

**POSITIVE COACHING ALLIANCE**

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**FINANCIAL STATEMENTS**

August 31, 2020 and 2019



# POSITIVE COACHING ALLIANCE

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Positive Coaching Alliance (a nonprofit organization), which comprise the statements of financial position as of August 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Positive Coaching Alliance as of August 31, 2020 and 2019, 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.

### Emphasis of Matter

As discussed in Note 1 to the financial statements, due to the application of the change in accounting principle with the adoption of Accounting Standards Update 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, in order to properly reflect the retrospective application, there were certain changes made to prior year balances.

**BPM LLP**  
San Jose, California  
January 4, 2021

**POSITIVE COACHING ALLIANCE**  
**STATEMENTS OF FINANCIAL POSITION**

As of August 31, 2020 and 2019

|   | 2020         | 2019         |
|---|--------------|--------------|
| <b>ASSETS</b>   |              |              |
| Current assets:   |              |              |
| Cash and cash equivalents   | \$ 2,466,757 | \$ 2,491,648 |
| Promises to give, current, less \$16,000 allowance for uncollectible accounts for August 31, 2020 and 2019                    | 454,027      | 934,263      |
| Accounts receivable and miscellaneous receivables, less \$20,000 allowance for doubtful accounts for August 31, 2020 and 2019 | 45,519       | 354,713      |
| Inventory   | 5,728        | 6,316        |
| Prepaid expense and other current assets  | 164,738      | 136,934      |
| Total current assets  | 3,136,769    | 3,923,874    |
| Fixed assets, net of accumulated depreciation   | 34,275       | 75,485       |
| Promises to give, noncurrent  | 32,000       | 243,000      |
| Beneficial interest in assets held by others  | 10,000       | 10,000       |
| Other assets  | 40,163       | 41,997       |
| Total assets  | \$ 3,253,207 | \$ 4,294,356 |
| <b>LIABILITIES AND NET ASSETS (DEFICIT)</b>   |              |              |
| Current liabilities:  |              |              |
| Accounts payable  | \$ 258,316   | \$ 350,682   |
| Refundable advance  | 321,005      | 236,000      |
| Deferred revenue  | 1,081,102    | 1,065,831    |
| Accrued liabilities   | 432,206      | 495,725      |
| Note payable from Paycheck Protection Program, current portion  | 644,778      | -            |
| Deferred rent   | 38,760       | 48,333       |
| Total current liabilities   | 2,776,167    | 2,196,571    |
| Note payable from Paycheck Protection Program, net of current portion   | 515,822      | -            |
| Total liabilities   | 3,291,989    | 2,196,571    |
| Commitments and contingencies (Note 15)   |              |              |
| Net assets (deficit):   |              |              |
| Without donor restrictions  | (858,673)    | 776,273      |
| With donor restrictions   | 819,891      | 1,321,512    |
| Total net assets (deficit)  | (38,782)     | 2,097,785    |
| Total liabilities and net assets (deficit)  | \$ 3,253,207 | \$ 4,294,356 |

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

## POSITIVE COACHING ALLIANCE

### STATEMENTS OF ACTIVITIES

For the years ended August 31, 2020 and 2019

|   | 2020                             |                               |              | 2019                             |                               |              |
|---|----------------------------------|-------------------------------|--------------|----------------------------------|-------------------------------|--------------|
|   | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total        | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total        |
| Support and revenue:                                |                                  |                               |              |                                  |                               |              |
| Contributions                                       | \$ 4,114,163                     | \$ 660,660                    | \$ 4,774,823 | \$ 3,646,589                     | \$ 1,135,440                  | \$ 4,782,029 |
| Special events, net of in-kind donated items        | 795,979                          | -                             | 795,979      | 1,891,127                        | -                             | 1,891,127    |
| In-kind revenue                                     | 525,554                          | -                             | 525,554      | 541,164                          | -                             | 541,164      |
| Fees for workshops                                  | 1,789,955                        | -                             | 1,789,955    | 2,683,314                        | -                             | 2,683,314    |
| Other service fees                                  | 139,556                          | -                             | 139,556      | 169,300                          | -                             | 169,300      |
| Merchandise sales                                   | 1,028                            | -                             | 1,028        | 2,306                            | -                             | 2,306        |
| Other revenue                                       | 7,904                            | -                             | 7,904        | 64,383                           | -                             | 64,383       |
| Net assets released from restrictions               | 1,162,281                        | (1,162,281)                   | -            | 1,856,375                        | (1,856,375)                   | -            |
| Total support and revenue                           | 8,536,420                        | (501,621)                     | 8,034,799    | 10,854,558                       | (720,935)                     | 10,133,623   |
| Expenses:   |                                  |                               |              |                                  |                               |              |
| Program services:                                   |                                  |                               |              |                                  |                               |              |
| Partnership engagement and fulfillment              | 3,758,817                        | -                             | 3,758,817    | 5,049,390                        | -                             | 5,049,390    |
| Program expansion and enhancement                   | 1,949,423                        | -                             | 1,949,423    | 1,657,213                        | -                             | 1,657,213    |
| Total program services                              | 5,708,240                        | -                             | 5,708,240    | 6,706,603                        | -                             | 6,706,603    |
| Supporting services:                                |                                  |                               |              |                                  |                               |              |
| Fundraising   | 1,736,338                        | -                             | 1,736,338    | 2,121,786                        | -                             | 2,121,786    |
| Management and general                              | 2,626,809                        | -                             | 2,626,809    | 2,024,600                        | -                             | 2,024,600    |
| Total supporting services                           | 4,363,147                        | -                             | 4,363,147    | 4,146,386                        | -                             | 4,146,386    |
| Cost of direct benefit to donors                    | 99,979                           | -                             | 99,979       | 242,583                          | -                             | 242,583      |
| Total expenses                                      | 10,171,366                       | -                             | 10,171,366   | 11,095,572                       | -                             | 11,095,572   |
| Change in net assets                                | (1,634,946)                      | (501,621)                     | (2,136,567)  | (241,014)                        | (720,935)                     | (961,949)    |
| Net assets, beginning of year, as restated (Note 1) | 776,273                          | 1,321,512                     | 2,097,785    | 1,017,287                        | 2,042,447                     | 3,059,734    |
| Net assets (deficit), end of year                   | \$ (858,673)                     | \$ 819,891                    | \$ (38,782)  | \$ 776,273                       | \$ 1,321,512                  | \$ 2,097,785 |

