POSITIVE COACHING ALLIANCE

FINANCIAL STATEMENTS

August 31, 2014 and 2013

POSITIVE COACHING ALLIANCE

CONTENTS

BPM
BURR PILGER MAYER
2000 University Avenue, Suite 201, East Palo Alto, CA 94303
Phone 650.855.6800 **Fax** 650.855.6899 **Email** bpm@bpmcpa.com **Web** bpmcpa.com

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, 2014 and 2013, 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, 2014 and 2013, 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.

Burr Pilger Mayer, Inc.

E. Palo Alto, California
December 22, 2014

POSITIVE COACHING ALLIANCE

STATEMENTS OF FINANCIAL POSITION

August 31, 2014 and 2013

	2014	2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,825,661	$ 1,040,652
Money market fund	524,218	524,218
Promises to give, less $16,000 allowance for uncollectible accounts for August 31, 2014 and 2013	1,578,816	1,084,940
Accounts receivable and miscellaneous receivables, less $20,000 allowance for doubtful accounts for August 31, 2014 and 2013	346,933	182,271
Inventory	2,747	11,419
Prepaid expense and other current assets	80,896	81,563
Total current assets	4,359,271	2,925,063
Fixed assets, net of accumulated depreciation	124,444	133,795
Promises to give, noncurrent	847,861	676,000
Other assets	40,419	38,587
Total assets	$ 5,371,995	$ 3,773,445
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 193,476	$ 251,768
Deferred revenue	892,482	585,085
Accrued liabilities	592,219	432,551
Deferred rent	10,713	27,751
Total current liabilities	1,688,890	1,297,155
Net assets:		
Unrestricted net assets	573,929	225,690
Temporarily restricted net assets	3,109,176	2,250,600
Total net assets	3,683,105	2,476,290
Total liabilities and net assets	$ 5,371,995	$ 3,773,445

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

POSITIVE COACHING ALLIANCE

STATEMENTS OF ACTIVITIES

For the years ended August 31, 2014 and 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue:						
Contributions	$ 1,363,220	$ 3,239,240	$ 4,602,460	$ 1,117,600	$ 1,880,819	$ 2,998,419
Special events	1,219,971	-	1,219,971	738,079	-	738,079
In-kind revenue	139,571	-	139,571	146,859	-	146,859
Fees for workshops	1,952,515	-	1,952,515	1,653,445	-	1,653,445
Other service fees	301,497	-	301,497	255,198	-	255,198
Merchandise sales	4,316	-	4,316	1,710	-	1,710
Other revenue	61,687	-	61,687	62,670	-	62,670
Net assets released from restrictions	2,380,664	(2,380,664)	-	2,410,347	(2,410,347)	-
Total support and revenue	7,423,441	858,576	8,282,017	6,385,908	(529,528)	5,856,380
Expenses:						
Program services:						
Partnership sales	1,667,919	-	1,667,919	1,402,980	-	1,402,980
Training fulfillment	1,199,075	-	1,199,075	1,010,648	-	1,010,648
Trainer development	239,107	-	239,107	237,490	-	237,490
Content and product development	377,507	-	377,507	234,737	-	234,737
Program delivery	1,617,439	-	1,617,439	1,180,847	-	1,180,847
Total program services	5,101,047	-	5,101,047	4,066,702	-	4,066,702
Supporting services:						
Fundraising	1,169,752	-	1,169,752	1,467,974	-	1,467,974
Management and general	656,540	-	656,540	387,676	-	387,676
Total supporting services	1,826,292	-	1,826,292	1,855,650	-	1,855,650
Cost of direct benefit to donors	147,863	-	147,863	97,336	-	97,336
Total expenses	7,075,202	-	7,075,202	6,019,688	-	6,019,688
Change in net assets	348,239	858,576	1,206,815	366,220	(529,528)	(163,308)
Net assets (deficit), beginning of year	225,690	2,250,600	2,476,290	(140,530)	2,780,128	2,639,598
Net assets, end of year	$ 573,929	$ 3,109,176	$ 3,683,105	$ 225,690	$ 2,250,600	$ 2,476,290

