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AUDITED FINANCIAL STATEMENTS

June 30, 2020

Catalyst Education, Inc.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Catalyst Education, Inc.
New Orleans, Louisiana

We have audited the accompanying financial statements of Catalyst Education, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, 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 from 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.

3330 West Esplanade Avenue, Suite 100
Metairie, LA 70002

P: (504) 838-9991 F: (504) 833-7971
www.kl-cpa.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catalyst Education, Inc. as of June 30, 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.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
May 25, 2021

Catalyst Education, Inc.
STATEMENT OF FINANCIAL POSITION
June 30, 2020

CURRENT ASSETS		
Cash and cash equivalents	$	978,530
Restricted cash		2,152,137
Promises to give		3,785,799
Accounts receivable, net of allowance for bad debts of $20,000		23,967
Prepaid expenses		1,184
Due from employees		1,383
TOTAL CURRENT ASSETS		6,943,000
TOTAL ASSETS	$	6,943,000
CURRENT LIABILITIES		
Accounts payable – trade	$	200,779
Accrued expenses		15,791
Agency funds held for others		2,907,960
TOTAL CURRENT LIABILITIES		3,124,530
Paycheck Protection Program loan		146,365
TOTAL LIABILITIES		3,270,895
NET ASSETS		
Without donor restrictions		527,512
With donor restrictions		3,144,593
TOTAL NET ASSETS		3,672,105
TOTAL LIABILITIES AND NET ASSETS	$	6,943,000

See notes to financial statements.

Catalyst Education, Inc.
STATEMENT OF ACTIVITES AND CHANGES IN NET ASSETS
For the year ended June 30, 2020

	Without Restrictions	With Restrictions	Total
REVENUE AND SUPPORT			
Grant income	$ 511,050	$ 2,680,323	$ 3,191,373
Program revenue	87,010	-	87,010
Net assets released from restrictions - satisfaction of restrictions	1,151,844	(1,151,844)	-
TOTAL REVENUE AND SUPPORT	1,749,904	1,528,479	3,278,383
EXPENSES			
Program services	1,391,382	-	1,391,382
Management and general	153,706	-	153,706
Fundraising	39,752	-	39,752
TOTAL EXPENSES	1,584,840	-	1,584,840
CHANGE IN NET ASSETS	165,064	1,528,479	1,693,543
NET ASSETS, beginning of year	336,535	1,616,114	1,952,649
PRIOR PERIOD ADJUSTMENT	25,913	-	25,913
NET ASSETS, beginning of year, as restated	362,448	1,616,114	1,978,562
NET ASSETS, end of year	$ 527,512	$ 3,144,593	$ 3,672,105

See notes to financial statements.

Catalyst Education, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2020

	Program Services	Management and General	Fundraising	Total
Payroll and payroll-related expenses	$ 1,163,300	$ 15,749	$ 39,752	$ 1,218,801
Fees for Services (non-employee)	166,381	37,609	-	203,990
Legal & professional	-	35,363	-	35,363
Travel	26,942	2,693	-	29,635
Information Technology	10,361	12,952	-	23,313
Bad Debt Expense	-	20,000	-	20,000
Office Expenses	7,324	10,062	-	17,386
Occupancy	1,000	15,050	-	16,050
Conferences, conventions & meetings	8,190	-	-	8,190
Telephone	6,575	-	-	6,575
Insurance	-	3,193	-	3,193
Advertising	1,234	171	-	1,405
Bank Charges	-	632	-	632
Miscellaneous	75	232	-	307
	$ 1,391,382	$ 153,706	$ 39,752	$ 1,584,840

See notes to financial statements.

Catalyst Education, Inc.

STATEMENTS OF CASH FLOWS

For the year ended June 30, 2020

CASH FLOW FROM OPERATING ACTIVITIES:	
Change in net assets	$ 1,693,543
Adjustments to reconcile change in net assets to net cash from operating activities	
Bad debt expense	20,000
(Increase) decrease in operating assets	
Promises to give	(1,257,591)
Accounts receivable	21,684
Prepaid expenses	(1,184)
Due from employees	(1,383)
Increase (decrease) in operating liabilities	
Accounts payable – trade	155,187
Accrued expenses	5,317
Agency funds held for others	796,943
NET CASH FROM OPERATING ACTIVITIES	1,432,516
CASH FLOW FROM FINANCING ACTIVITES – Proceeds from Paycheck Protection Program loan	146,365
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	1,578,881
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT THE BEGINNING OF YEAR	1,551,786
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT THE END OF YEAR	$ 3,130,667

See notes to financial statements.