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

**POSITIVE COACHING ALLIANCE**  
**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended August 31, 2020

|                                     | Program Services                       |                                   |                        | Supporting Services |                        |                           | Cost of Direct Benefit to Donors | Total Expenses |
|-------------------------------------|--|-----------------------------------|------------------------|---------------------|------------------------|---------------------------|----------------------------------|----------------|
|                                     | Partnership Engagement and Fulfillment | Program Expansion and Enhancement | Total Program Services | Fundraising         | Management and General | Total Supporting Services |                                  |                |
| Salaries                            | \$ 1,377,021                           | \$ 1,298,436                      | \$ 2,675,457           | \$ 988,779          | \$ 1,735,840           | \$ 2,724,619              | \$ -                             | \$ 5,400,076   |
| Benefits                            | 140,680                                | 133,390                           | 274,070                | 101,578             | 177,541                | 279,119                   | -                                | 553,189        |
| Payroll taxes                       | 108,551                                | 102,926                           | 211,477                | 78,379              | 136,994                | 215,373                   | -                                | 426,850        |
| Total salaries and related expenses | 1,626,252                              | 1,534,752                         | 3,161,004              | 1,168,736           | 2,050,375              | 3,219,111                 | -                                | 6,380,115      |
| Administrative fees                 | 86,482                                 | 23,051                            | 109,533                | 152,188             | 90,207                 | 242,395                   | -                                | 351,928        |
| Contract labor                      | 523,753                                | -                                 | 523,753                | 15,164              | 6,800                  | 21,964                    | -                                | 545,717        |
| Cost of goods sold                  | 336                                    | -                                 | 336                    | -                   | 10,771                 | 10,771                    | -                                | 11,107         |
| Depreciation                        | 32,582                                 | 5,761                             | 38,343                 | 4,696               | 9,193                  | 13,889                    | -                                | 52,232         |
| Equipment costs                     | 153,404                                | 19,161                            | 172,565                | 32,247              | 133,976                | 166,223                   | -                                | 338,788        |
| Insurance                           | 16,342                                 | 8,890                             | 25,232                 | 7,247               | 14,486                 | 21,733                    | -                                | 46,965         |
| Marketing                           | 433,768                                | (10)                              | 433,758                | 77,774              | 2,421                  | 80,195                    | -                                | 513,953        |
| Occupancy                           | 131,248                                | 63,978                            | 195,226                | 73,011              | 107,213                | 180,224                   | -                                | 375,450        |
| Postage and shipping                | 19,930                                 | 299                               | 20,229                 | 2,360               | 3,767                  | 6,127                     | -                                | 26,356         |
| Printing and publications           | 94,302                                 | 66                                | 94,368                 | 5,612               | 13,837                 | 19,449                    | -                                | 113,817        |
| Professional fees                   | 359,311                                | 84,468                            | 443,779                | 183,785             | 77,807                 | 261,592                   | -                                | 705,371        |
| Scholarships and miscellaneous      | -                                      | 199,536                           | 199,536                | -                   | 313                    | 313                       | -                                | 199,849        |
| Supplies                            | 8,285                                  | 407                               | 8,692                  | 1,786               | 4,332                  | 6,118                     | -                                | 14,810         |
| Telephone                           | 43,178                                 | 7,755                             | 50,933                 | 7,390               | 23,003                 | 30,393                    | -                                | 81,326         |
| Travel and entertainment            | 229,644                                | 1,309                             | 230,953                | 4,342               | 78,308                 | 82,650                    | 99,979                           | 413,582        |
| Total functional expenses           | \$ 3,758,817                           | \$ 1,949,423                      | \$ 5,708,240           | \$ 1,736,338        | \$ 2,626,809           | \$ 4,363,147              | \$ 99,979                        | \$10,171,366   |

