

**CATCH Global Foundation**  
Financial Statements  
For the Year Ended December 31, 2019

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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, 2019, 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, 2019, 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.

  
Briggs & Veselka Co.  
Briggs & Veselka Co.  
Austin, Texas

November 11, 2020

**CATCH GLOBAL FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**

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<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 74,369
Accounts receivable	60,263
Grants receivable	47,489
Prepaid expenses	<u>31,305</u>
Total current assets	213,426
Investments	1,891,684
Fixed assets, net	<u>3,219</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,108,329</u></b>
<b>LIABILITIES AND NET ASSETS</b>	
Current liabilities	
Accounts payable	\$ 16,558
Accrued expenses	33,248
Deferred revenue	<u>61,058</u>
Total liabilities	110,864
Net assets	
Without donor restrictions	1,773,048
With donor restrictions	<u>224,417</u>
Total net assets	<u>1,997,465</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,108,329</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, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Program service fees	\$ 498,079	\$ -	\$ 498,079
Grant income	-	1,543,446	1,543,446
Donated services	39,766	-	39,766
Donations	2,671	2,082	4,753
Other revenue	1,111	-	1,111
Net investment return	223,769	-	223,769
Net assets released from restrictions	<u>1,499,763</u>	<u>(1,499,763)</u>	<u>-</u>
Total revenues, gains, and other support	2,265,159	45,765	2,310,924
Expenses			
Program services	2,249,080	-	2,249,080
Supporting services			
Management and general	139,485	-	139,485
Fundraising	<u>220,340</u>	<u>-</u>	<u>220,340</u>
Total expenses	<u>2,608,905</u>	<u>-</u>	<u>2,608,905</u>
Change in net assets	(343,746)	45,765	(297,981)
Net assets, beginning of year	<u>2,116,794</u>	<u>178,652</u>	<u>2,295,446</u>
NET ASSETS, END OF YEAR	<u>\$ 1,773,048</u>	<u>\$ 224,417</u>	<u>\$ 1,997,465</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, 2019**

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		<u>Supporting Services</u>		
	<u>Program</u>	<u>Management</u>		
	<u>Services</u>	<u>and</u>	<u>Fundraising</u>	<u>Total</u>
		<u>General</u>		
Expenses				
Salary and benefits	\$ 714,226	\$ 52,436	\$ 196,365	\$ 963,027
Contracted services	1,203,542	15,531	15,512	1,234,585
Program services	135,670	-	-	135,670
Office expenses	78,245	11,379	4,384	94,008
Travel and meeting	45,887	1,020	4,079	50,986
Rent	219	55,366	-	55,585
Depreciation	-	3,753	-	3,753
Grants and direct assistance	71,291	-	-	71,291
	<u>71,291</u>	<u>-</u>	<u>-</u>	<u>71,291</u>
Total expenses	<u>\$ 2,249,080</u>	<u>\$ 139,485</u>	<u>\$ 220,340</u>	<u>\$ 2,608,905</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, 2019**

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Cash flows from operating activities	
Change in net assets	\$ (297,981)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	3,753
Unrealized gain on investments	(159,548)
Realized gain on investments	(12,230)
Change in operating assets and liabilities:	
Accounts receivable	(6,901)
Pledge receivable	29,513
Grants receivable	(37,489)
Prepaid expenses	(17,040)
Accounts payable	(14,463)
Accrued expenses	(6,244)
Deferred revenue	<u>20,904</u>
Net cash from operating activities	(497,726)
Cash flows from investing activities	
Fixed asset purchases	(680)
Proceeds from sale of investments	570,000
Purchases of investments	<u>(271,972)</u>
Net cash from investing activities	<u>297,348</u>
Net change in cash and cash equivalents	(200,378)
Cash and cash equivalents, beginning of year	<u>274,747</u>
Cash and cash equivalents, end of year	<u>\$ 74,369</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 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.

**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, 2019.

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.

**Revenue and Revenue Recognition** – Revenue is recognized when earned. Program service fees received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

**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, 2019, 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. Net investment return is reported in the statement of activities as an increase or decrease in net assets without donor restrictions and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

**CATCH GLOBAL FOUNDATION**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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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 three to five years using the straight-line method.

**Donated Services** – Donated services are recorded at their respective fair values of the services received.

**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, expenses, gains, losses and other changes in net assets during the reporting period, as well as the allocation of expenses among the various functions. Actual results could differ from those estimates.

**Concentrations of Credit Risk** – Financial instruments, which subject the Foundation to concentrations of credit risk, consist principally of cash and cash equivalents. The Foundation places its cash and cash equivalents with a high credit quality financial institution. At times, deposits with this financial institution may exceed insured limits; however, these amounts typically may be redeemed upon demand and, therefore, bear minimal risk. In monitoring this credit risk, the Foundation periodically evaluates the stability of the financial institution. Credit risk associated with receivables are considered to be limited due to high historical collection rates. Investments are made by diversified investment managers whose performance is monitored by management and the Board of Directors. Although fair values of investments are subject to fluctuation on a year to year basis, management and the Board of Directors believe that that investment policies and guideline are prudent for the long-term welfare of the Foundation.

