Coaching Corps

December 31, 2018

Independent Auditors' Report

and

Financial Statements

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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, 2018 and 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, 2018, 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 10, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Effect of Adopting New Accounting Standard

As described in Note 2, the Organization adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Accordingly, the accounting change has been retrospectively applied to all periods presented with the exception of the omission of certain information as permitted by the ASU. Our opinion is not modified with respect to that matter.

Hood & Strong LLP

San Francisco, California
May 21, 2019

Coaching Corps

Statement of Financial Position

December 31, 2018 (with comparative totals for 2017)		2018		2017
Assets				
Cash and cash equivalents	$	1,732,175	$	1,674,096
Pledges and grants receivable, net		1,107,601		2,429,704
Prepaid expenses and other assets		459,280		202,376
Investments		1,695,797		1,694,305
Property and equipment, net		118		1,528
Total assets	$	4,994,971	$	6,002,009
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	$	418,994	$	365,829
Total liabilities		418,994		365,829
Net Assets:				
Without restrictions		2,180,250		1,925,202
With restrictions		2,395,727		3,710,978
Total net assets		4,575,977		5,636,180
Total liabilities and net assets	$	4,994,971	$	6,002,009

See accompanying notes to financial statements.

Coaching Corps

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2018 (with comparative totals for 2017)

	2018			
	Without Restrictions	With Restrictions	Total	2017 Total
Support and Revenue:				
Contributions	$ 1,425,925	$ 93,877	$ 1,519,802	$ 1,624,715
Foundations	83,209	1,296,933	1,380,142	2,675,459
Events	776,203	592,000	1,368,203	641,040
Investment income, net	9,516		9,516	28,644
Other income	89,923		89,923	11,650
Net assets released from restrictions	3,298,061	(3,298,061)	-	-
Total support and revenue	5,682,837	(1,315,251)	4,367,586	4,981,508
Expenses:				
Program services	4,305,082		4,305,082	3,590,997
General and administrative	468,989		468,989	296,312
Fundraising	653,718		653,718	424,162
Total expenses	5,427,789	-	5,427,789	4,311,471
Change in Net Assets	255,048	(1,315,251)	(1,060,203)	670,037
Net Assets - beginning of year	1,925,202	3,710,978	5,636,180	4,966,143
Net Assets - end of year	$ 2,180,250	$ 2,395,727	$ 4,575,977	$ 5,636,180

See accompanying notes to financial statements.

Coaching Corps

Statement of Functional Expenses

Year Ended December 31, 2018 (with comparative totals for 2017)