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

**POSITIVE COACHING ALLIANCE**  
**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended August 31, 2019

|                                     | Program Services                             |   |                              | Supporting Services |                              |                            | Cost of<br>Direct Benefit<br>to Donors | Total<br>Expenses   |
|-------------------------------------|--|---|------------------------------|---------------------|------------------------------|----------------------------|--|---------------------|
|                                     | Partnership<br>Engagement<br>and Fulfillment | Program<br>Expansion and<br>Enhancement | Total<br>Program<br>Services | Fundraising         | Management<br>and<br>General | Total<br>Total<br>Services |  |                     |
| Salaries                            | \$ 2,110,513                                 | \$ 1,102,392                            | \$ 3,212,905                 | \$ 974,108          | \$ 1,135,132                 | \$ 2,109,240               | \$ -                                   | \$ 5,322,145        |
| Benefits                            | 186,023                                      | 97,166                                  | 283,189                      | 85,859              | 100,052                      | 185,911                    | -                                      | 469,100             |
| Payroll taxes                       | 171,708                                      | 89,689                                  | 261,397                      | 79,252              | 92,352                       | 171,604                    | -                                      | 433,001             |
| Total salaries and related expenses | 2,468,244                                    | 1,289,247                               | 3,757,491                    | 1,139,219           | 1,327,536                    | 2,466,755                  | -                                      | 6,224,246           |
| Administrative fees                 | 78,451                                       | 21,415                                  | 99,866                       | 139,711             | 87,397                       | 227,108                    | -                                      | 326,974             |
| Contract labor                      | 709,364                                      | 7,500                                   | 716,864                      | 39,153              | 6,350                        | 45,503                     | -                                      | 762,367             |
| Cost of goods sold                  | 16,259                                       | -                                       | 16,259                       | -                   | -                            | -                          | -                                      | 16,259              |
| Depreciation                        | 92,344                                       | 5,509                                   | 97,853                       | 6,232               | 7,089                        | 13,321                     | -                                      | 111,174             |
| Equipment costs                     | 169,124                                      | 12,009                                  | 181,133                      | 76,916              | 66,587                       | 143,503                    | -                                      | 324,636             |
| Insurance                           | 18,286                                       | 5,754                                   | 24,040                       | 6,509               | 7,166                        | 13,675                     | -                                      | 37,715              |
| Marketing                           | 198,836                                      | 107                                     | 198,943                      | 102,952             | 5,017                        | 107,969                    | -                                      | 306,912             |
| Occupancy                           | 240,031                                      | 53,202                                  | 293,233                      | 133,120             | 72,754                       | 205,874                    | -                                      | 499,107             |
| Postage and shipping                | 36,492                                       | 99                                      | 36,591                       | 2,651               | 10,014                       | 12,665                     | -                                      | 49,256              |
| Printing and publications           | 270,955                                      | 529                                     | 271,484                      | 31,148              | 4,106                        | 35,254                     | -                                      | 306,738             |
| Professional fees                   | 191,484                                      | 59,346                                  | 250,830                      | 144,653             | 305,961                      | 450,614                    | -                                      | 701,444             |
| Scholarships and miscellaneous      | -  | 188,500                                 | 188,500                      | -                   | 296                          | 296                        | -                                      | 188,796             |
| Supplies                            | 18,438                                       | 551                                     | 18,989                       | 3,869               | 5,270                        | 9,139                      | -                                      | 28,128              |
| Telephone                           | 34,010                                       | 6,113                                   | 40,123                       | 6,986               | 36,654                       | 43,640                     | -                                      | 83,763              |
| Travel and entertainment            | 507,072                                      | 7,332                                   | 514,404                      | 288,667             | 82,403                       | 371,070                    | 242,583                                | 1,128,057           |
| Total functional expenses           | <u>\$ 5,049,390</u>                          | <u>\$ 1,657,213</u>                     | <u>\$ 6,706,603</u>          | <u>\$ 2,121,786</u> | <u>\$ 2,024,600</u>          | <u>\$ 4,146,386</u>        | <u>\$ 242,583</u>                      | <u>\$11,095,572</u> |

