CATCH GLOBAL FOUNDATION

FINANCIAL STATEMENTS
with INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2016

CATCH GLOBAL FOUNDATION

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GLASS & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, P.C.

Board of Directors
CATCH Global Foundation
Austin, Texas

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of CATCH Global Foundation (the Foundation), a Texas not-for-profit corporation, which comprise the statement of financial position as of December 31, 2016, the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 CATCH Global Foundation as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

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Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Glass & Company

August 28, 2017

GLASS & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

CATCH GLOBAL FOUNDATION

STATEMENT of FINANCIAL POSITION

DECEMBER 31, 2016

ASSETS

CURRENT ASSETS:		
Cash	$	575,123
Accounts receivable		47,342
Pledge receivable		509,296
Grants receivable		81,598
Prepaid expenses		9,492
Total Current Assets		1,222,851
INVESTMENTS		1,242,595
FIXED ASSETS:		
Office furniture and equipment		12,902
Less: accumulated depreciation		(4,818)
Net Fixed Assets		8,084
Total Assets	$	2,473,530

LIABILITIES and NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	$	40,059
Accrued payroll and taxes		34,087
Deferred revenue		718,308
Total Current Liabilities		792,454
NET ASSETS:		
Unrestricted		1,437,827
Temporarily restricted		243,249
Total Net Assets		1,681,076
Total Liabilities and Net Assets	$	2,473,530

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

CATCH GLOBAL FOUNDATION

STATEMENT of ACTIVITIES

YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
REVENUES:			
Partner financial support	$ 688,333	$ -	$ 688,333
Grant income	-	639,931	639,931
Program service fees	386,859	-	386,859
Donated services	25,086	-	25,086
Other revenue	1,991	-	1,991
Donations	1,180	-	1,180
Investment loss	(6,638)	-	(6,638)
Net assets released from restrictions	650,547	(650,547)	-
Total Revenues	1,747,358	(10,616)	1,736,742
EXPENSES:			
Program services	1,353,010	-	1,353,010
Supporting services:			
Fundraising	88,999	-	88,999
Management and general	68,206	-	68,206
Total Expenses	1,510,215	-	1,510,215
CHANGE in NET ASSETS	237,143	(10,616)	226,527
NET ASSETS:			
Beginning Balance	1,200,684	253,865	1,454,549
Ending Balance	$ 1,437,827	$ 243,249	$ 1,681,076

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

CATCH GLOBAL FOUNDATION

STATEMENT of CASH FLOWS

YEAR ENDED DECEMBER 31, 2016

CASH FLOW from OPERATING ACTIVITIES:		
Change in net assets	$	226,527
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		2,859
Unrealized loss on investments		23,473
Change in current assets:		
Accounts receivable		10,949
Pledge receivable		245,704
Grants receivable		(50,024)
Prepaid expenses		(2,078)
Change in current liabilities:		
Accounts payable		9,252
Accrued payroll and taxes		7,776
Deferred revenue		207,975
Net Cash Provided by Operating Activities		682,413
CASH FLOW from INVESTING ACTIVITIES:		
Fixed asset purchases		(4,345)
Reinvestment of investment income, net of fees		(16,067)
Purchase of investments		(1,250,000)
Net Cash Used by Investing Activities		(1,270,412)
NET DECREASE in CASH		(587,999)
CASH and CASH EQUIVALENTS:		
Beginning Balance		1,163,122
Ending Balance	$	575,123

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). In accordance with the Financial Statements of Not-for-Profit Organizations topic of the Financial Accounting Standards Board's Accounting Standards Codification, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets—Unrestricted net assets are net assets that are not subject to donor-imposed restrictions. They include unrestricted net assets available to the Foundation for carrying out daily operations. They also include board designated unrestricted net assets, which represent self-imposed limitations on the use of unrestricted net assets. Unrestricted net assets amounted to $1,437,827 at December 31, 2016.

Temporarily Restricted Net Assets—Temporarily restricted net assets represent those net assets whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. It includes gifts for which donor imposed restrictions have not been met and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted. Temporarily restricted net assets amounted to $243,249 at December 31, 2016.

