

CATCH Global Foundation
Financial Statements
For the Year Ended December 31, 2020

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of CATCH Global Foundation, a Texas nonprofit corporation, which comprise the statement of financial position as of December 31, 2020, 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 auditors consider 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, 2020, 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.
Austin, Texas

September 14, 2021

CATCH GLOBAL FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

Current assets

Cash and cash equivalents	\$ 77,619
Accounts receivable	95,677
Grants receivable	7,498
Prepaid expenses	<u>31,823</u>

Total current assets 212,617

Investments at fair value 1,740,807

Fixed assets, net 997

TOTAL ASSETS \$ 1,954,421

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 11,509
Accrued expenses	44,209
Deferred revenue	<u>83,391</u>

Total current liabilities 139,109

Deferred payroll taxes, noncurrent 12,748

Total liabilities 151,857

Net assets

Without donor restrictions	1,579,985
With donor restrictions	<u>222,579</u>

Total net assets 1,802,564

TOTAL LIABILITIES AND NET ASSETS \$ 1,954,421

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

CATCH GLOBAL FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Grant income	\$ -	\$ 1,507,849	\$ 1,507,849
Program service fees	410,614	-	410,614
Net investment return	149,125	-	149,125
Donations	15,438	3,450	18,888
Donated services	13,763	-	13,763
Other revenue	1,000	-	1,000
Net assets released from restrictions	<u>1,513,137</u>	<u>(1,513,137)</u>	<u>-</u>
Total revenues, gains, and other support	2,103,077	(1,838)	2,101,239
Expenses			
Program services	1,921,404	-	1,921,404
Supporting services			
Management and general	162,286	-	162,286
Fundraising	<u>212,450</u>	<u>-</u>	<u>212,450</u>
Total expenses	<u>2,296,140</u>	<u>-</u>	<u>2,296,140</u>
Change in net assets	(193,063)	(1,838)	(194,901)
Net assets, beginning of year	<u>1,773,048</u>	<u>224,417</u>	<u>1,997,465</u>
NET ASSETS, END OF YEAR	<u>\$ 1,579,985</u>	<u>\$ 222,579</u>	<u>\$ 1,802,564</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, 2020

	Program Services	Supporting Services		Total Expenses
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Expenses				
Contracted services	\$ 1,061,930	\$ 31,391	\$ 12,000	\$ 1,105,321
Salary and benefits	730,519	62,781	191,525	984,825
Office expenses	65,797	14,953	8,382	89,132
Rent	-	50,804	-	50,804
Program services	35,624	-	-	35,624
Grants and direct assistance	21,428	-	-	21,428
Travel and meeting	6,106	135	543	6,784
Depreciation	-	2,222	-	2,222
Totals	<u>\$ 1,921,404</u>	<u>\$ 162,286</u>	<u>\$ 212,450</u>	<u>\$ 2,296,140</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, 2020

Cash flows from operating activities	
Change in net assets	\$ (194,901)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	2,222
Unrealized gain on investments	(104,890)
Change in operating assets and liabilities:	
Accounts receivable	(27,438)
Pledge receivable	29,513
Grants receivable	2,502
Prepaid expenses	(519)
Accounts payable	(5,049)
Accrued expenses	23,709
Deferred revenue	<u>22,333</u>
Net cash from operating activities	(252,518)
Cash flows from investing activities	
Proceeds from sale of investments	301,376
Purchases of investments	<u>(45,608)</u>
Net cash from investing activities	<u>255,768</u>
Net change in cash and cash equivalents	3,250
Cash and cash equivalents, beginning of year	<u>74,369</u>
Cash and cash equivalents, end of year	<u>\$ 77,619</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 nonprofit corporation with the primary intent to improve children’s health worldwide by developing, disseminating, and sustaining the Coordinated Approach to Child Health (CATCH) platform. The Foundation links underserved schools and communities to the resources necessary to create and sustain healthy change for future generations.

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, 2020.

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 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, 2020, 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, 2020

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.

Risks and Uncertainties – During 2020, many countries around the world, including the United States of America, were impacted by the coronavirus (the “virus” or COVID-19) outbreak. While the virus is continuing to evolve, its implications could involve unavailability of personnel and disruptions of supply chains. In addition, the Foundation has been 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, management is not aware of any material risk to the Foundation’s financial statements and cannot quantify the full extent the virus will have on the Foundation’s financial information.

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

CATCH GLOBAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 2018.

Recently Adopted Accounting Pronouncements – In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 an organization expects to receive in exchange for those goods or services and will supersede most of the existing revenue recognition guidance, including industry-specific guidance. This guidance was effective for annual reporting periods beginning after December 15, 2019 for nonpublic entities and as such, the Foundation adopted the new standards effective January 1, 2020 using the modified retrospective transition method.

Analysis of various provisions of this standard resulted in no significant changes in the way the Foundation recognizes revenue and, therefore, no changes to the previously issued audited financial statements were required.

NOTE 2 – UPCOMING ACCOUNTING PRONOUNCEMENTS

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. 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 standards. Under the deferral for leases rules, private companies and private not-for-profit organizations can apply the standard to fiscal years beginning after December 15, 2021.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires a not-for-profit to disclose contributed nonfinancial assets recognized within the statement of activities disaggregated by category that depicts the type of contributed nonfinancial assets and includes additional disclosure requirements for each category of contributed nonfinancial assets recognized. The ASU is effective for a not-for-profit entity for annual periods beginning after June 15, 2021. Early adoption is permitted.