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

**POSITIVE COACHING ALLIANCE**  
**STATEMENTS OF CASH FLOWS**

For the years ended August 31, 2020 and 2019

|   | 2020           | 2019         |
|---|----------------|--------------|
| Cash flows from operating activities:   |                |              |
| Change in net assets  | \$ (2,136,567) | \$ (961,949) |
| Adjustments to reconcile change in net assets to net cash used in operating activities: |                |              |
| Depreciation  | 52,232         | 111,174      |
| Bad debt  | (151,742)      | (58,319)     |
| Loss on sale of equipment   | 1,410          | 843          |
| (Increase) decrease in:   |                |              |
| Promises to give  | 816,249        | 226,488      |
| Accounts receivable and miscellaneous receivables                                       | 335,923        | (119,689)    |
| Inventory   | 588            | (1,315)      |
| Prepaid expense and other current assets  | (27,804)       | (5,104)      |
| Other assets  | 1,834          | 4,673        |
| Accounts payable  | (92,366)       | 52,430       |
| Deferred revenue  | 15,271         | 186,485      |
| Refundable advance  | 85,005         | 236,000      |
| Accrued liabilities   | (63,519)       | (49,776)     |
| Deferred rent   | (9,573)        | (2,431)      |
| Net cash used in operating activities   | (1,173,059)    | (380,490)    |
| Cash flows from investing activities:   |                |              |
| Purchases of equipment  | (12,432)       | (33,143)     |
| Net cash used in investing activities   | (12,432)       | (33,143)     |
| Cash flows from financing activities:   |                |              |
| Proceeds from notes payable from Paycheck Protection Program                            | 1,160,600      | -            |
| Net cash provided by investing activities   | 1,160,600      | -            |
| Net decrease in cash and cash equivalents   | (24,891)       | (413,633)    |
| Cash and cash equivalents, beginning of year  | 2,491,648      | 2,905,281    |
| Cash and cash equivalents, end of year  | \$ 2,466,757   | \$ 2,491,648 |

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



**POSITIVE COACHING ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**

August 31, 2020 and 2019

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**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 be a catalyst for a positive youth sports culture in ALL communities across the United States. PCA imagines a future where all youth can benefit from a positive, inclusive sports culture that develops social and emotional skills, molds character and prepares them for competition and life. PCA will accomplish this by:

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

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

**Partnership Engagement and Fulfillment**

PCA’s core Partnership Engagement and Fulfillment program educates and trains the leaders of YSOs and schools to transform youth sports. Once a partnership is forged, PCA teams provide continuous support, workshops and certified trainers to coaches, parents, and students to develop an Honoring the Game organizational culture.

**Program Expansion and Enhancement**

PCA continuously advocates for transforming youth sports. PCA also pursues programmatic initiatives that focus on expanding and enhancing existing programs or developing new programs that further its mission.

***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”).

***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.

**POSITIVE COACHING ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**

August 31, 2020 and 2019

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**1. Summary of Significant Accounting Policies, continued**

***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, 2020 and 2019, the discount on promises to give was not recorded, as it was insignificant to the financial statements.

As of August 31, 2020, there were two donors who accounted for 19% and 10% of promises to give. As of August 31, 2019, there were two donors who accounted for 29% and 12% of promises to give.

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

PCA provides for an allowance for uncollectible accounts for promises to give and an allowance for doubtful accounts for accounts receivable. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of participants to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is PCA’s policy to charge off uncollectible promises to give and doubtful accounts receivable when management determines the receivable will not be collected. The total allowance was \$36,000 for the years ended August 31, 2020 and 2019.

***Inventory***

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

***Fixed Assets***

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

**POSITIVE COACHING ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**

August 31, 2020 and 2019

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**1. Summary of Significant Accounting Policies, continued**

***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.

***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, 2020, there were two donors who accounted for 12% and 12% of contribution revenue. For the year ended August 31, 2019, there were no donors who accounted for more than 10% 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 workshops 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).

**POSITIVE COACHING ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**

August 31, 2020 and 2019

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**1. Summary of Significant Accounting Policies, continued**

***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.

***Program Service Fees and Deferred Revenue***

Program service fees represent income from workshops and are recognized as revenue upon the delivery of the workshop. Fees received in advance of the workshop date are recorded as deferred revenue. As of August 31, 2020 and 2019, PCA entered into contracts totaling approximately \$740,000 and \$660,000, 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.

***Refundable Advances***

PCA received payment during the year in the form of a conditional contribution. As of August 31, 2020 and 2019, the refundable advances balance represents advanced payments received from donors for which the conditions were not yet met as of August 31, 2020 and 2019. These amounts will be recognized when the conditions are met.

***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, 2020 and 2019

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**1. Summary of Significant Accounting Policies, continued**

***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.

***Change in Accounting Principles***

On September 1, 2019, the Organization adopted the requirements of the Financial Accounting Standard Board ("FASB") Accounting Standards Update ("ASU") No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"). The accounting for contributions has been modified to clarify distinguishing whether grants or contracts should be accounted for as non-reciprocal contributions, or as exchange transactions that follow revenue recognition accounting. For exchange transactions, ASU 2018-08 clarifies when each party directly receives commensurate value in the transaction, and how to deal with third-party payers to a transaction. Additionally, the criteria for determining whether a contribution is conditional have been changed from a probability-based approach to one focused on barriers in an arrangement.

