

**CATCH Global Foundation**  
Financial Statements  
For the Year Ended December 31, 2018

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of CATCH Global Foundation, a Texas not-for-profit corporation, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, 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.

### **Auditors' 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 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 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.

To the Board of Directors of  
CATCH Global Foundation  
Re: Independent Auditors' Report

### **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, 2018, 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.

### **Emphasis of Matter**

As discussed in *Note 1* to the financial statements, during the year ended December 31, 2018, the CATCH Global Foundation adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-14 – *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "Briggs & Veselka Co." is written over a horizontal line.

Briggs & Veselka Co.  
Austin, Texas

July 31, 2019

**CATCH GLOBAL FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2018**

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<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 274,747
Accounts receivable	53,362
Pledge receivable	29,513
Grants receivable	10,000
Prepaid expenses	<u>14,265</u>
Total current assets	381,887
Investments	2,017,934
Fixed assets, net	<u>6,292</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,406,113</u></b>
<b>LIABILITIES AND NET ASSETS</b>	
Current liabilities	
Accounts payable	\$ 31,021
Accrued expenses	39,492
Deferred revenue	<u>40,154</u>
Total liabilities	110,667
Net assets	
Without donor restrictions	2,116,794
With donor restrictions	<u>178,652</u>
Total net assets	<u>2,295,446</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,406,113</u></b>

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

**CATCH GLOBAL FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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	<u>Without Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues</b>			
Partner financial support	\$ 533,333	\$ -	\$ 533,333
Program service fees	490,940	-	490,940
Grant income	-	433,811	433,811
Donated services	26,875	-	26,875
Donations	6,441	-	6,441
Other revenue	6,292	-	6,292
Investment loss	(16,866)	-	(16,866)
Net assets released from restrictions	<u>589,716</u>	<u>(589,716)</u>	<u>-</u>
Total revenues	1,636,731	(155,905)	1,480,826
<b>Expenses</b>			
Program services	1,339,200	-	1,339,200
Supporting services			
Management and general	106,388	-	106,388
Fundraising	<u>168,661</u>	<u>-</u>	<u>168,661</u>
Total expenses	<u>1,614,249</u>	<u>-</u>	<u>1,614,249</u>
Change in net assets	22,482	(155,905)	(133,423)
Net assets, beginning of year	<u>2,094,312</u>	<u>334,557</u>	<u>2,428,869</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 2,116,794</u></u>	<u><u>\$ 178,652</u></u>	<u><u>\$ 2,295,446</u></u>

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

**CATCH GLOBAL FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Expenses				
Salary and benefits	\$ 709,359	\$ 25,804	\$ 111,258	\$ 846,421
Contracted services	229,301	11,300	44,250	284,851
Program services	229,607	-	-	229,607
Office expenses	94,489	13,351	6,795	114,635
Travel and meeting	76,146	1,456	6,358	83,960
Rent	298	49,300	-	49,598
Depreciation	-	3,976	-	3,976
Bad debt	-	1,201	-	1,201
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total expenses	<u>\$ 1,339,200</u>	<u>\$ 106,388</u>	<u>\$ 168,661</u>	<u>\$ 1,614,249</u>

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

**CATCH GLOBAL FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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Cash flows from operating activities	
Change in net assets	\$ (133,423)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	3,976
Unrealized loss on investments	85,604
Realized gain on investments	(8,590)
Loss on disposal of fixed asset	351
Change in current assets and liabilities	
Accounts receivable	(19,217)
Pledge receivable	870,487
Grants receivable	105,000
Prepaid expenses	(1,041)
Accounts payable	(2,916)
Accrued expenses	(35,595)
Deferred revenue	<u>(517,594)</u>
Net cash from operating activities	347,042
Cash flows from investing activities	
Fixed asset purchases	(4,117)
Proceeds from sale of investments	263,757
Purchases of investments	<u>(673,664)</u>
Net cash from investing activities	<u>(414,024)</u>
Net change in cash and cash equivalents	(66,982)
Cash and cash equivalents, beginning of year	<u>341,729</u>
Cash and cash equivalents, end of year	<u>\$ 274,747</u>

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 (U.S. GAAP), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation’s management and the Board of Directors.
- **Net Assets With Donor Restrictions** – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There were no perpetual donor restrictions as of December 31, 2018.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

**Contributions** – All contributions are considered to be without restrictions unless specifically restricted by the donor. Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose retention is accomplished), net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

**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 and cash equivalents.

**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, 2018, no reserve for doubtful accounts was required.

**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.

**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.

**CATCH GLOBAL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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**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 U.S. GAAP.