	Program Services					Supporting Services				
	Program Leadership	Public Education & Communications	Technology	Organizational Impact	Total	General & Administrative	Fund Development	Total	2018 Total	2017 Total
Salaries and Wages	$ 1,465,487	$ 227,033	$ 213,752	$ 219,486	$ 2,125,758	$ 305,815	$ 217,594	$ 523,409	$ 2,649,167	$ 2,384,570
Payroll Taxes	108,289	16,673	16,067	14,187	155,216	11,221	15,917	27,138	182,354	183,190
Employee Benefits	217,372	33,817	33,027	29,402	313,618	22,131	31,794	53,925	367,543	352,304
Accounting and Audit	-	-	-	-	-	33,600	-	33,600	33,600	30,429
Bank Fees	2,486	311	311	215	3,323	7,878	360	8,238	11,561	19,125
Conference and Meeting	9,222	1,824	959	828	12,833	1,381	4,897	6,278	19,111	33,481
Consultants	352,505	350,391	90,447	57,930	851,273	57,792	109,890	167,682	1,018,955	432,523
Depreciation and Amortization	836	130	123	109	1,198	87	124	211	1,409	3,366
Equipment Rental	18,167	1,851	1,610	1,636	23,264	2,474	1,694	4,168	27,432	33,442
Events	-	193,102	-	-	193,102	-	205,728	205,728	398,830	311,091
Insurance	32,343	4,973	4,626	4,104	46,046	3,513	4,817	8,330	54,376	22,328
Legal Fees	5,878	933	785	762	8,358	597	914	1,511	9,869	9,846
Materials	19,909	-	-	-	19,909	-	-	-	19,909	27,059
Networking and Collaborations	42,058	125	114	114	42,411	349	110	459	42,870	25,049
Occupancy	91,278	10,364	9,767	8,684	120,093	6,980	9,893	16,873	136,966	129,750
Office Supplies	9,966	1,205	1,273	1,001	13,445	1,346	1,288	2,634	16,079	10,066
Organizational Development	39,552	6,519	5,899	5,593	57,563	3,891	6,008	9,899	67,462	1,500
Postage and Delivery	4,683	278	223	170	5,354	737	1,306	2,043	7,397	5,310
Printing and Copying	18,992	5,527	22	20	24,561	195	11,531	11,726	36,287	19,923
Telephone, Internet and Website	30,901	19,395	95,735	11,966	157,997	5,507	1,757	7,264	165,261	162,373
Training and Coaching	25,403	-	840	-	26,243	748	-	748	26,991	46,285
Travel and Parking	93,696	4,475	2,952	2,394	103,517	2,747	28,096	30,843	134,360	68,460
Total	$ 2,589,023	$ 878,926	$ 478,532	$ 358,601	$ 4,305,082	$ 468,989	$ 653,718	$ 1,122,707	$ 5,427,789	$ 4,311,471

See accompanying notes to financial statements.

Coaching Corps

Statement of Cash Flows

Year Ended December 31, 2018 (with comparative totals for 2017)	2018	2017
Cash Flows from Operating Activities:		
Change in net assets	$ (1,060,203)	$ 670,037
Adjustments to reconcile change in net assets to cash flows provided by operating activities:		
Change in discount	(88,020)	(16,839)
Depreciation	1,410	3,366
Net realized and unrealized loss	38,060	2,289
Donated stocks	-	(8,604)
Changes in operating assets and liabilities:		
Pledges and grants receivable	1,410,123	(75,883)
Prepaid expenses and other assets	(256,904)	(45,499)
Accounts payable and accrued expenses	53,165	27,215
Cash flows provided by operating activities	97,631	556,082
Cash Flows from Investing Activities:		
Proceeds from sale of investments	906,756	780,571
Purchases of investments	(946,308)	(1,196,326)
Cash flows used in investing activities	(39,552)	(415,755)
Net Change in Cash and Cash Equivalents	58,079	140,327
Cash and Cash Equivalents, beginning of year	1,674,096	1,533,769
Cash and Cash Equivalents, end of year	$ 1,732,175	$ 1,674,096

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 160,000 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. <u>Basis of Accounting</u>

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

b. <u>Description of Net Assets</u>

The Organization reports information regarding its financial position and activities according to the absence or existence of donor-imposed restrictions.

Net Assets without restrictions– The portion of net assets that is are not subject to donor imposed restrictions.

Net Assets with restrictions– 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. The Organization has 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 net assets with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 net assets without donor restrictions 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 shorter of the life of the asset or the life of the lease.

h. Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets. 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 of full time equivalent basis of employee time considering the functional roles as determined 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 (FASB). As of December 31, 2018, 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 U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

k. <u>Comparative Financial Information</u>

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 U.S. GAAP. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2017, from which the summarized information was derived.

l. <u>Recent Accounting Pronouncements</u>

Adopted

In August 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit* , which changes presentation and disclosure requirements for nonprofit entities to provide more relevant information about their resources (and the changes in those resources) to donors, granters, creditors, and other users. These include qualitative and quantitative requirements in the following areas: net asset classes, investment return, expenses, and liquidity. Accordingly, the accounting change has been retrospectively applied to all periods presented with the exception of the omission of prior year liquidity and availability of resource information as permitted by the ASU.