**POSITIVE COACHING ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**

August 31, 2020 and 2019

**1. Summary of Significant Accounting Policies, continued**

***Change in Accounting Principles, continued***

The change in accounting principle was adopted in 2020. Comparative financial statements of prior year have been adjusted to apply the new accounting principle. The primary impact of adopting ASU 2018-08 on the 2019 financial statements was to reverse promises to give that were deemed to be conditional contributions and to recognize refundable advances that were conditional in nature. The following financial statement line items for 2019 were affected by the change in accounting principle:

| Account Balances                                 | Before<br>Adoption of<br>ASU 2018-08 | Adjustment   | After<br>Adoption of<br>ASU 2018-08 |
|--|--------------------------------------|--------------|-------------------------------------|
| As previously presented:                         |                                      |              |                                     |
| Promises to give, current                        | \$ 1,425,213                         | \$ (490,950) | \$ 934,263                          |
| Refundable advance                               | -                                    | 236,000      | 236,000                             |
| Contributions, without donor restrictions        | 2,951,906                            | 694,683      | 3,646,589                           |
| Contributions, with donor restrictions           | 2,557,073                            | (1,421,633)  | 1,135,440                           |
| Net assets without donor restrictions            | 810,102                              | (33,829)     | 776,273                             |
| Net assets with donor restrictions               | 2,014,633                            | (693,121)    | 1,321,512                           |
| Total net assets                                 | 2,824,735                            | (726,950)    | 2,097,785                           |
| Change in net assets, without donor restrictions | (207,185)                            | (33,829)     | (241,014)                           |
| Change in net assets, with donor restrictions    | (27,814)                             | (693,121)    | (720,935)                           |
| Total change in net assets                       | (234,999)                            | (726,950)    | (961,949)                           |
| Net assets released from restrictions            | 2,584,887                            | (728,512)    | 1,856,375                           |

PCA changed the accounting method for recording net assets with donor restrictions when restrictions are met in the same fiscal year from one acceptable method to another acceptable method under ASU 2018-08. To more appropriately track the additions and released of funds with donor restrictions, effective September 1, 2018, PCA tracked all contributions with donor restriction in net assets with donor restrictions and released them as funds were spent. PCA previously recognized any contributions with donor restrictions as net assets without donor restrictions if the restrictions were met in the same fiscal year. There was no impact on the ending balance of net assets with donor restrictions for this change in accounting method as of and for the year ended August 31, 2019; however, there was an impact on the balances reported for additions and releases of net assets with donor restrictions for amounts that were both an addition and full release during the prior year. The following table summarizes the 2019 amounts that were affected by the change in accounting principle:

| Account Balances                      | Before Change<br>in Accounting<br>Principle | Adjustment   | After Change<br>in Accounting<br>Principle |
|---------------------------------------|---|--------------|--|
| As previously presented:              |   |              |  |
| Net assets released from restrictions | \$ 2,584,887                                | \$ (728,512) | \$ 1,856,375                               |

**POSITIVE COACHING ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**

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**1. Summary of Significant Accounting Policies, continued**

***Recent Accounting Pronouncements***

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* (“ASU 2014-09”), to clarify the principles of recognizing revenue. Under ASU 2014-09, revenue is recognized when a customer obtains control of promised goods or services and is recognized at an amount that reflects the consideration expected to be received in exchange for goods or services. In June 2020, FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which effectively deferred the effective date for nonpublic entities that had not yet issued, or made available for issuance, their financial statements reflecting the adoption of ASU 2014-09. For those entities, they may elect to adopt ASU 2014-09 for annual reporting periods beginning after December 15, 2019. PCA is currently evaluating the impact of adoption of ASU 2014-09 on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* (“ASU 2016-02”). ASU 2016-02 requires lessees to recognize a right-of-use asset and lease liability for virtually all leases (other than leases that meet the definition of a short-term lease). ASU 2016-02 was originally effective for years beginning after December 15, 2020. However, in June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which extended the effective date for ASU 2016-02 until years beginning after December 15, 2021. PCA is currently evaluating the impact of ASU 2016-02 on its financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)* (“ASU 2020-07”). ASU 2020-07 requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. ASU 2020-07 requires the new standard to be applied retrospectively, with amendments taking effect for annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. ASU 2020-07 does allow for early adoption. PCA is currently evaluating the impact of adopting ASU 2020-07 on its financial statements.

**2. Financial Results and Liquidity**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles. PCA’s statement of activities shows negative changes in net assets of \$2,136,567 and \$961,949 for the years ended August 31, 2020 and 2019, 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 years 2021 and 2022.

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 \$300,000 line of credit available for liquidity needs (see Note 8).

