

COACHING CORPS

DECEMBER 31, 2019

INDEPENDENT AUDITORS' REPORT

AND

FINANCIAL STATEMENTS

Coaching Corps

Independent Auditors' Report and Financial Statements

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A Century Strong

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, 2019 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, 2019, 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 21, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hood & Strong LLP

San Francisco, California
May 26, 2020

Coaching Corps

Statement of Financial Position

<i>December 31, 2019 (with comparative totals for 2018)</i>	2019	2018
Assets		
Cash and cash equivalents	\$ 1,460,692	\$ 1,732,175
Pledges and grants receivable, net	617,796	1,107,601
Prepaid expenses and other assets	229,110	459,280
Investments	2,080,627	1,695,797
Property and equipment, net		118
Total assets	\$ 4,388,225	\$ 4,994,971
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 483,580	\$ 418,994
Total liabilities	483,580	418,994
Net Assets:		
Without restrictions	2,509,086	2,180,250
With restrictions	1,395,559	2,395,727
Total net assets	3,904,645	4,575,977
Total liabilities and net assets	\$ 4,388,225	\$ 4,994,971

See accompanying notes to financial statements.

Coaching Corps

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2019 (with comparative totals for 2018)

	2019			2018 Total
	Without Restrictions	With Restrictions	Total	
Support and Revenue:				
Contributions	\$ 1,633,989	\$ 75,326	\$ 1,709,315	\$ 1,519,802
Foundations	503,756	1,229,629	1,733,385	1,380,142
Events	638,599	894,486	1,533,085	1,368,203
Investment income, net	129,033		129,033	9,516
Other income	107,469		107,469	89,923
Net assets released from restrictions	3,199,609	(3,199,609)	-	-
Total support and revenue	6,212,455	(1,000,168)	5,212,287	4,367,586
Expenses:				
Program services	4,461,355		4,461,355	4,305,082
General and administrative	443,432		443,432	468,989
Fundraising	978,832		978,832	653,718
Total expenses	5,883,619	-	5,883,619	5,427,789
Change in Net Assets	328,836	(1,000,168)	(671,332)	(1,060,203)
Net Assets - beginning of year	2,180,250	2,395,727	4,575,977	5,636,180
Net Assets - end of year	\$ 2,509,086	\$ 1,395,559	\$ 3,904,645	\$ 4,575,977

See accompanying notes to financial statements.

Coaching Corps

Statement of Functional Expenses

Year Ended December 31, 2019 (with comparative totals for 2018)

	Program Services					Supporting Services			2019 Total	2018 Total
	Program Leadership	Public Education & Communications	Technology	Organizational Impact	Total	General & Administrative	Fund Development	Total		
Salaries and Wages	\$ 1,770,945	\$ 111,747	\$ 166,660	\$ 104,328	\$ 2,153,680	\$ 277,126	\$ 359,088	\$ 636,214	\$ 2,789,894	\$ 2,649,167
Payroll Taxes	133,151	9,203	11,711	8,045	162,110	16,414	28,245	44,659	206,769	182,354
Employee Benefits	301,891	14,197	25,749	13,679	355,516	34,154	52,228	86,382	441,898	367,543
Accounting and Audit					-	35,400		35,400	35,400	33,600
Bank Fees	5,271	200	391	313	6,175	435	9,904	10,339	16,514	11,561
Conference and Meeting	8,197	1,111	517	481	10,306	3,142	2,995	6,137	16,443	19,111
Consultants	472,903	270,027	36,955	111,757	891,642	34,990	195,307	230,297	1,121,939	1,018,955
Depreciation and Amortization	82	2	6	5	95	10	13	23	118	1,409
Equipment Rental	6,363	2,538	18,191	526	27,618	699	1,970	2,669	30,287	27,432
Events		248,399			248,399		264,212	264,212	512,611	398,830
Insurance	29,167	1,656	2,188	1,751	34,762	3,203	4,862	8,065	42,827	54,376
Legal Fees	8,040	266	585	468	9,359	616	1,243	1,859	11,218	9,869
Materials	15,352				15,352			-	15,352	19,909
Networking and Collaborations	64,205	23	11	8	64,247	691	514	1,205	65,452	42,870
Occupancy	99,804	4,385	5,566	4,453	114,208	8,183	12,497	20,680	134,888	136,966
Office Supplies	7,322	522	401	655	8,900	885	1,106	1,991	10,891	16,079
Organizational Development	40,893	2,773	3,161	2,529	49,356	4,503	6,597	11,100	60,456	67,462
Postage and Delivery	8,416	100	100	80	8,696	706	8,526	9,232	17,928	7,397
Printing and Copying	25,190	452	77	-	25,719	323	3,447	3,770	29,489	36,287
Telephone, Internet and Website	38,014	25,981	51,368	8,326	123,689	14,966	4,119	19,085	142,774	165,261
Training and Coaching	45,171		500	500	46,171	507	500	1,007	47,178	26,991
Travel and Parking	101,955	1,178	1,259	963	105,355	6,479	21,459	27,938	133,293	134,360
Total	\$ 3,182,332	\$ 694,760	\$ 325,396	\$ 258,867	\$ 4,461,355	\$ 443,432	\$ 978,832	\$ 1,422,264	\$ 5,883,619	\$ 5,427,789