**Use of Estimates** – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Functional Expenses** – The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salary and benefits	Time and effort
Contracted services	Time and effort
Program services	Time and effort
Office expenses	Time and effort
Travel and meeting	Time and effort
Rent	Time and asset use for programs
Depreciation	Time and asset use for programs
Bad debt	Time and effort

**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 2015.

**Recent Accounting Pronouncements** – In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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.

**CATCH GLOBAL FOUNDATION**  
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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.

In 2018, the Foundation adopted the FASB ASU No. 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The main provisions of this update includes: presentation of two classes of net assets; reporting investment return net of external and direct internal investment expenses; qualitative and quantitative information regarding liquidity and availability of resources; 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; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions.

**NOTE 2 – AVAILABILITY AND LIQUIDITY**

The following represents the Foundation's financial assets at December 31, 2018.

Financial assets at year-end	
Cash and cash equivalents	\$ 274,747
Accounts receivable	53,362
Pledge receivable	29,513
Grants receivable	10,000
Investments	<u>2,017,934</u>
Total financial assets	2,385,556
Less amounts not available to be used within one year:	
Net assets with donor restrictions	178,652
Less: purpose restrictions to be met in less than one year	<u>(160,000)</u>
Total amounts not available to be used within one year	<u>18,652</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,366,904</u>

The Foundation's goal is generally to maintain short-term financial assets to meet annual operating expenses (approximately \$1,600,000). As part of its 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 program and supporting services of the Foundation.

**NOTE 3 – GRANTS RECEIVABLE**

On December 31, 2018, the Foundation received a conditional grant for \$10,000. The Foundation received the \$10,000 in 2019.

**CATCH GLOBAL FOUNDATION**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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**NOTE 4 – PLEDGE RECEIVABLE**

On August 1, 2018, the Foundation received a pledge grant for \$78,700 to be received over one year. The Foundation received \$49,187 during 2018. The remaining amount of \$29,513 is to be collected in 2019.

**NOTE 5 – FIXED ASSETS**

Fixed assets at December 31, 2018, consisted of the following:

Furniture, fixtures and equipment	\$ 17,153
Less: accumulated depreciation	<u>(10,861)</u>
Total fixed assets, net	<u>\$ 6,292</u>

Depreciation expense for 2018 was \$3,976.

**NOTE 6 – DONATED SERVICES**

The Foundation recognizes donated services that create or enhance nonfinancial 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 2018 was \$26,875.

**NOTE 7 – INVESTMENTS**

As of December 31, 2018, investments were comprised as follows:

Mutual funds	<u>\$ 2,017,934</u>
Total investments	<u>\$ 2,017,934</u>

Investment loss is comprised of the following for 2018:

Dividend and interest income	\$ 60,148
Unrealized loss	(85,604)
Realized gains	<u>8,590</u>
Total investment loss	<u>\$ (16,866)</u>

**NOTE 8 – 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).

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**NOTES TO FINANCIAL STATEMENTS**  
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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 Foundation 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, 2018.

**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, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
US fixed income	\$ -	\$ 2,017,934	\$ -	\$ 2,017,934
Total investments at fair value	<u>\$ -</u>	<u>\$ 2,017,934</u>	<u>\$ -</u>	<u>\$ 2,017,934</u>

**NOTE 9 – 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 existed at December 31, 2018.

**CATCH GLOBAL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 – NET ASSETS**

**With Donor Restrictions** – Net assets with donor restrictions consisted of donations, which have donor imposed restrictions associated with them. As of December 31, 2018, net assets with donor restrictions are available for the following purposes:

Purpose restriction	
Tobacco and nicotine prevention	\$ 98,909
Coordinated school health and wellness	50,230
Out of school programs	<u>29,513</u>
 Total net assets with donor restrictions	 <u>\$ 178,652</u>

For 2018, net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Tobacco and nicotine prevention	\$ 314,089
Out of school programs	103,931
Coordinated school health and wellness	89,770
Economically distressed settings	<u>81,926</u>
 Total net assets released from restrictions	 <u>\$ 589,716</u>

**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

**Operating Lease** – The Foundation leases its office space under a noncancellable operating lease. Lease expense for this operating lease amounted to \$49,490 for 2018. Future minimum lease payments due under the noncancellable operating lease are as follows:

<u>For the Year Ending</u> <u>December 31,</u>	<u>Amounts</u>
2019	\$ 39,876
2020	49,938
2021	51,118
2022	<u>30,136</u>
 Total	 <u>\$ 171,068</u>

**NOTE 12 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through July 31, 2019, the date on which these financial statements were available to be issued.