Audited Financial Statements

CATCH Global Foundation

For the Fiscal Year Ended June 30, 2023
With Independent Auditor's Report

CATCH Global Foundation

Audited Financial Statements

For the Fiscal Year Ended June 30, 2023

Contents

Independent Auditor's Report

To the Board of Directors of
CATCH Global Foundation
Austin, Texas

Opinion

We have audited the accompanying financial statements of CATCH Global Foundation (the "Foundation") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CATCH Global Foundation as of June 30, 2023, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Reynolds & Franke, PC

Austin, Texas
May 9, 2024

Audited Financial Statements

CATCH Global Foundation

Statement of Financial Position

June 30, 2023

Assets		
Current Assets:		
Cash and cash equivalents	$	**239,714**
Accounts receivable		**214,403**
Prepaid expenses		**18,596**
Investments		**4,938,087**
Total current assets		**5,410,800**
Grants receivable with donor restrictions		**85,249**
Property and equipment, net		**6,686**
Intangible assets, net		**227,007**
Total assets	**$**	**5,729,742**
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	**$**	**76,550**
Accrued liabilities		**104,312**
Deferred revenue		**3,507,319**
Note payable - current		**50,000**
Total current liabilities		**3,738,181**
Total liabilities		**3,738,181**
Net Assets:		
Without donor restrictions		**1,188,749**
With donor restrictions		**802,812**
Total net assets		**1,991,561**
Total liabilities and net assets	**$**	**5,729,742**

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

CATCH Global Foundation

Statement of Activities

For the Fiscal Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenues, and Reclassifications:			
Grants and contributions	$ 214,185	$ 823,227	$ 1,037,412
Program service fees	1,917,677	-	1,917,677
Investment earnings	559,600	-	559,600
Other income	42,602	-	42,602
Contributed goods and services	10,053	-	10,053
Total support and revenues	2,744,117	823,227	3,567,344
Net assets released from donor restrictions	749,793	(749,793)	-
Total support, revenues, and reclassifications	3,493,910	73,434	3,567,344
Expenses:			
Program services	2,460,695	-	2,460,695
Fundraising	260,345	-	260,345
Management and general	305,626	-	305,626
Total expenses	3,026,666	-	3,026,666
Total change in net assets	467,244	73,434	540,678
Net assets, beginning of the fiscal year, as previously reported	732,555	729,378	1,461,933
Prior period adjustment (see Note 2)	(11,050)	-	(11,050)
Net assets, beginning of the fiscal year, restated	721,505	729,378	1,450,883
Net assets, end of the fiscal year	$ 1,188,749	$ 802,812	$ 1,991,561

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

CATCH Global Foundation

Statement of Functional Expenses

For the Fiscal Year Ended June 30, 2023

	Program Services						
	In-School	Out-of-School	International	Total Program	Fundraising	Management and General	Total
Salary and benefits	$ 1,248,565	$ 321,138	$ 177,167	$ 1,746,870	$ 226,386	$ 149,095	$ 2,122,351
Contracted services	132,114	37,948	39,952	210,014	30,000	82,730	322,744
Office expenses	139,311	37,477	18,897	195,685	3,959	70,098	269,742
Program services	116,758	50,736	11,171	178,665	-	-	178,665
Travel and meeting	69,423	-	13,301	82,724	-	-	82,724
Grants and direct assistance	19,275	-	10,000	29,275	-	-	29,275
Amortization	17,462	-	-	17,462	-	-	17,462
Depreciation	-	-	-	-	-	3,603	3,603
Occupancy	-	-	-	-	-	100	100
Total expenses	$ 1,742,908	$ 447,299	$ 270,488	$ 2,460,695	$ 260,345	$ 305,626	$ 3,026,666
Percentage of total expenses	57%	15%	9%	81%	9%	10%	100%