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

POSITIVE COACHING ALLIANCE

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended August 31, 2014

	Program Services						Supporting Services				
	Partnership Sales	Training Fulfillment	Trainer Development	Content and Product Development	Program Delivery	Total Program Services	Fund Raising	Management and General	Total Supporting Services	Cost of Direct Benefit to Donors	Total Expenses
Salaries	$ 1,153,317	$ 401,226	$ 144,543	$ 272,324	$ 670,558	$ 2,641,968	$ 689,692	$ 359,973	$ 1,049,665	$ -	$ 3,691,633
Benefits	103,827	52,105	13,859	22,887	63,922	256,600	51,713	34,172	85,885	-	342,485
Payroll taxes	75,096	34,387	12,250	22,551	56,269	200,553	62,488	34,304	96,792	-	297,345
Total salaries and related expenses	1,332,240	487,718	170,652	317,762	790,749	3,099,121	803,893	428,449	1,232,342	-	4,331,463
Contract labor	-	207,521	2,775	-	97,868	308,164	17,715	100	17,815	-	325,979
Administrative fees	41,504	6,944	2,374	7,049	25,247	83,118	30,798	31,749	62,547	-	145,665
Professional fees	33,147	29,821	6,761	11,428	129,638	210,795	57,360	81,814	139,174	-	349,969
Insurance	8,113	3,959	987	1,505	4,467	19,031	3,708	2,543	6,251	-	25,282
Marketing	13,894	1,689	597	30	137,748	153,958	49,076	1,078	50,154	-	204,112
Printing and publications	8,010	258,464	758	1,494	54,783	323,509	16,169	2,841	19,010	-	342,519
Travel and entertainment	50,857	94,177	24,325	1,128	137,686	308,173	59,052	26,683	85,735	147,864	541,772
Supplies	3,337	1,338	554	313	8,203	13,745	2,550	5,044	7,594	-	21,339
Postage and shipping	5,677	36,293	949	1,218	7,345	51,482	10,165	1,776	11,941	-	63,423
Occupancy	79,981	43,873	12,275	20,375	67,860	224,364	55,799	28,084	83,883	-	308,247
Telephone	32,921	7,843	6,740	5,145	14,033	66,682	11,856	17,650	29,506	-	96,188
Equipment costs	23,076	11,695	5,506	4,958	77,070	122,305	36,607	11,941	48,548	-	170,853
Depreciation	21,589	7,740	3,854	5,102	22,708	60,993	7,520	14,460	21,980	-	82,973
Cost of goods sold	13,513	-	-	-	31	13,544	-	-	-	-	13,544
Scholarships and miscellaneous	60	-	-	-	42,003	42,063	7,484	2,328	9,812	-	51,875
Total functional expenses	$ 1,667,919	$ 1,199,075	$ 239,107	$ 377,507	$ 1,617,439	$ 5,101,047	$ 1,169,752	$ 656,540	$ 1,826,292	$ 147,864	$ 7,075,203