**POSITIVE COACHING ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**

August 31, 2020 and 2019

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**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:

|  | 2020         | 2019         |
|--|--------------|--------------|
| Cash and cash equivalents  | \$ 2,466,757 | \$ 2,491,648 |
| Promises to give, net  | 486,027      | 1,177,263    |
| Accounts receivable and miscellaneous<br>receivables, net                  | 45,519       | 354,713      |
| Total financial assets available within one year                           | 2,998,303    | 4,023,624    |
| Less: amounts not available to be used within<br>one year:                 |              |              |
| Promises to give, noncurrent   | (32,000)     | (243,000)    |
| Financial assets available to meet general<br>expenditures within one year | \$ 2,966,303 | \$ 3,780,624 |

**3. Promises to Give**

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

|                          | 2020       | 2019         |
|--------------------------|------------|--------------|
| Within one year          | \$ 470,027 | \$ 950,263   |
| Within two to five years | 32,000     | 243,000      |
|                          | 502,027    | 1,193,263    |
| Less: allowance          | (16,000)   | (16,000)     |
|                          | \$ 486,027 | \$ 1,177,263 |



**POSITIVE COACHING ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**

August 31, 2020 and 2019

**4. Conditional Promises to Give**

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

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

| 2020                           |  |              |
|--------------------------------|--|--------------|
| <u>Grantor</u>                 | <u>Condition</u>   |              |
| Bruhn-Morris Family Foundation | Seed funding for Washington DC Chapter                       | \$ 12,500    |
| Miami Dolphins                 | Seed funding for South Florida Chapter                       | 75,000       |
| Daniels Fund                   | Pledge based on achieving match goal in<br>Colorado and Utah | 162,500      |
| Susan Crown Exchange           | Million Coaches Challenge                                    | 1,000,000    |
|                                |  | \$ 1,250,000 |

| 2019                           |  |            |
|--------------------------------|--|------------|
| <u>Grantor</u>                 | <u>Condition</u>                             |            |
| Bechtel Foundation             | Measurement, Learning and Evaluation Program | \$ 490,950 |
| Bruhn-Morris Family Foundation | Seed funding for Washington DC Chapter       | 25,000     |
| Tom Barnds                     | Seed funding for Detroit Chapter             | 40,000     |
| Miami Dolphins                 | Seed funding for South Florida Chapter       | 75,000     |
| Morgan Family Foundation       | Pledge based on achieving match goal         | 100,000    |
|                                |  | \$ 730,950 |

**5. Fixed Assets**

Fixed assets consisted of the following as of August 31:

|                                | 2020        | 2019        |
|--------------------------------|-------------|-------------|
| Computer equipment             | \$ 377,234  | \$ 379,905  |
| Software                       | 321,089     | 321,089     |
| Office equipment               | 71,652      | 71,652      |
| Leasehold improvements         | 9,781       | 9,781       |
| Website design                 | 433,508     | 431,076     |
|                                | 1,213,264   | 1,213,503   |
| Less: accumulated depreciation | (1,178,989) | (1,138,018) |
|                                | \$ 34,275   | \$ 75,485   |

Depreciation expense was \$52,232 and \$111,174 for the years ended August 31, 2020 and 2019, respectively.

## POSITIVE COACHING ALLIANCE

### NOTES TO FINANCIAL STATEMENTS

August 31, 2020 and 2019

#### 6. Line of Credit

PCA has a secured line of credit with a bank of \$300,000 with an interest rate of 3.50% and maturity of May 2021. There were no borrowings on the line of credit as of August 31, 2020 or 2019. PCA is in compliance with applicable loan covenants for years ended August 31, 2020 and 2019.

#### 7. Notes Payable

On April 16, 2020, the Organization received loan proceeds in the amount of \$1,160,600 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, and rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first ten months. The Organization intends to use the entire PPP loan amount for qualifying expenses. Under the terms of the PPP loan, certain amounts of the PPP loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The PPP loan will mature on April 16, 2022.

Principal payments on notes payable for the next five years and thereafter are estimated as follows as of August 31, 2020:

Year ending August 31:

|      |                     |
|------|---------------------|
| 2021 | \$ 644,778          |
| 2022 | 515,822             |
|      | <u>\$ 1,160,600</u> |

#### 8. 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, 2020 and 2019:

|                          | Term of Agreements | Total Award | 2020 Grants Recognized/<br>Conditions Met | 2020 Conditions Not Yet Met | 2020 Refundable Advance |
|--------------------------|--------------------|-------------|---|-----------------------------|-------------------------|
|                          | January 1, 2020 -  |             |   |                             |                         |
| Susan Crown Exchange     | December 31, 2023  | 1,400,000   | 266,667                                   | 1,133,333                   | 133,333                 |
| Los Angeles Dodgers      | November 1, 2019   | 50,000      | 14,995                                    | 35,005                      | 35,005                  |
| Brian Matthew Stocker    |                    |             |   |                             |                         |
| Charitable Fund          | December 6, 2018   | 10,000      | 8,333                                     | 1,667                       | 1,667                   |
| A Glimmer of Hope        | February 8, 2019   | 6,000       | 5,000                                     | 1,000                       | 1,000                   |
| David Weekley            | August 22, 2019    | 150,000     | -   | 150,000                     | 150,000                 |
| Total refundable advance |                    |             |   |                             | <u>321,005</u>          |