Permanently Restricted Net Assets—Permanently restricted net assets represent those net assets whose use has been limited by donor-imposed stipulations that they must be maintained in perpetuity, the income of which is to be used by the Foundation in accordance with the stipulations imposed by the donor. There were no permanently restricted net assets as of December 31, 2016.

Financial support and pledge receivable

The Foundation has received a pledge of support from a founding partner on a contractual basis. The financial commitment covers a four year period. The revenue from this commitment will be recognized ratably over the term of the contract.

Pledge receivable consists of a receivable from the founding partner representing the amount allocated to the current reporting period and is carried at its net realizable value. Management of the Foundation reviews the collectability of the pledge receivable on a periodic basis. Management has determined that no reserve for doubtful accounts is necessary at December 31, 2016.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions, including unconditional promises to give, are recognized as support and assets in the period received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Foundation provides an allowance for doubtful promises to give equal to the estimated losses that are expected to be incurred in their collection. The allowance is based on historical collection experience and a review by management of the current status of the existing promises to give. As of December 31, 2016, all contributions were deemed collectible.

Grants Receivable

Unconditional grants receivable are recognized as support in the period pledged and as assets, decreases of liabilities, or expenses depending on the form of the benefit received. Unconditional grants receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional grants receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Conditional grants receivable are recognized when the conditions upon which the grants depend are substantially met. An allowance is provided for amounts management estimates to be uncollectible. As of December 31, 2016, all grants receivables were deemed collectible.

Accounts Receivable

Accounts receivable consists of amounts due to the Foundation, which were not received by the Foundation at year-end. Management of the Foundation reviews the collectability of the accounts receivable on a periodic basis. Management has determined that no reserve for doubtful accounts is necessary at December 31, 2016.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investment instruments purchased with an initial maturity of three months or less to be cash equivalents.

Investments

In accordance with the Financial Accounting Standards Board's Accounting Standards Codification (ASC), investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Gains and losses on investments are reported in the statement of changes in net assets as increases or decreases in net assets.

Fair Values of Financial Instruments

The Foundation has adopted the provisions of the *Fair Value Measurements* section of FASB's ASC. The Foundation determines fair value consistent with the hierarchy established in this guidance which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets using Level 3 inputs are primarily valued using management's assumptions about the assumptions a market participant would utilize in pricing the asset. Valuation techniques utilized to determine fair value are consistently applied.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets and Depreciation

Fixed assets consist of office furniture and equipment. Fixed assets are recorded at cost and are depreciated over the estimated useful lives of 3 to 5 years using the straight-line method.

Deferred Revenues

Revenues for training seminars and financial support received in the current period, but are contingent upon future services to be provided by the Foundation, are deferred in the accompanying financial statements and recognized ratably over the term of the agreement in accordance with generally accepted accounting principles.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 those estimates.

Federal Income Tax Status

The Foundation has been granted exemption from Federal income taxes by the United States Treasury Department under section 501(c)(3) of the Internal Revenue Code. The Foundation qualifies for the charitable contribution deduction under section 170 and has also been classified as an entity that is not a private foundation within the meaning of section 509(a).

Management has evaluated the Foundation’s tax positions and concluded the Foundation had taken no uncertain tax positions. With few exceptions, the Foundation is no longer subject to income tax examinations by the U.S. Federal, State, or local tax authorities for years before 2014.

Recent Accounting Pronouncements

Financial Statements of Not-for-Profits

In August 2016, the FASB issued ASU 2016-14, "Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) - Presentation of Financial Statements of Not-for-Profit Entities." The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions," (b) modifying the presentation of endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for the Foundation's financial statements for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. Management is currently evaluating the impact of this ASU on its financial statements.

Subsequent Events

Subsequent events have been evaluated through August 28, 2017 the date on which these financial statements were available to be issued.