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

POSITIVE COACHING ALLIANCE

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended August 31, 2013

	Program Services						Supporting Services				
	Partnership Sales	Training Fulfillment	Trainer Development	Content and Product Development	Program Delivery	Total Program Services	Fund Raising	Management and General	Total Supporting Services	Cost of Direct Benefit to Donors	Total Expenses
Salaries	$ 957,268	$ 318,517	$ 91,836	$ 159,114	$ 511,789	$ 2,038,524	$ 773,623	$ 186,379	$ 960,002	$ -	$ 2,998,526
Benefits	91,006	39,291	8,475	13,662	49,136	201,570	70,561	15,068	85,629	-	287,199
Payroll taxes	60,431	26,802	7,520	12,927	42,407	150,087	66,771	22,041	88,812	-	238,899
Total salaries and related expenses	1,108,705	384,610	107,831	185,703	603,332	2,390,181	910,955	223,488	1,134,443	-	3,524,624
Contract labor	1,849	198,582	6,718	500	56,160	263,809	11,496	400	11,896	-	275,705
Administrative fees	12,527	42	46	2,121	61,567	76,303	56,347	39,409	95,756	-	172,059
Professional fees	18,658	23,019	2,792	2,740	133,965	181,174	50,727	76,397	127,124	-	308,298
Insurance	5,666	2,842	576	841	3,229	13,154	4,466	1,212	5,678	-	18,832
Marketing	12,644	-	8,503	-	14,426	35,573	49,269	21	49,290	-	84,863
Printing and publications	6,936	203,890	592	760	24,414	236,592	40,757	748	41,505	-	278,097
Travel and entertainment	48,815	103,282	78,815	4,135	60,865	295,912	125,577	4,726	130,303	97,336	523,551
Supplies	4,147	2,071	3,002	462	4,912	14,594	8,975	2,374	11,349	-	25,943
Postage and shipping	6,735	26,333	1,180	605	8,095	42,948	10,103	474	10,577	-	53,525
Occupancy	102,131	49,987	10,946	14,411	56,869	234,344	88,877	15,225	104,102	-	338,446
Telephone	32,423	7,745	5,473	3,413	10,676	59,730	24,598	12,077	36,675	-	96,405
Equipment costs	19,659	6,070	9,217	2,728	47,851	85,525	28,681	4,446	33,127	-	118,652
Depreciation	10,548	2,175	1,754	16,318	16,190	46,985	41,257	6,679	47,936	-	94,921
Cost of goods sold	11,278	-	-	-	-	11,278	49	-	49	-	11,327
Scholarships and miscellaneous	259	-	45	-	78,296	78,600	15,840	-	15,840	-	94,440
Total functional expenses	$ 1,402,980	$ 1,010,648	$ 237,490	$ 234,737	$ 1,180,847	$ 4,066,702	$ 1,467,974	$ 387,676	$ 1,855,650	$ 97,336	$ 6,019,688

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

POSITIVE COACHING ALLIANCE

STATEMENTS OF CASH FLOWS

For the years ended August 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Change in net assets	$ 1,206,815	$ (163,308)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	82,973	94,921
(Gain) from sale of fixed assets	(602)	-
Bad debt expense	(20,017)	-
(Increase) decrease in:		
Promises to give	(661,737)	358,610
Accounts receivable and miscellaneous receivables	(148,645)	(23,905)
Inventory	8,672	(5,495)
Prepaid expense and other current assets	667	(15,542)
Other assets	(1,832)	4,438
Increase (decrease) in:		
Accounts payable	(58,292)	21,830
Deferred revenue	307,397	(133,785)
Accrued liabilities	159,668	48,819
Deferred rent	(17,038)	(11,685)
Net cash provided by operating activities	858,029	174,898
Cash flows from investing activities:		
Purchases of equipment	(75,969)	(87,941)
Proceeds from sale equipment	2,949	-
Net cash (used in) investing activities	(73,020)	(87,941)
Net increase in cash and cash equivalents	785,009	86,957
Cash and cash equivalents, beginning of year	1,040,652	953,695
Cash and cash equivalents, end of year	$ 1,825,661	$ 1,040,652

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

1. Summary of Significant Accounting Policies

Nature of Business

Positive Coaching Alliance (PCA) is a nonprofit organization, established in June 1998, whose mission is to transform the culture of youth sports to give all young athletes the opportunity for a positive, character-building experience. Our goal is to develop "Better Athletes, Better People". PCA will accomplish this by:

- replacing the "Win-At-All-Cost" model of coaching with the "Double-Goal Coach®" who wants to win, but has a second, more important, goal of using sports to teach life lessons;
- teaching Youth Sports Organization (YSO) and school leaders how to create an organizational culture in which "Honoring the Game" is the norm; and
- sparking and fueling a "social epidemic" of Positive Coaching that will sweep this country.

