CATCH GLOBAL FOUNDATION

FINANCIAL STATEMENTS
with INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2017

CATCH GLOBAL FOUNDATION

TABLE of CONTENTS

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, 2017, and the related statements 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, 2017, 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.

500 W. 5th Street, Suite 1210 Austin, Texas 78701 (512) 480-8182 FAX: (512) 498-0813

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

September 11, 2018

GLASS & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

CATCH GLOBAL FOUNDATION

STATEMENT of FINANCIAL POSITION

DECEMBER 31, 2017

ASSETS

CURRENT ASSETS:		
Cash	$	341,729
Accounts receivable		34,145
Pledge receivable		900,000
Grants receivable		115,000
Prepaid expenses		13,224
Total Current Assets		1,404,098
INVESTMENTS		1,685,040
FIXED ASSETS, net		6,503
Total Assets	$	3,095,641

LIABILITIES and NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	$	33,937
Accrued expenses		75,087
Deferred revenue		557,748
Total Current Liabilities		666,772
NET ASSETS:		
Unrestricted		2,094,312
Temporarily restricted		334,557
Total Net Assets		2,428,869
Total Liabilities and Net Assets	$	3,095,641

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

CATCH GLOBAL FOUNDATION

STATEMENT of ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Total
REVENUES:			
Partner financial support	$ 736,667	$ -	$ 736,667
Grant income	10,000	862,206	872,206
Program service fees	462,821	-	462,821
Donated services	28,214	-	28,214
Other revenue	2,125	-	2,125
Donations	1,189	-	1,189
Investment return	92,870	-	92,870
Net assets released from restrictions	770,898	(770,898)	-
Total Revenues	2,104,784	91,308	2,196,092
EXPENSES:			
Program services	1,299,201	-	1,299,201
Supporting services:			
Management and general	81,137	-	81,137
Fundraising	67,961	-	67,961
Total Expenses	1,448,299	-	1,448,299
CHANGE in NET ASSETS	656,485	91,308	747,793
NET ASSETS:			
Beginning Balance	1,437,827	243,249	1,681,076
Ending Balance	$ 2,094,312	$ 334,557	$ 2,428,869

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

CATCH GLOBAL FOUNDATION

STATEMENT of CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

CASH FLOW from OPERATING ACTIVITIES:		
Change in net assets	$	747,793
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		3,658
Unrealized gain on investments		(30,066)
Realized gain on investments		(13,214)
Loss on disposal of fixed asset		280
Change in current assets:		
Accounts receivable		13,197
Pledge receivable		(390,704)
Grants receivable		(33,402)
Prepaid expenses		(3,732)
Change in current liabilities:		
Accounts payable		(6,122)
Accrued expenses		41,000
Deferred revenue		(160,560)
Net Cash Provided by Operating Activities		168,128
CASH FLOW from INVESTING ACTIVITIES:		
Fixed asset purchases		(2,356)
Proceeds from sale of investments		1,651,705
Purchases of investments		(2,050,871)
Net Cash Used by Investing Activities		(401,522)
NET DECREASE in CASH		(233,394)
CASH and CASH EQUIVALENTS:		
Beginning Balance		575,123
Ending Balance	$	341,729

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 (FASB) Accounting Standards Codification (ASC), 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 $2,094,312 at December 31, 2017.

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 $334,557 at December 31, 2017.

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, 2017.

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, 2017.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

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 on are substantially met. Donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose retention is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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.

Accounts Receivable

Accounts receivable represent amounts billed for training seminars that have not yet been collected. The Foundation reviews the collectability of the accounts receivable on a periodic basis. As of December 31, 2017, no reserve for doubtful accounts was required.

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

Investments in marketable securities with readily determinable fair values and investments in debt securities are reported at their fair values in the statement of financial position. Gains and losses on investments are included in the changes in net assets as increases or decreases in the statement of activities.

