Note 1 - Description of the Organization:

Coaching Corps (the Organization) is a movement of thousands of afterschool programs, college students, and community stakeholders committed to inspiring and mentoring youth in low-income neighborhoods through the power of sports with trained coaches. The Organization trains people to become sports coaches and then provides a trained workforce of coaches to afterschool programs serving low-income communities.

The Organization envisions a future where all kids—regardless of zip code—have access to compassionate coaches and mentors who are invested in their futures.

Time and time again, sports have been found to improve the physical, social and emotional health of young people. The Organization knows that the guidance of a well–trained coach can be a powerful tool for teaching important life lessons like perseverance, optimism, self–regulation and empathy. Through partnerships with afterschool programs, the Organization trains and connects volunteer coaches with youth to make these meaningful benefits a reality.

To date, the Organization has provided trained coaches to more than 120,000 youth in underserved communities across the country. The Organization has volunteers in over 70 cities nationwide and has an ambitious goal to coach 65,000 kids annually. The Organization's coaches are part of a national movement of thousands who are committed to increasing quality sports and mentorship opportunities for youth in underserved communities.

The Organization funds its operations through contributions.

Note 2 - Summary of Significant Accounting Policies:

a. Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

b. Description of Net Assets

The Organization reports information regarding its financial position and activities according to their class of net assets.

Unrestricted Net Assets – The portion of net assets that is neither temporarily nor permanently restricted by donor-imposed stipulations.

Temporarily Restricted Net Assets – The portion of net assets for which use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization.

Permanently Restricted Net Assets – This portion of net assets for which use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can otherwise be removed by actions of the Organization. There are no permanently restricted net assets.

c. Revenue Recognition

Unconditional promises to give are recorded at their fair value when the promise is made. Contributions received are recorded as unrestricted or temporarily restricted support depending on the existence and/or nature of any donor restrictions. Donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the same year in which the contributions are recognized.

Conditional promises to give are not included as support until the conditions are substantially met.

Management evaluates all outstanding pledges and grants receivable and makes an allowance for uncollectible accounts when necessary. Management discounts outstanding pledges and grants receivable based upon the applicable discount rate at the time of the pledges origination.

d. Cash and Cash Equivalents

For financial statement purposes, the Organization considers its deposits and money market funds with a maturity of three months or less to be cash equivalents.

e. Investments

Investments primarily consist of corporate and government bond funds. The corporate and government bond funds are valued at fair market value based upon quoted market prices.

The change in the value of investments resulting from fluctuations in fair values is recorded in the Statement of Activities and Changes in Net Assets and is considered to be non-operating income.

f. Fair Value Measurements

The Organization classifies its financial assets and liabilities measured at fair value (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) on a recurring basis based on a fair value hierarchy with three levels of inputs. Level 1 values are based on unadjusted quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the Organization's determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk or liquidity associated with the assets and liabilities measured at fair value.

g. Property and Equipment

Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful life of the asset, generally 3 - 5 years. Leasehold improvements are recorded at cost and amortized using the straight-line method over the life of the lease.

h. Functional Expenses

Direct expenses are charged to the related program or supporting services. Non-direct costs have been allocated to the programs and supporting services benefited, based upon estimates by management.

i. Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from California tax under Section 23701(d) of the Revenue Taxation Code.

The Organization follows the guidance of Accounting for Uncertainty in Income Taxes issued by the Financial Accounting Standards Board. As of December 31, 2017, management evaluated the Organization's tax positions and concluded that the Organization had maintained its tax-exempt status and had taken no uncertain tax positions that required adjustment to the financial statements.

j. Use of Estimates

The preparation of the 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 and disclosures. Accordingly, actual results could differ from those estimates.

k. Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Certain reclassifications have been made to the prior year financial statements in order for them to conform to current year presentation. These reclassifications had no effect on net assets or change in net assets.

l. Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each performance obligation. ASU 2014-09 will be effective for annual reporting periods beginning after December 15, 2018 using either of two methods: (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU 2014-09; or (b) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined in ASU 2014-09. The Organization has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02—*Leases (Topic 842).* Under the ASU, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than twelve months for the rights and obligations created by those leases. The ASU is effective for fiscal years beginning after December 15, 2019. Early application will be permitted for all organizations. The Organization is currently assessing the impact the adoption this ASU will have on its financial statements.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*. This ASU is designed to improve the current net asset classification requirements and the information presented in the financial statements about a not-for-profit entity's liquidity and financial performance. The amendments in the ASU are effective for fiscal years beginning after December 15, 2017. Early application of the ASU is permitted. The Organization is currently evaluating the impact of this pronouncement on its financial statements.

m. Subsequent Events

The Organization has reviewed the changes in net assets for the period of time from December 31, 2017 through July 10, 2018, the date the financial statements are available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor subsequent events have occurred, the nature of which would require disclosure.