See accompanying notes to financial statements.

Coaching Corps

Statement of Cash Flows

<i>Year Ended December 31, 2019 (with comparative totals for 2018)</i>	2019	2018
Cash Flows from Operating Activities:		
Change in net assets	\$ (671,332)	\$ (1,060,203)
Adjustments to reconcile change in net assets to cash flows (used) provided by operating activities:		
Change in discount	(28,554)	(88,020)
Depreciation	118	1,410
Net realized and unrealized (gain) loss	(77,616)	38,060
Donated stocks	(116,873)	
Changes in operating assets and liabilities:		
Pledges and grants receivable	518,359	1,410,123
Prepaid expenses and other assets	230,170	(256,904)
Accounts payable and accrued expenses	64,586	53,165
Cash flows (used) provided by operating activities	(81,142)	97,631
Cash Flows from Investing Activities:		
Proceeds from sale of investments	196,478	906,756
Purchases of investments	(386,819)	(946,308)
Cash flows used in investing activities	(190,341)	(39,552)
Net Change in Cash and Cash Equivalents	(271,483)	58,079
Cash and Cash Equivalents, beginning of year	1,732,175	1,674,096
Cash and Cash Equivalents, end of year	\$ 1,460,692	\$ 1,732,175

See accompanying notes to financial statements.

Coaching Corps

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. Basis of Accounting

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

b. Description of Net Assets

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.

Coaching Corps

Notes to Financial Statements

c. Revenue Recognition

Unconditional promises to give are recorded at their fair value when the promise is made. Contributions and events revenue 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.

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.

f. Fair Value Measurements

The Organization carries certain assets and liabilities at fair value. 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. The Organization classifies its financial assets and liabilities in one of the following three categories:

Level 1 Inputs are quoted prices unadjusted in active markets for identical assets or liabilities.

Level 2 Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 Unobservable inputs that are not corroborated by market data.

Coaching Corps

Notes to Financial Statements

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, 2019, 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. 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Coaching Corps

Notes to Financial Statements

1. Recent Accounting Pronouncements

Adopted:

The Organization adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 605), effective for its fiscal year ended December 31, 2019. Application of this standard did not have a material impact to The Organization's financial statements.

The Organization adopted ASU 2014-09, *Revenue from Contract with Customers* (Topic 606), as amended, for its fiscal year ended December 31, 2019. Application of this standard did not have a material impact to The Organization's revenue recognition. Accordingly, no changes to the previously issued audited financial statements were required on a modified retrospective basis. However, policies have been updated to comply with the newly effective standard.

m. Subsequent Events

The Organization has evaluated subsequent events from December 31, 2019 through May 26, 2020, the date the financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure except as discussed in Note 12.

Note 3 - **Pledges and Grants Receivable:**

Pledges and grants receivable, as of December 31, 2019 and 2018, are expected to be received in:

	2019	2018
Less than one year	\$ 492,074	\$ 810,434
One year to five years	150,000	350,000
	642,074	1,160,434
Less: discounts to net present value	(24,278)	(52,833)
Total	\$ 617,796	\$ 1,107,601

Contributions to be received after one year are discounted at a rate of 4.75%.