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

Training Fulfillment

Through coach, sports parent, student-athlete, and leadership workshops presented by certified trainers, PCA aims to train each participant to become a Double-Goal Coach, Second-Goal Parent®, or Triple-Impact Competitor® and to help them develop an Honoring the Game organizational culture.

Trainer Development

PCA offers continuous development opportunities to its trainers to maintain the workshop effectiveness. The effectiveness and the success of the workshops hinge on the certified trainer's ability to engage the audience and to present the materials in the manner that yields the highest impact.

Content and Product Development

PCA dedicates resources to the development of products and content to ensure that quality and relevant materials are available to the trainers, partners, and general public interest in the PCA movement. The materials developed are used during the live and online workshops and provided to the participants for their use in the principles of PCA to their constituents.

Partnership Sales

It is the goal of Partnership Sales to educate the leaders of YSOs and schools to recognize that they can transform youth sports by partnering with PCA. When the partnership is forged, Partnership Sales provides the support partners require to implement the program.

Continued

1. Summary of Significant Accounting Policies, continued

Nature of Business, continued

Program Delivery

With the financial support of many generous individuals, foundations, and corporations, PCA is able to pursue key programmatic initiatives that are focused on either expanding and enhancing existing programs or developing new programs that further our mission of transforming youth sports.

Basis of Accounting

PCA maintains its records on the accrual basis of accounting in accordance with generally accepted accounting principles. There are three classes of net assets:

- Unrestricted net assets consist of resources that are neither temporarily nor permanently restricted by donor-imposed stipulation.
- Temporarily restricted net assets consist of any resources that have been restricted as to use or time by the donor. Once the restriction is satisfied, either by the passage of time or by actions of PCA, the temporarily restricted net assets are reclassified to unrestricted net assets. PCA reports as an increase in unrestricted net assets any temporarily restricted revenue for which the restrictions have been met in the current year.
- Permanently restricted net assets consist of any resources that have been permanently restricted as to use by the donor and will neither expire by the passage of time nor be removed by actions of PCA. PCA has no permanently restricted assets at August 31, 2014 and 2013.

Cash and Cash Equivalents

All highly liquid instruments with a maturity of three months or less are considered to be cash equivalents.

Contributions

Contributions received are recorded as an increase in unrestricted revenue, temporarily restricted, or permanently restricted net assets depending on the existence and/or nature of any donor restrictions.

Donated 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.

Continued

1. Summary of Significant Accounting Policies, continued

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 the PCAs policy to charge off uncollectible promises to give and doubtful accounts receivable when management determines the receivable will not be collected.

Program Service Fees and Accounts Receivable

Program service fees represent income from workshops and are recognized when the contract is entered into as receivable and deferred revenue. Deferred revenue is released to income as workshops are performed.

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 $1,000. 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.

Income Taxes and Uncertain Income Tax Positions

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. PCA follows accounting guidance for uncertain tax positions. PCA has reviewed their accounting for uncertainty in income taxes, including the recognition threshold and related measurement model for recognizing tax positions. For those tax benefits or liabilities to be recognized, a tax position must more-likely-than-not be sustained upon examination by the taxing authorities. In management's opinion there are no uncertain tax positions for the year ended August 31, 2014 and 2013. PCA's informational income tax returns are subject to examination by the taxing authorities and its tax returns for years subsequent to 2010 are currently subject to examination.

Fair Value of Financial Instruments

PCA has determined that the amounts reported for financial assets and liabilities, including cash equivalents, accounts receivable, and accounts payable, are considered to have carrying amounts that approximate fair value because of the short maturity of these financial instruments.

Continued

1. Summary of Significant Accounting Policies, continued

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that may affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

2. Money Market Fund

The money market fund for August 31, 2014 and 2013 had a fair value of $524,218, for both years. Brokerage accounts are insured by the Security Investor Protection Corporation for up to $500,000.