Note 3 - Pledges and Grants Receivable:

Pledges and grants receivable, as of December 31, 2017 and 2016, are expected to be received in:

	2017	2016
Less than one year	$ 1,615,556	$ 1,089,673
One year to five years	955,000	1,405,000
	2,570,556	2,494,673
Less: discounts to net present value	(140,852)	(157,691)
Total	$ 2,429,704	$ 2,336,982

Contributions to be received after one year are discounted at a rate of 4.25%.

The Organization received a five-year 2017-2021 challenge grant in the amount of $5,000,000. $1,000,000 of this grant was recognized as of December 31, 2017. The balance of the grant may be earned over the next four years, up to a maximum of $1,000,000 per year (Note 10).

Additionally, during 2016, the Organization received conditional promises to give from two trustees totaling $1,550,000. The Organization collected $450,000 from these conditional promises in 2017, resulting in an outstanding conditional pledge amount of $1,100,000 as of December 31, 2017 (Note 10).

Note 4 - Investments:

Investments consist of the following at December 31:

	2017	2016
Corporate bond index fund	$ 458,682	$ 400,844
Corporate short-term exchange traded fund	1,014,038	721,462
U.S. government bond fund	221,585	149,929
	$ 1,694,305	$ 1,272,235

All investments are measured at Level 1.

Note 5 - Property and Equipment:

Property and equipment consist of the following at December 31:

	2017	2016
Leasehold improvements	$ 132,960	$ 132,960
Computer and office equipment	219,743	219,743
Furniture and fixtures	38,363	38,363
	391,066	391,066
Less: accumulated depreciation and amortization	(389,538)	(386,172)
	$ 1,528	$ 4,894

Note 6 - Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes at December 31:

	2017	2016
Time restrictions – program and general operations	$ 2,352,007	$ 2,333,040
Program services	1,358,971	1,196,396
Total	$ 3,710,978	$ 3,529,436

Net assets were released from restrictions as follows:

	2017	2016
Time restrictions	$ 2,059,216	$ 1,436,562
Program services	1,170,723	1,794,121
Total	$ 3,229,939	$ 3,230,683

Note 7 - Employee Benefit Plans:

The Organization has a 401(k) defined contribution plan with matching employer contributions. For each participating employee who contributes a minimum of 3% of their salary, the Organization contributes matching up to 7% of the employee's salary. The Organization contributed $123,527 and $120,637 to the plan for the years ending December 31, 2017 and 2016, respectively.

Note 8 - Concentration of Risk:

The Organization has identified financial instruments which are subject to credit risk as cash, investments and pledges and grants receivable.

Periodically, throughout the year, the Organization has maintained balances in operation and money market accounts in excess of federally insured limit. Investments consist primarily of government and corporate bond funds.

All receivables consist of unsecured amounts due from individuals and foundations.

The Board of Trustee's gifts to the Organization make up a significant portion of the contribution revenue. For the year ended December 31, 2017, contributions received from trustees amounted to approximately 58% of total revenue.

Note 9 - Commitments:

The Organization leases office space under an operating lease through November 30, 2021. In addition, the Organization maintains leases for office equipment.

Future minimum lease payments are as follows:

Year Ending December 31,	
2018	$ 118,000
2019	115,000
2020	115,000
2021	106,000
2022	6,000
Total	$ 460,000

The total lease expense under these leases was $125,189 and $108,119 for 2017 and 2016, respectively.

Note 10 - Related Party Transactions:

Two officers and one employee of a private foundation (the Foundation) who is a key contributor, are board members of the Organization. A board member is the president of the bank where the cash and investments are held.

In 2011, the Foundation awarded a $5 million 1:3 challenge grant to the Organization. The Organization earned the full amount over five years, with the final amount being received as of December 31, 2017.

In 2016, the Foundation awarded a five-year $5 million 1:3 challenge grant to the Organization from 2017 to 2021. As of December 31, 2017, the Organization had earned the maximum $1,000,000 annual amount for 2017.

Additionally, during 2016, the Organization received conditional promises to give from two officers totaling $2,000,000 to be distributed over four to five years in support of general operations. The conditional promises to give are excluded from the outstanding receivable at year-end. As of December 31, 2017, the remaining balance of the conditional promises to give total $1,100,000.