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

CATCH Global Foundation

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2023

Cash flows from operating activities	
Change in net assets	**$ 540,678**
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	**3,603**
Amortization	**17,462**
Unrealized gains	**(476,642)**
(Increase) decrease in operating assets:	
Accounts receivable	**(4,553)**
Prepaid expenses	**6,207**
Grants receivable with donor restrictions	**169,676**
Increase in operating liabilities:	
Accounts payable	**32,019**
Accrued liabilities	**28,136**
Deferred revenue	**2,605,183**
Net cash provided by operating activities	**2,921,769**
Cash flows from investing activities	
Sales (purchases) of investments, net	**(3,338,360)**
Purchases of property and equipment	**(2,161)**
Net cash used in investing activities	**(3,340,521)**
Net change in cash and cash equivalents	**(418,752)**
Cash and cash equivalents, beginning of the period	**658,466**
Cash and cash equivalents, end of the period	**$ 239,714**

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

CATCH Global Foundation

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies

Nature of Activities

The CATCH Global Foundation (the "Foundation") was established in 2014 as a Texas nonprofit corporation with the primary intent to improve children's health worldwide by developing, disseminating, and sustaining the Coordinated Approach to Child Health (CATCH) platform. The Foundation links underserved schools and communities to the resources necessary to create and sustain healthy change for future generations.

In June 2022, the Foundation's Governance Committee voted to change the Foundation's fiscal year-end to June 30th from December 31st.

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Financial statement presentation follows the recommendations of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 958). Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

> <u>Net assets without donor restrictions</u> – These types of net assets are not subject to donor-imposed stipulations. This also includes net assets with Board designations for specific purposes, since these Board designations may be reversed by the Board of Directors at any time in the future.
>
> <u>Net assets with donor restrictions</u> – These types of net assets are subject to donor-imposed stipulations, which limit their use by the Foundation, either permanently or temporarily, to a specific purpose and/or the passage of time. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recorded in the accounting period incurred.

Note 1 – Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements 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. Actual results could differ from these estimates.

Federal Income Taxes

CATCH Global Foundation is a nonprofit organization exempt from Federal income taxes on its operating income under Section 501(c)(3) of the Internal Revenue Code, except to the extent of unrelated business income, if any.

The most significant tax positions of the Foundation are its assertion that it is exempt from income taxes and its determination of whether any amounts are subject to unrelated business income tax (UBIT). Management has determined that the Foundation had no activity subject to UBIT during the fiscal year ended June 30, 2023. All significant tax positions have been considered by management and it has determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities.

The Foundation is required to file Form 990 (Return of Organization Exempt from Income Tax), which is subject to examination by the Internal Revenue Service (IRS) generally up to three years from the later of the original due date or the date the tax return was filed. The Forms 990 for the six month period ended June 30, 2022, and the years ended December 31, 2021, 2020, and 2019, are open to examination by the IRS as of June 30, 2023.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Investments

Investments are stated at fair value. Realized and unrealized gains and losses are reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Note 1 – Summary of Significant Accounting Policies (continued)

Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount that the Foundation expects to collect from outstanding balances. The Foundation has not set up an allowance for uncollectible receivables as of June 30, 2023, because management estimates that the receivables are collectible, and write-offs are historically unusual and small.

Property and Equipment

Property and equipment are stated at cost, if purchased, and at fair market value at date of gift, if received by donation. The Foundation capitalizes assets of $1,000 or more with a useful life of more than one year. Provision has been made for depreciation of property and equipment using the straight-line method over an estimated useful life of three to five years. Upon the sale or retirement of depreciable assets, the related cost and accumulated depreciation are removed from the account. Any gain or loss on the sale or retirement is recognized in current operations.

Intangible Assets

Intangible assets are stated at cost and are amortized on the straight-line method over the estimated useful life. The Foundation continually reviews intangible assets to evaluate whether events or changes have occurred that would suggest an impairment of carrying value. An impairment loss would be recognized when expected future operating cash flows are lower than the carrying value.

Contributions

Contributions, including promises to give, are recorded as made. All contributions are available for use without donor restrictions unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. When donor restrictions expire, that is, when a stipulated time restriction ends or donor restricted purpose is accomplished, the related net assets with donor restrictions are reclassified to net assets without donor restrictions. This is reported in the statement of activities as net assets released from donor restrictions.