Pronouncements effective in the future

In May 2014, the FASB issued 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 June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. The ASU does not apply to transfers of assets from governments to businesses. The ASU is effective for fiscal years beginning after December 15, 2019. 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, 2018 through May 21, 2019, 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, 2018 and 2017, are expected to be received in:

	2018	2017
Less than one year	$ 810,434	$ 1,615,556
One year to five years	350,000	955,000
	1,160,434	2,570,556
Less: discounts to net present value	(52,833)	(140,852)
Total	$ 1,107,601	$ 2,429,704

Contributions to be received after one year are discounted at a rate of 3.75%.

The Organization received a five-year 2017-2021 conditional challenge grant in the amount of $5,000,000. $2,000,000 of this grant was recognized as of December 31, 2018 and $1,000,000 was recognized for the year ended December 31, 2018. The balance of the grant may be earned over the next three years, up to a maximum of $1,000,000 per year (Note 10).

Note 4 - Investments:

Investments consist of the following at December 31:

	2018	2017
Corporate bond index fund	$ 901,813	$ 458,682
Corporate short-term exchange traded fund	655,828	1,014,038
U.S. government bond fund	138,156	221,585
	$ 1,695,797	$ 1,694,305

Investment income consists of the following at December 31, 2018:

Interest and dividends	$ 65,525
Net unrealized and realized losses	(38,060)
Investment expenses	(17,949)
Total	$ 9,516

All investments are measured at Level 1.

Note 5 - Property and Equipment:

Property and equipment consist of the following at December 31:

	2018	2017
Leasehold improvements	$ 132,960	$ 132,960
Computer and office equipment	219,744	219,743
Furniture and fixtures	38,363	38,363
	391,067	391,066
Less: accumulated depreciation and amortization	(390,949)	(389,538)
	$ 118	$ 1,528

Note 6 - Net Assets with Donor Restrictions:

Net assets with restrictions are available for the following purposes at December 31:

	2018	2017
Time restrictions – program and general operations	$ 871,897	$ 2,352,007
Program services	1,523,830	1,358,971
Total	$ 2,395,727	$ 3,710,978

Net assets were released from donor restrictions as follows:

	2018	2017
Time restrictions	$ 2,592,016	$ 2,059,216
Program services	706,045	1,170,723
Total	$ 3,298,061	$ 3,229,939

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 a matching contribution up to 7% of the employee’s salary. The Organization contributed $149,509 and $123,527 to the plan for the years ending December 31, 2018 and 2017, 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, 2018, contributions received from trustees amounted to approximately 50% of total revenue.

Note 9 - Commitments:

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

Future minimum lease payments are as follows:

Year Ending December 31,		
2019	$	137,000
2020		117,000
2021		106,000
2022		6,000
Total	$	366,000

The total lease expense under these leases was $131,632 and $125,189 for 2018 and 2017, 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, 2018.

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, 2018, the Organization had earned the maximum $2,000,000 and earned $1,000,000 for the year ended December 31, 2018. The remaining to be earned on this conditional grant excluded from outstanding receivables as of December 31, 2018 is $3,000,000.

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 receivables at year-end. As of December 31, 2018, the remaining balance of the conditional promises to give total $650,000.

Note 11 - Availability of Financial Assets and Liquidity:

The following reflects the Organization's financial assets as of the date of the Statement of Financial Position, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the Statement of Financial Position. The Organization invests cash in excess of operating needs in its investment accounts.

Financial assets at year-end:		
Cash and cash equivalents	$	1,732,175
Pledges and grants receivable, net		1,107,601
Investments		1,695,797
Total financial assets	$	4,535,573
Less those unavailable for general expenditures within one year:		
Restricted by donor for time or purpose		(2,395,727)
Financial assets available to meet cash needs for general expenditures within one year	$	2,139,846

The Organization's programs and operations are funded by contributions.