Continued

**POSITIVE COACHING ALLIANCE**

**NOTES TO FINANCIAL STATEMENTS**

August 31, 2020 and 2019

**8. Refundable Advance, continued**

|   | Term of<br>Agreements | Total Award | 2019 Grants<br>Recognized/<br>Conditions Met | 2019<br>Conditions<br>Not Yet Met | 2019<br>Refundable<br>Advance |
|---|-----------------------|-------------|--|-----------------------------------|-------------------------------|
| Los Angeles Dodgers<br>Brian Matthew Stocker<br>Charitable Fund | December 3, 2018      | 20,000      | -  | 20,000                            | 20,000                        |
| A Glimmer of Hope   | December 6, 2018      | 10,000      | -  | 10,000                            | 10,000                        |
| David Weekley   | February 8, 2019      | 6,000       | -  | 6,000                             | 6,000                         |
|   | August 22, 2019       | 200,000     | -  | 200,000                           | 200,000                       |
| Total refundable advance  |                       |             |  |                                   | 236,000                       |

**9. Net Assets With Donor Restrictions**

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

|   | 2020       | 2019         |
|---|------------|--------------|
| Subject to expenditure for specified purpose: |            |              |
| Seed funding (expansion)                      | \$ 250,943 | \$ 436,443   |
| Workshops                                     | 407,025    | 615,609      |
| Operations and other programming              | 151,923    | 259,460      |
| Beneficial interest held in perpetuity        | 10,000     | 10,000       |
| Total   | \$ 819,891 | \$ 1,321,512 |

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:

|                                       | 2020         | 2019         |
|---------------------------------------|--------------|--------------|
| Satisfaction of purpose restrictions: |              |              |
| Seed funding (expansion)              | \$ 310,500   | \$ 879,756   |
| Workshops                             | 491,053      | 419,823      |
| Operations and other programming      | 360,728      | 556,796      |
| Total                                 | \$ 1,162,281 | \$ 1,856,375 |

Continued

**POSITIVE COACHING ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**

August 31, 2020 and 2019

**10. In-kind Contributions**

In-kind contributions were as follows for the years ended August 31:

|                                     | 2020       | 2019       |
|-------------------------------------|------------|------------|
| Promotional and special event items | \$ 176,466 | \$ 337,280 |
| Professional services               | 348,000    | 149,470    |
| Online advertising services         | 1,088      | 54,414     |
| Total in-kind contributions         | \$ 525,554 | \$ 541,164 |

**11. Fair Value Measurement**

The following tables summarize PCA's financial assets measured at fair value on a recurring basis as of August 31, 2020 and 2019:

|   | 2020       |           |         |            |
|---|------------|-----------|---------|------------|
|   | Level 1    | Level 2   | Level 3 | Total      |
| Cash equivalents- money market                  | \$ 526,617 | \$ -      | \$ -    | \$ 526,617 |
| Beneficial interest in assets held<br>by others | -          | 10,000    | -       | 10,000     |
| Total   | \$ 526,617 | \$ 10,000 | \$ -    | \$ 536,617 |
|   | 2019       |           |         |            |
|   | Level 1    | Level 2   | Level 3 | Total      |
| Cash equivalents- money market                  | \$ 526,343 | \$ -      | \$ -    | \$ 526,343 |
| Beneficial interest in assets held<br>by others | -          | 10,000    | -       | 10,000     |
| Total   | \$ 526,343 | \$ 10,000 | \$ -    | \$ 536,343 |

**POSITIVE COACHING ALLIANCE**

**NOTES TO FINANCIAL STATEMENTS**

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**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, 2020 and 2019:

|                       | For the Year Ended August 31, 2020 |                                  |                       |                              |                   |
|-----------------------|------------------------------------|----------------------------------|-----------------------|------------------------------|-------------------|
|                       | Revenue                            | Cost of Direct Benefit to Donors | Other Direct Expenses | In-Kind Donated Items Donors | Net               |
| <u>Special Events</u> |                                    |                                  |                       |                              |                   |
| NYSA Dinner           | \$ 278,025                         | \$ -                             | \$ (22,710)           | \$ -                         | \$ 255,315        |
| Central Texas         | 5,780                              | -                                | (694)                 | (946)                        | 4,140             |
| Chicago               | 95,750                             | (23,000)                         | (14,655)              | (9,005)                      | 49,090            |
| Minnesota             | 32,440                             | (5,676)                          | (20,430)              | (14,817)                     | (8,483)           |
| New England           | 57,721                             | -                                | (42,811)              | (18,870)                     | (3,960)           |
| Portland              | 80,190                             | (22,500)                         | (15,881)              | (22,423)                     | 19,386            |
| SF Bay Area           | 155,383                            | (39,113)                         | (20,491)              | (26,883)                     | 68,896            |
| Sacramento            | 35,030                             | -                                | (8,336)               | (13,556)                     | 13,138            |
| Tampa Bay             | 137,745                            | (9,690)                          | (28,449)              | (20,100)                     | 79,506            |
| Mid-Atlantic          | 44,515                             | -                                | (14,388)              | -                            | 30,127            |
| Total events          | <u>\$ 922,579</u>                  | <u>\$ (99,979)</u>               | <u>\$ (188,845)</u>   | <u>\$ (126,600)</u>          | <u>\$ 507,155</u> |