Contributed Goods and Services

Contributed goods and services are recognized at fair market value in accordance with the Contributions Received Subsection of FASB ASC 958. The amounts reflected in the accompanying financial statements as contributed goods and services are offset by like amounts included in expenses.

Note 1 – Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

FASB ASC 958 also requires that nonprofit organizations provide information about expenses by functional classification. Thus, the costs of providing the Foundation's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses which cannot be specifically identified have been allocated based on management's best estimate of usage. Salary and benefits are allocated based on estimated time spent by the employees for each function. Occupancy costs are allocated based on the estimated space usage for each function. Depreciation and amortization are allocated on estimated usage in each function.

Date of Management's Review

These financial statements considered subsequent events through May 9, 2024, the date the financial statements were available to be issued.

Note 2 – Prior Period Adjustment

During the current year audit, management discovered that a prior period adjustment was needed to properly record deferred revenue for unearned program service fees at June 30, 2022. The effect of this adjustment was an increase in deferred revenue of $11,050 and a decrease in ending net assets of $11,050 as of June 30, 2022. The beginning net assets balance for the fiscal year ended June 30, 2023, has been restated to reflect this adjustment.

Note 3 – Concentrations

Financial instruments which potentially subject the Foundation to credit risk principally consist of cash and cash equivalents and investments. To minimize the risk, the Foundation places its temporary cash investments with high credit quality financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) or the Securities Investor Protection Corporation (SIPC). The FDIC provides deposit insurance coverage up to $250,000 per bank per entity for all interest bearing and non-interest bearing accounts. Securities are protected by the SIPC which currently protects brokerage accounts of each entity up to $500,000 in securities. Additional coverage is frequently offered for brokerage accounts for amounts in excess of the $500,000 SIPC limit. As of June 30, 2023, the Foundation had $4,439,976 of uninsured cash or investment balances. The Foundation has not experienced any losses in these accounts in the past.

Note 4 – Fair Value Disclosures

The Foundation follows the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*, whose provisions relate to the Foundation's financial assets and liabilities carried at fair value and the Foundation's fair value disclosures related to financial assets and liabilities. FASB ASC 820 defines fair value, expands related disclosure requirements, and specifies a hierarchy of valuation techniques based on the nature of the inputs used to develop the fair value measures.

Guidance provided by the FASB defines fair value 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. When measuring fair value, a fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

> <u>Level 1:</u> Unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access at the measurement date. The type of investments included in Level 1 includes listed equities and listed derivatives.
>
> <u>Level 2:</u> Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly.
>
> <u>Level 3:</u> Inputs that are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation methods used may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at June 30, 2023.

Note 4 – Fair Value Disclosures (continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2023:

		Fair Value Measurements Using:		
Description	**Fair Value**	**Quoted Prices in Active Markets for Identical (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Investments:				
Equity exchange-traded funds	**$ 3,720,529**	**$ 3,720,529**	**$ -**	**$ -**
Fixed income exchange-traded funds	**1,217,558**	**1,217,558**	**-**	**-**
Total	**$ 4,938,087**	**$ 4,938,087**	**$ -**	**$ -**

The Foundation's other financial instruments consist principally of cash and cash equivalents, accounts receivable, grants receivable with donor restrictions, accounts payable, accrued liabilities, and note payable. The Foundation believes all of the other financial instruments' recorded values approximate current market values, primarily because of the relatively short-term maturity of those instruments. The carrying amount of the note payable approximates fair value because the interest rate approximates the current market interest rate.

Note 5 – Investments

As of June 30, 2023, the Foundation had the following investments:

Equity exchange-traded funds	**$ 3,720,529**
Fixed income exchange-traded funds	**1,217,558**
Total investments	**$ 4,938,087**

Note 6 – Property and Equipment

As of June 30, 2023, property and equipment consisted of the following:

Furniture, fixtures, and equipment	**$ 17,154**
Less: accumulated depreciation	**(10,468)**
Property and equipment, net	**$ 6,686**

Depreciation expense totaled $3,603 for the fiscal year ended June 30, 2023.