2. PLEDGE RECEIVABLE

On December 9, 2014, the Foundation received a pledge from a founding partner to receive $3,300,000 over a four year period. The Foundation is scheduled to receive $1,290,000 in year 1, $855,000 in year 2, $555,000 in year 3, and $600,000 in year 4. Of the total commitment, $300,000 is contingent on the Foundation receiving project specific approval for these funds. Contingent funds will be recognized in the period when the conditions upon which the contract depends are substantially met.

3. GRANTS RECEIVABLE

On December 14, 2016, the Foundation received an unconditional grant totally $81,598. As of December 31, 2016, the Foundation had not received the funds. Management expects to collect the funds within one year; therefore, the receivable is recorded at net realizable value.

4. DONATED SERVICES

The Foundation recognizes donated services that create or enhance non-financial assets or that require specialized skills, and would typically need to be purchased if not provided by donation. The amount of these contributed services was $25,086 in 2016.

5. INVESTMENTS

As of December 31, 2016, investments were comprised as follows:

Mutual funds	$	1,242,593
Cash		2
Total Investments	$	1,242,595

Investment return is comprised of the following for the year ended December 31, 2016:

Dividend and interest income	$	16,835
Unrealized gains/(losses)		(23,473)
Total Investment Return	$	(6,638)

6. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

6. **FAIR VALUE MEASUREMENTS (CONTINUED)**

If the assets or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2016:

	Level 1 Inputs	**Level 2 Inputs**	**Level 3 Inputs**	**Total Fair Value**
Mutual Funds:				
US Fixed Income	$ -	$ 990,981	$ -	$ 990,981
Non-US Fixed Income	-	251,612	-	251,612
Total Mutual Funds	-	1,242,593	-	1,242,593
Cash	2	-	-	2
Total Investments at Fair Value	$ 2	$ 1,242,593	$ -	$ 1,242,595

7. **CONCENTRATIONS OF CREDIT**

Cash

The Foundation maintains its cash with one financial institution of high credit quality who is a member of the FDIC. Occasionally, amounts on deposit exceed the $250,000 insured limit. However, management believes there is no significant uninsured risk related to cash and has not incurred any credit risk losses.

Revenues

The Foundation's primary source of revenue comes from one of the Foundation's founding partners. This support provides funding for infrastructure and operations, curriculum development and dissemination, and program and technology support. This founding partner may terminate their relationship with the Foundation upon thirty day written notice to the Foundation. Management does not believe significant credit risk exists at December 31, 2016.

8. NET ASSETS

Temporarily Restricted

Temporarily restricted net assets consist of donations, which have donor-imposed restrictions associated with them. As of December 31, 2016, temporary restricted net assets are available for the following purposes:

Purpose Restriction:		
Economically Distressed Settings	$	66,288
Coordinated School Health & Wellness		10,207
Out of School Programs		82,598
Tobacco & Nicotine Prevention		27,313
General Program		56,843
Total Temporary Net Assets	$	243,249

For the year ended December 31, 2016 net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Economically Distressed Settings	$	71,308
Coordinated School Health & Wellness		45,369
Out of School Programs		67,217
Tobacco & Nicotine Prevention		22,687
General Program		443,966
Total Net Assets Released from Restrictions	$	650,547

9. COMMITMENTS AND CONTINGENCIES

Operating Lease

The Foundation leases its office space under a non-cancellable operating lease. Lease expense for this operating lease amounted to $42,110 for the year ended December 31, 2016. Future minimum lease payments due under the non-cancellable operating lease are as follows:

Year ending December 31,		
2017	$	48,344
2018		45,763
2019		19,257
Total	$	113,364

CATCH GLOBAL FOUNDATION

SCHEDULE of FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016

	Program Services	Management & General	Fundraising	Total
EXPENSES:				
Salary and benefits	$ 464,654	$ 12,062	$ 77,292	$ 554,008
Contracted services	410,992	6,000	10,007	426,999
Other program services	359,560	-	-	359,560
Office expenses	65,765	8,889	1,290	75,944
Travel and meeting	47,839	136	410	48,385
Rent	4,200	38,260	-	42,460
Depreciation	-	2,859	-	2,859
Total Expenses	$ 1,353,010	$ 68,206	$ 88,999	$ 1,510,215