The Organization received a five-year 2017-2021 conditional challenge grant in the amount of \$5,000,000. \$3,429,153 of this grant was recognized as of December 31, 2019 and \$1,429,153 was recognized for the year ended December 31, 2019. The balance of the grant may be earned over the next two years, up to a maximum of \$1,000,000 per year (Note 10).

Coaching Corps

Notes to Financial Statements

Note 4 - Investments:

Investments consist of the following at December 31:

	2019	2018
Corporate bond index fund	\$ 1,403,820	\$ 901,813
Corporate short-term exchange traded fund	510,244	655,828
U.S. government bond fund	165,557	138,156
Donated Securities	1,026	
	<hr/>	<hr/>
	\$ 2,080,627	\$ 1,695,797

Investment income consists of the following at December 31, 2019:

Interest and dividends	\$ 67,830
Net unrealized and realized gains	77,616
Investment expenses	(16,413)
	<hr/>
Total	\$ 129,033

All investments are measured at Level 1.

Note 5 - Property and Equipment:

Property and equipment consist of the following at December 31:

	2019	2018
Leasehold improvements	\$ 132,960	\$ 132,960
Computer and office equipment	219,744	219,744
Furniture and fixtures	38,363	38,363
	<hr/>	<hr/>
	391,067	391,067
Less: accumulated depreciation and amortization	(391,067)	(390,949)
	<hr/>	<hr/>
	\$ -	\$ 118

Coaching Corps

Notes to Financial Statements

Note 6 - Net Assets with Donor Restrictions:

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

	2019	2018
Time restrictions – program and general operations	\$ 367,922	\$ 871,897
Program services	1,027,637	1,523,830
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Total	\$ 1,395,559	\$ 2,395,727

Net assets were released from donor restrictions as follows:

	2019	2018
Time restrictions	\$ 1,714,730	\$ 2,592,016
Program services	1,484,879	706,045
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Total	\$ 3,199,609	\$ 3,298,061

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 \$147,065 and \$149,509 to the plan for the years ending December 31, 2019 and 2018, 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, 2019, contributions received from trustees amounted to approximately 47% of total revenue.

Coaching Corps

Notes to Financial Statements

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,	
2020	\$ 140,033
2021	131,824
2022	32,854
2023	2,237
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Total	\$ 306,949

The total lease expense under these leases was \$133,203 and \$131,632 for 2019 and 2018, 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 \$5,000,000 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, 2019.

In 2016, the Foundation awarded a five-year \$5,000,000 1:3 challenge grant to the Organization from 2017 to 2021. As of December 31, 2019, the Organization had earned the maximum \$3,429,153 and earned \$1,429,153 for the year ended December 31, 2019. The remaining to be earned on this conditional grant excluded from outstanding receivables as of December 31, 2019 is \$1,570,847.

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, 2019, the remaining balance of the conditional promises to give total \$200,000.

Coaching Corps

Notes to Financial Statements

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	\$ 1,460,692
Pledges and grants receivable, net	617,796
Investments	2,080,627
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Total financial assets	4,159,115
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Less those unavailable for general expenditures within one year:	
Restricted by donor for time or purpose	(1,395,559)
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Financial assets available to meet cash needs for general expenditures within one year	\$ 2,763,556
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The Organization's programs and operations are funded by contributions.

Note 12 - Subsequent Event:

An outbreak of respiratory disease caused by a novel (new) coronavirus was first detected in China and has now been detected in more than 100 locations internationally, including in the United States. The virus has been named "SARS-CoV-2" and the disease it causes has been named "coronavirus disease 2019" (abbreviated "COVID-19"). On March 11, 2020, the World Health Organization publicly characterized COVID-19 as a pandemic.

On March 16, 2020, the individual governments of the Greater San Francisco Bay Area announced a mandatory shelter in place order for all residents in the area due to the COVID-19 pandemic. The orders required that all non-essential businesses close until the orders are lifted. The Organization is currently evaluating on-going and long-term recovery plans and adaptations to current business plans to help the Organization recover from the circumstances and adhere to any continuing Health Department orders.

On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. The Organization was provided with a \$452,099 loan through the CARES Act.

The majority of the Organization's revenue is derived from contributions. As such, it is reasonably possible that it is vulnerable to the risk of a near-term significant decline in contributions which may impact future coaching programs.