Note 7 – EduMotion, LLC Acquisition

On June 16, 2021, the Foundation entered into an asset purchase agreement with EduMotion, LLC to purchase and assume EduMotion, LLC's assets and liabilities in addition to the former owner entering into an employment agreement with the Foundation. The purchase price was $250,000 which was to be paid in three payments with the first $150,000 being paid at closing. The remaining $100,000 to be paid is contingent on the former owner still being employed at the Foundation and will be paid over the following terms: (1) $50,000 on the 18-month anniversary of closing and (2) the final $50,000 on the 30-month anniversary. As of June 30, 2023, the note payable balance was $50,000. As part of the purchase agreement, the Foundation incurred $11,931 in legal costs that are also included in intangible assets with the total purchase price.

As of June 30, 2023, intangible assets consisted of the following:

EduMotion	$	**261,931**
Less: accumulated amortization		**(34,924)**
Intangible assets, net	$	**227,007**

The intangible assets are being amortized straight-line over a 15-year life. Amortization expense totaled $17,462 for the fiscal year ended June 30, 2023. Amortization expense is estimated to be $17,462 annually for the fiscal years ended June 30, 2024, 2025, 2026, 2027, and 2028.

Note 8 – Net Assets With Donor Restrictions

The Foundation had the following net assets with donor restrictions activity for the fiscal year ended June 30, 2023:

	Beginning Balance	Additions	Releases from Donor Restrictions	Ending Balance
Subject to Expenditure for a Specific Purpose:				
Scattergood Foundation	$ 25,000	$ -	$ (25,000)	$ -
Delta Dental Community Care Foundation	293,612	433,332	(367,317)	359,627
New York Health Foundation	-	282,247	(77,847)	204,400
Michigan Health Endowment Fund – Activation	363,089	-	(199,711)	163,378
Michigan Health Endowment Fund – Restart Smart	32,752	-	(27,669)	5,083
PEX (GO Dough Cards)	162	30,048	(9,736)	20,474
Raul Tijerina Jr. Foundation	13,775	-	(13,775)	-
Foundation for a Healthy Kentucky	-	57,600	(7,750)	49,850
DentaQuest	-	20,000	(20,000)	-
Valley Baptist Legacy Foundation	988	-	(988)	-
Total	$ 729,378	$ 823,227	$ (749,793)	$ 802,812

Note 9 – Operating Leases

The Foundation entered into an operating lease agreement for office space with an expiration date of July 31, 2022. The lease was not renewed after expiration. Rent expense totaled $100 for the fiscal year ended June 30, 2023.

The Foundation subleased office space to Pocketful of Quarters, Inc. with an expiration date of July 29, 2022. The sublease was not renewed after expiration.

Note 10 – Contributed Nonfinancial Assets and Services

During the fiscal year ended June 30, 2023, the Foundation recognized the following contributed nonfinancial assets and services activity:

	Revenues Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Pro bono legal counsel	$ 10,053	General legal needs	No associated donor restrictions	Fair value
Total	**$ 10,053**			

Note 11 – Liquidity and Availability of Financial Assets

The Foundation's working capital and cash flows have seasonal variations during the fiscal year attributable to the timing of receipts of grants and contributions and program service fees.

The following reflects the Foundation's financial assets as of June 30, 2023, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal Board designations. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the Foundation's Board of Directors approves that action. As part of the Foundation's liquidity plan, excess cash without donor restrictions is invested in short-term investments such as money market accounts or is transferred to the Foundation's operating investment portfolio used to support the programs and supporting services of the Foundation.

Cash and cash equivalents	**$ 239,714**
Accounts receivable collectible in less than one year	**214,403**
Grants receivable with donor restrictions collectible in less than one year	**85,249**
Investments	**4,938,087**
Total financial assets	**5,477,453**
Less: With donor restrictions	**(802,812)**
Financial Assets Available to Meet Cash Needs For Expenditures Within One Year	**$ 4,674,641**