**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 programs 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
Office expenses	Time and effort
Travel and meeting	Time and effort
Rent	Time and asset use for programs

**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 2016.

**CATCH GLOBAL FOUNDATION**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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**Recently Implemented Accounting Pronouncements** – In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. These amendments clarify and improve the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit associations and business enterprises. The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the Foundation follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. This is important because such classification affects the timing of contribution revenue and expense recognition. With some exceptions, the guidance is effective for annual periods beginning after December 15, 2018.

The effects of this pronouncement are presented in the financial statements.

**NOTE 2 – UPCOMING ACCOUNTING PRONOUNCEMENTS**

In May 2014, the FASB issued ASU No. 2014-09, *Revenue From Contracts With Customers (Topic 606)*, establishing a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. This update provides a five-step analysis in determining when and how revenue is recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services and will supersede most of the existing revenue recognition guidance, including industry-specific guidance. In June 2020, the FASB issued ASU No. 2020-05, *Revenue From Contracts With Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, to defer these two standards. Under the deferral for revenue recognition rules, private companies, and private not-for-profit associations can apply the standard to fiscal years beginning after December 15, 2019.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The ASU will require most leases to be recognized on the statement of financial position as lease assets and lease liabilities and will require both quantitative and qualitative disclosures regarding key information about leasing arrangements. Lessor accounting is largely unchanged. Under the deferral for leases rules, private companies and private not-for-profit associations can apply the standard to fiscal years beginning after December 15, 2021.

The Foundation is currently evaluating the impact this guidance will have on its financial statements and related disclosures.

**NOTE 3 – AVAILABILITY AND LIQUIDITY**

The following represents the Foundation’s financial assets at December 31, 2019.

Financial assets at year-end	
Cash and cash equivalents	\$ 74,369
Accounts receivable	60,263
Grants receivable	47,489
Investments	1,891,684
Total financial assets	<u>2,073,805</u>

**CATCH GLOBAL FOUNDATION**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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Less amounts not available to be used within one year:	
Net assets with donor restrictions	224,417
Less: purpose restrictions to be met in less than one year	<u>(199,417)</u>
Total amounts not available to be used within one year	<u>25,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,048,805</u>

The Foundation's goal is generally to maintain short-term financial assets to meet annual operating expenses. 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 4 – FIXED ASSETS**

Fixed assets at December 31, 2019, consisted of the following:

Furniture, fixtures, and equipment	\$ 17,833
Less: accumulated depreciation	<u>(14,614)</u>
Total fixed assets, net	<u>\$ 3,219</u>

Depreciation expense for 2019 was \$3,753.

**NOTE 5 – 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. During 2019, the Foundation received donated legal services of \$27,752.

**NOTE 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 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 asset 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.

**CATCH GLOBAL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

The asset 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, 2019.

**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 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, 2019:

	Fair Value Measurements at Reporting Date Using			Fair Value
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable (Level 2)	Significant Unobservable Inputs (Level 3)	
Mutual funds:				
US fixed income	\$ -	\$ 1,891,684	\$ -	\$ 1,891,684
Total investments at fair value	\$ -	\$ 1,891,684	\$ -	\$ 1,891,684

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes:

Purpose restrictions	
Tobacco and nicotine prevention	\$ 56,015
Coordinated school health and wellness	163,183
Out of school programs	5,219
Total net assets with donor restrictions	\$ 224,417

For 2019, net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

Tobacco and nicotine prevention	\$ 1,289,560
Out of school programs	49,294
Coordinated school health and wellness	160,909
Total net assets released from restrictions	\$ 1,499,763

**NOTE 8 – LEASES**

**Operating Lease** – The Foundation leases its office space under a noncancellable operating lease. Lease expense for this operating lease amounted to \$55,366 for 2019. 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>
2020	\$ 49,938
2021	51,118
2022	<u>30,136</u>
Total	<u>\$ 131,192</u>

**NOTE 9 – SUBSEQUENT EVENTS**

Subsequent to year-end, many countries around the world, including the United States, were impacted by the coronavirus (the “virus” or COVID-19) outbreak. While the virus is continuing to evolve, its implications could involve interruptions to supply chains, unavailability of personnel, and reductions in program service fees, contributions, and grant assistance, affecting results of operations and cash flows. In addition, the Foundation may be impacted by the broader effects of COVID-19 as a result of the negative impact the virus has had on the global economy and major financial markets. At this time, the Foundation is not aware of any material risk to the financial statements and cannot quantify the extent the virus may have on the Foundation’s financial information.

In response to the COVID-19 pandemic, the U.S. Small Business Administration (the “SBA”) is making available low-interest rate loans to qualified small businesses and certain tax-exempt organizations, included under its Paycheck Protection Program (the “PPP”). In April 2020, the Foundation applied and was granted a \$170,300 loan (SBA loan). The SBA loan has an interest rate of 1.0% and matures in April 2022.

Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act commonly referred to as the CARES Act, provides for forgiveness of up to the full principal amount of qualifying loans guaranteed under the PPP. The PPP and loan forgiveness are intended to provide economic relief to small businesses and certain tax-exempt entities, such as the Foundation, that are adversely impacted under the COVID-19 Emergency Declaration issued by President Trump on March 13, 2020. As of the date these financial statements were available to be issued, the Foundation has submitted a loan forgiveness application and the application is pending review.

Subsequent events have been evaluated through November 11, 2020, the date on which these financial statements were available to be issued.