Fixed Assets

The Foundation capitalizes all acquisitions of property 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 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The following recent accounting pronouncements are being evaluated by the Foundation:

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which provides guidance to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial summary of significant accounting policies performance, and cash flows. These amendments change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. The ASU will be effective commencing with the Foundation's year ending December 31, 2018.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which provides guidance for revenue recognition. This ASU's core principle is that an entity will recognize revenue when it transfers promised goods and services to customers in an amount that reflects consideration to which the entity expects to be entitled in exchange for those goods and services. This ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgements and changes in judgements, and retrospective or modified retrospective adoption. The ASU will be effective commencing with the Foundation's year ending December 31, 2019. Early adoption of this ASU is allowed no sooner than the original effective date.

In February 2016, the FASB issued ASU 2016-02 *Leases (Topic 842).* Lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. The ASU will be effective commencing with the Foundation's year ending December 31, 2020. Early adoption is permitted.

Subsequent Events

Subsequent events have been evaluated through September 11, 2018, the date on which these financial statements were available to be issued.

2. GRANTS RECEIVABLE

On December 8, 2017, the Foundation received an unconditional grant for $140,000. The Foundation received $25,000 for the year ending December 31, 2017. The remaining grant funds are expected to be collected within one year; therefore, the grant receivable of $115,000 is recorded at net realizable value as of December 31, 2017.

3. 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. As of December 31, 2017, the total pledge owed to the Foundation is $900,000. 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. As of December 31, 2017, $166,667 of contingent funds were recognized.

4. FIXED ASSETS

Fixed assets at December 31, 2017, consisted of the following:

Furniture, fixtures and equipment	$	14,658
Total Fixed Assets		14,658
Less: accumulated depreciation		(8,155)
Total Fixed Assets, net	$	6,503

Depreciation expense for the year ended December 31, 2017 was $3,658.

5. 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 donated services received in 2017 was $28,214.

6. INVESTMENTS

As of December 31, 2017, investments were comprised as follows:

Mutual funds	$	1,685,037
Cash		3
Total Investments	$	1,685,040

Investment return is comprised of the following for the year ended December 31, 2017:

Dividend and interest income	$	49,590
Unrealized gains		30,066
Realized gains		13,214
Total Investment Return	$	92,870

7. 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. 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. The 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, 2017.

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, 2017:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Mutual Funds:				
US Fixed Income	$ -	$ 1,685,037	$ -	$ 1,685,037
Total Mutual Funds	-	1,685,037	-	1,685,037
Cash	3	-	-	3
Total Investments at Fair Value	$ 3	$ 1,685,037	$ -	$ 1,685,040

8. 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.

8. CONCENTRATIONS OF CREDIT (CONTINUED)

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, 2017.

9. NET ASSETS

Temporarily Restricted

Temporarily restricted net assets consist of donations, which have donor-imposed restrictions associated with them. As of December 31, 2017, temporary restricted net assets are available for the following purposes:

Purpose Restriction:		
Coordinated school health & wellness	$	140,000
Tobacco & nicotine prevention		112,632
Economically distressed settings		81,925
Total Temporary Restricted Net Assets	$	334,557

For the year ended December 31, 2017 net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

General program	$	390,176
Economically distressed settings		173,362
Tobacco & nicotine prevention		131,348
Out of school programs		65,804
Coordinated school health & wellness		10,208
Total Net Assets Released from Restrictions	$	770,898

10. 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 $49,079 for the year ended December 31, 2017. Future minimum lease payments due under the non-cancellable operating lease are as follows:

Year ending December 31,		
2018		45,763
2019		19,257
Total	$	65,020

CATCH GLOBAL FOUNDATION

SCHEDULE of FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	Program Services	Management & General	Fundraising	Total
EXPENSES:				
Salary and benefits	$ 636,437	$ 7,322	$ 49,996	$ 693,755
Contracted services	303,973	9,450	11,992	325,415
Program services	232,724	-	-	232,724
Office expenses	82,077	11,938	4,692	98,707
Rent	360	48,719	445	49,524
Travel and meeting	43,605	50	836	44,491
Depreciation	-	3,658	-	3,658
Bad debt	25	-	-	25
Total Expenses	$ 1,299,201	$ 81,137	$ 67,961	$ 1,448,299