3. Promises to Give

Promises to give at August 31, 2014 and 2013 are expected to be collected as follows:

	2014	2013
Received within 1 year	$ 1,594,816	$ 1,100,940
Received beyond 1 year	847,861	676,000
Allowance	(16,000)	(16,000)
	$ 2,426,677	$ 1,760,940

4. Concentration of Credit Risk

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 for up to $250,000 per financial institution.

Cash balances in excess of insured limits amount to $1,580,335 and $822,345 as of August 31, 2014 and 2013, respectively.

5. 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. Positive Coaching Alliance does not currently provide a matching contribution.

Continued

6. 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 Year Ended August 31, 2014				
Special Events	Revenue	Cost of Direct Benefit to Donors	Other Direct Expenses	In-Kind Donated Items Donors	Net
NYSA Dinner	$ 465,381	$ (57,568)	$ (144,984)	$ (30,339)	$ 232,490
SF Bay Area	132,892	(26,441)	(34,212)	(7,973)	64,266
Cleveland	73,048	(8,165)	(17,008)	(8,741)	39,134
Minnesota	68,584	(4,550)	(38,257)	(29,659)	(3,882)
Sacramento	66,700	(12,410)	(25,797)	(3,335)	25,158
Chicago	64,400	(8,790)	(17,720)	-	37,890
New England	63,306	(2,856)	(10,556)	-	49,894
North Texas	52,545	(4,806)	(6,135)	-	41,604
Colorado	43,040	(10,958)	(18,536)	-	13,546
Houston	190,075	(11,320)	(30,675)	(1,750)	146,330
Total events	$ 1,219,971	$ (147,864)	$ (343,880)	$ (81,797)	$ 646,430

	For the Year Ended August 31, 2013				
Special Events	Revenue	Cost of Direct Benefit to Donors	Other Direct Expenses	In-Kind Donated Items Donors	Net
NYSA Dinner	$ 355,438	$ (40,096)	$ (101,013)	$ (36,420)	$ 177,909
SF Bay Area	45,422	(3,120)	(15,743)	-	26,559
New England	100,435	(4,629)	(14,114)	-	81,692
Chicago	44,214	(9,120)	(5,297)	(314)	29,483
Houston	94,935	(11,648)	(10,726)	(1,610)	70,951
Sacramento	61,550	(13,123)	8,820	(3,495)	53,752
Colorado	36,085	(15,600)	(4,285)	(2,681)	13,519
Total events	$ 738,079	$ (97,336)	$ (142,358)	$ (44,520)	$ 453,865

Continued

7. Fixed Assets

Fixed assets consist of the following:

	2014	2013
Computer equipment	$ 227,193	$ 191,598
Software	173,584	163,312
Office equipment	53,184	40,901
Leasehold improvements	9,781	9,781
Website design	230,850	217,066
	694,592	622,658
Less accumulated depreciation	(570,148)	(488,863)
	$ 124,444	$ 133,795

Depreciation expense for the years ended August 31, 2014 and 2013 was $82,973 and $94,921, respectively.

8. In-kind Contributions

In-kind contributions for the year ended August 31, 2014 and 2013 are as follows:

	2014	2013
Promotional and special event items	$ 65,083	$ 42,721
Professional services	18,688	19,422
Use of facilities	55,800	82,767
Other in-kind	-	1,949
Total in-kind donations	$ 139,571	$ 146,859

9. Leases

PCA leased office space expiring between December 31, 2014 and April 30, 2022. Future minimum lease payments under these leases are as follows:

Fiscal year ending August 31:	Amount
2015	$ 247,680
2016	206,006
2017	207,906
2018	209,975
2019	220,869
Thereafter	632,539
	$ 1,724,975

Continued

9. Leases, continued

Rental expense and sublease rental income for the year ended August 31, 2014 was $274,353 and $6,090, respectively. Rental expense and sublease rental income for the year ended August 31, 2013 was $298,800 and $6,000, respectively.

10. Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted as follows:

Program	2014	2013
Expansion and operating	$ 2,801,082	$ 2,023,002
Program delivery	308,094	227,598
Total	$ 3,109,176	$ 2,250,600

Temporarily restricted net assets released from restriction were as follows:

Program	2014	2013
Expansion and operating	$ 2,031,296	$ 2,154,547
Program delivery	349,368	255,800
Total	$ 2,380,664	$ 2,410,347

11. Scholarships

During the year ended August 31, 2014, PCA had not identified winners of the 2014 Triple-Impact Competitor® scholarships award. The 2014 winners were announced in September. Thus, no scholarships were included in accrued liabilities as of August 31, 2014. In the preceding year, seventy students were identified for $73,000 in scholarships which were included in accrued liabilities at August 31, 2013 and were paid out in June 2014.

12. Line of Credit

On September 4, 2013, PCA entered into a new secured line of credit with First Republic Bank for $300,000 with an interest rate of 3.25% due on September 4, 2014. The maturity date of this line of credit was extended to September 4, 2015 (see Note 16). The line of credit includes certain financial covenants. As of August 31, 2014, no balance is outstanding on the line of credit.

Continued

13. Fair Value Measurement

PCA utilizes valuation techniques in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs reflect assumptions that market participants would use in pricing an asset or liability and are based on market data obtained from independent sources while unobservable inputs reflect PCA's assumptions in pricing an asset or liability. There have been no changes in valuation techniques for the year ended August 31, 2014.

PCA's financial assets measured at fair value on a recurring basis are categorized according to the fair value hierarchy consisting of the following three levels:

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.

The following table summarizes PCA's financial assets measured at fair value on a recurring basis as of August 31, 2014 and 2013:

	Level 1 Balance as of August 31, 2014
Assets:	
Money market mutual fund	$ 524,218

	Level 1 Balance as of August 31, 2013
Assets:	
Money market mutual fund	$ 524,218

As of August 31, 2014 and 2013, PCA did not have any Level 2 or Level 3 financial assets or liabilities.

14. Concentrations

Promises to Give

At August 31, 2014, two donors accounted for 49% of gross promises to give, all of which were temporarily restricted. At August 31, 2013, two donors accounted for 48% of gross promises to give, all of which were temporarily restricted.

Contribution Support

For the year ended August 31, 2014, PCA received approximately 35% of its contribution support from two donors. For the year ended August 31, 2013, PCA had no individual donors providing greater than 10% of its contribution support.

Continued

15. 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 for the year ended August 31, 2014 are as follows:

Tom Lewis	Pledge for Phoenix Operating expenses	$ 150,000
Bob Graham	Matching Pledge for 3rd party workshop scholarships for Houston	99,884
Morgan Family Foundation	Matching Pledge for SF Bay area operating expenses	50,000
Bechtel Foundation	Years 3 and 3 of grant (see note below)	710,000
Warren Lichentenstein	Seed funding for Los Angeles Chapter	150,000
Warren Lichentenstein	Seed funding for New York Chapter	150,000
Eid Passport	Seed funding for Portland Chapter	66,000
		$ 1,375,884

Bechtel Foundation awarded a $2,000,000 grant to PCA for technology and infrastructure support and improvements over FY2013–2015. The first and second payments of $660,000 and $630,000 were received and recorded in Promises to Give and Contribution Revenue – Temporarily Restricted for the year ended August 31, 2012 and August 31, 2014, respectively. The remaining payment of $710,000 was received in FY2015. This payment is considered a conditional promise to give at August 31, 2014 and as such has not been recorded in the accompanying financial statements.

16. Subsequent Events

In October 2014, PCA signed an extension of their lease for the National Office in Mountain View, CA. The term of the lease is 72 months from the lease commencement date of May 1, 2015.

On November 21, 2014, PCA extended its secured line of credit with First Republic Bank with an interest rate of 3.25% to September 4, 2015.

PCA evaluated subsequent events for recognition and disclosure through December 22, 2014, the date which these financial statements were available to be issued. Other than those noted above, management concluded that no material subsequent events have occurred since August 31, 2014 that require recognition or disclosure in these financial statements.