|                       | For the Year Ended August 31, 2019 |                                  |                       |                              |                     |
|-----------------------|------------------------------------|----------------------------------|-----------------------|------------------------------|---------------------|
|                       | Revenue                            | Cost of Direct Benefit to Donors | Other Direct Expenses | In-Kind Donated Items Donors | Net                 |
| <u>Special Events</u> |                                    |                                  |                       |                              |                     |
| NYSA Dinner           | \$ 728,220                         | \$ (69,300)                      | \$ (245,471)          | \$ (37,950)                  | \$ 375,499          |
| Arizona               | 86,289                             | (13,600)                         | (12,569)              | (14,439)                     | 45,681              |
| Central Texas         | 17,766                             | (10,863)                         | (7,230)               | (275)                        | (602)               |
| Chicago               | 62,950                             | (14,150)                         | (1,442)               | (4,646)                      | 42,712              |
| Cleveland             | 6,977                              | (2,400)                          | (106)                 | -                            | 4,471               |
| Colorado              | 92,110                             | (14,600)                         | (67,612)              | (1,630)                      | 8,268               |
| Hawaii                | 62,849                             | (15,750)                         | (21,611)              | (26,594)                     | (1,106)             |
| Los Angeles           | 98,304                             | (9,250)                          | (14,244)              | (13,509)                     | 61,301              |
| Minnesota             | 90,975                             | (11,600)                         | (12,600)              | -                            | 66,775              |
| New England           | 103,689                            | (15,400)                         | (81,587)              | (8,965)                      | (2,263)             |
| North Texas           | 52,525                             | (6,400)                          | (4,259)               | (6,541)                      | 35,325              |
| Portland              | 136,593                            | (28,750)                         | (14,463)              | (23,152)                     | 70,228              |
| SF Bay Area           | 228,985                            | (10,300)                         | (23,436)              | (17,815)                     | 177,434             |
| Sacramento            | 60,905                             | (5,100)                          | (13,936)              | (17,129)                     | 24,740              |
| Tampa Bay             | 242,540                            | (15,120)                         | (68,244)              | (7,905)                      | 151,271             |
| Total events          | <u>\$ 2,071,677</u>                | <u>\$ (242,583)</u>              | <u>\$ (588,810)</u>   | <u>\$ (180,550)</u>          | <u>\$ 1,059,734</u> |

**POSITIVE COACHING ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**

August 31, 2020 and 2019

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**13. Scholarships**

During the years ended August 31, 2020 and 2019, PCA identified 168 and 137 winners, respectively, of the Triple-Impact Competitor® scholarships award for \$169,750 and \$163,000, respectively. PCA paid the scholarships during the summer of 2020 and 2019, respectively; therefore, no scholarships were included in accrued liabilities as of August 31, 2020.

**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. PCA does not currently provide a matching contribution.

**15. Commitments and Contingencies**

*Lease*

PCA leased office space expiring between December 31, 2020 and June 30, 2024. Future minimum lease payments under these leases are as follows:

Year ending August 31:

|      |                   |
|------|-------------------|
| 2021 | \$ 256,603        |
| 2022 | 183,612           |
| 2023 | 37,630            |
| 2024 | <u>31,358</u>     |
|      | <u>\$ 509,203</u> |

Rental expense was \$328,830 and \$353,719 for the years ended August 31, 2020 and 2019, respectively.

*COVID-19 Pandemic*

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Organization to predict the duration or magnitude of the adverse results of the outbreak and its disruptive effects on its operations and financial results at this time.

*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, 2020.

**POSITIVE COACHING ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**

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**16. Major Funding Source and Related Parties**

For the year ended August 31, 2020, the Organization had two funding sources that provided support of approximately \$590,950 and \$550,000, which represents 12%, and 12%, respectively, of total contributions. Of these contributions, \$550,000 came from a member of the Board of Directors and, as such, is considered a related party transactions. For the year ended August 31, 2019, the Organization did not have any major funding sources.

**17. Subsequent Events**

Subsequent to year-end on November 29 2020, PCA entered into an agreement for the purchase of assets of Balance Sports Publishing (“BSP”) for a one-time payment of \$110,000 for existing inventory plus the publishing rights for existing contracts. PCA will also receive royalty payments from the foreign rights granted to Swedish publisher SISU Idrottsbocker for Positive Sports Parenting (obtained in 2010) and to Czech publisher Mlada Fronta for Power of Double-Goal Coaching (obtained in 2017).

PCA evaluated subsequent events for recognition and disclosure through January 4, 2021, the date which these financial statements were available to be issued. Management has concluded that, other than above, no other material subsequent events have occurred since August 31, 2020 that require recognition or disclosure in these financial statements.