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

CATCH GLOBAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 – LIQUIDITY AND AVAILABILITY

The following represents the Foundation’s financial assets at December 31, 2020:

Financial assets at year-end	
Cash and cash equivalents	\$ 77,619
Accounts receivable	95,677
Grants receivable	7,498
Investments at fair value	<u>1,740,807</u>
Total financial assets	1,921,601
Less: amounts not available to be used within one year:	
Net assets with donor restrictions	222,579
Less: purpose restrictions to be met in less than one year	<u>(197,579)</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><u>\$ 1,896,601</u></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, 2020, consisted of the following:

Furniture, fixtures, and equipment	\$ 17,833
Less: accumulated depreciation	<u>(16,836)</u>
Total fixed assets, net	<u><u>\$ 997</u></u>

Depreciation expense for 2020 was \$2,222.

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 2020, the Foundation received donated legal services a total of \$7,753, which is included with contracted services in the statement of functional expenses.

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).

CATCH GLOBAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
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The three levels of the fair value hierarchy under FASB Accounting Standards Codification (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.

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, 2020.

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, 2020:

	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Fair Value</u>
Mutual funds:				
U.S. fixed income	\$ -	\$ 1,740,807	\$ -	\$ 1,740,807
Total investments at fair value	<u>\$ -</u>	<u>\$ 1,740,807</u>	<u>\$ -</u>	<u>\$ 1,740,807</u>

NOTE 7 – DEFERRED PAYROLL TAXES

The Coronavirus Aid, Relief, and Economic Security (CARES) Act provides for various tax relief and tax incentive measures which are not expected to have a material impact on the Foundation’s results of operations. The CARES Act permits deferral of payroll taxes through December 31, 2020. During 2020, under the CARES Act, the Foundation deferred the payment of \$25,496 of payroll taxes, 50% of which are due by December 31, 2021, and the remainder of which are due by December 31, 2022.

NOTE 8 – PAYCHECK PROTECTION PROGRAM (PPP) GRANT

On March 27, 2020, the CARES Act, was signed into law. One component of the CARES Act was the Paycheck Protection Program (PPP), which provides qualified small businesses and certain tax-exempt organizations with the resources needed to help provide economic relief due to the adverse impact of COVID-19. The PPP is implemented by the U.S. Small Business Administration (SBA) with support from the U.S. Department of the Treasury. In April 2020, the Foundation received a PPP loan in the amount of \$170,299. The PPP loan has an interest rate of 1% and matures in April 2022.

Under the requirements of the CARES Act, as amended by the PPP Flexibility Act and Consolidated Appropriations Act, 2021, proceeds may only be used for the Foundation’s eligible payroll costs, or certain other qualified expenses, paid during the covered period following disbursement. Loan payments are deferred beginning on the date of the note and ending 10 months after the last day of the covered period.

The Foundation has accounted for the PPP loan in accordance with FASB ASC 958-605 as a conditional contribution. The Foundation initially recorded the amount received as a refundable advance followed by a reduction in the advance and recognition of revenue as the aforementioned conditions are substantially met.

During 2020, the Foundation used the entire proceeds for purposes consistent with the PPP, resulting in recognition of the entire loan amount as a grant income and including with grant income in the accompanying statement of financial activities. In June 2021, the Foundation received a notice from their lender that the PPP loan had been forgiven and was paid in full by the SBA.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

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

Purpose restrictions	
Tobacco and nicotine prevention	\$ 31,820
Coordinated school health and wellness	<u>190,759</u>
Total net assets with donor restrictions	<u>\$ 222,579</u>

For 2020, net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

Tobacco and nicotine prevention	\$ 1,084,195
Out of school programs	5,219
Coordinated school health and wellness	253,424
PPP grant (<i>Note 8</i>)	<u>170,299</u>
Total net assets released from restrictions	<u>\$ 1,513,137</u>

NOTE 10 – LEASES

Operating Lease – The Foundation leases its office space under a noncancellable operating lease. Lease expense for this operating lease amounted to \$50,804 for 2020. Future minimum lease payments due under the noncancellable operating lease are as follows:

<u>For the Year Ending December 31,</u>	<u>Amounts</u>
2021	\$ 51,118
2022	<u>30,136</u>
Total	<u>\$ 81,254</u>

NOTE 11 – SUBSEQUENT EVENTS

In March 2021, the Foundation qualified for and received a second disbursement of funding pursuant to the PPP from the lender in the amount of \$185,235. The PPP loan bears interest at a fixed rate of 1.00% per annum. The amount of the monthly payment is not determined as of the loan date, and the lender is to provide the monthly installment payment to the Foundation after the deferment period. The note has a term of five years and is unsecured and guaranteed by the SBA. The principal amount of the PPP loan is subject to forgiveness under the PPP upon the Foundation's request to the extent that the PPP loan proceeds are used to pay expenses permitted by the SBA, including payroll costs, covered rent obligations, and covered utility payments incurred by the Foundation.

Subsequent events have been evaluated through September 14, 2021, the date on which these financial statements were available to be issued.