Catalyst Education, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization –

Catalyst Education, Inc. (the Organization) was incorporated on August 24, 2017 and assists schools, school systems, and nonprofits serving students and families connect with and leverage expert talent to help address their mission-critical needs and build organizational capacity. Specific activities performed by the Organization include:

1. Conducting consultations with organization leaders to help them diagnose their challenges and identify specific high-leverage projects where they can benefit from expert help.

2. Facilitating connections with a curated list of experts with the right mix of skills and experiences needed for the project.

3. Capturing lessons learned through a reflection and feedback process post-project completion.

Areas where organizations sought capacity building support included strategic planning, measurement and evaluation, curriculum development, stem, human capital, and governance.

Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements of Catalyst Education, Inc. (the Organization). The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to U.S. generally accepted accounting principles.

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions - Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted for programmatic purposes are excluded from this definition.

Restricted Cash

The Organization has cash that is restricted by donor-imposed time and/or purpose restrictions.

Promises to Give

The Organization records promises to give expected to be collected within one year at net realizable value. Promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Organization determines the allowance for uncollectable promises to give based on historical experience and a review of subsequent collections. Promises to give are written off when deemed uncollectable. The Organization had no allowance for uncollectable promises to give as of June 30, 2020.

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable and Credit Policies

Accounts receivable are comprised of unsecured, noninterest-bearing amounts due for program revenue. An allowance for doubtful accounts is based on management's estimate of possible uncollectible reimbursements based on historical experience and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. Allowance for doubtful accounts as of June 30, 2020 was $20,000.

Agency Funds Held for Others

Catalyst Education may receive and administer funds on behalf of another not-for-profit entity. The donor organization informs Catalyst Education as to whom the benefit organizations are. Catalyst Education is allowed to disburse funds to or for the benefit of these named recipient organizations. These funds are reported as “Agency funds held for others”, a current liability in the accompanying Statement of Financial Position.

Public Support and Revenues

The Organization recognizes contributions when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Grants and other contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor-imposed stipulations that limit the use of the donated assets. When a donor's restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Contributions of donated noncash assets are recorded at their estimated fair value at the date of donation.

"Program revenue" represents money received from other organizations seeking assistance with their challenges and from experts in various fields matched with these organizations. These amounts are billed and recognized into revenue upon project completion.

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

Donated services are recognized as contributions in accordance with Accounting Standards Codification ("ASC") 958-605, Not-for-profit Entities - Revenue Recognition, if the services: (a) create or enhance non-financial assets or (b) require specialized skills, performed by people with those skills, and would otherwise be purchased by the Organization. There were no donated services recognized by the Organization during the year ended June 30, 2020.

Advertising Expense

Advertising costs are expensed as incurred. Advertising expense for the year ended June 30, 2020 was $1,405.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Louisiana Revenue and Taxation Code Section 17.22(a). Therefore, no provision for income taxes has been included in these financial statements.

The Organization recognizes the tax benefit from uncertain tax positions only if it is "more likely than not" the tax position will be sustained on examination by the taxing authorities. To the extent the Organization's assessment of such tax positions change, the change will be recorded in the period in which the determination is made. No adjustments were required for the year ended June 30, 2020. The tax return for the year ended June 30, 2020 has not been filed as of the date of the auditors' report. Returns for the years ended June 30, 2018 and 2019 are subject to federal examination.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates recorded in these financial statements as of June 30, 2020 include the accrued expenses and the estimated net realizable value of receivables.

Fair Value of Financial Instruments

Fair value estimates, methods and assumptions for the Organization's financial instruments of cash, restricted cash, accounts receivable, promises to give, due from employees, accounts payable and accrued expenses are that the carrying amounts reported approximate fair value at June 30, 2020.

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expense Reporting

The cost of providing program and supporting services has been summarized by function. Certain expenses have been allocated among the program and support services based on management's estimates of the costs.

New Accounting Pronouncements

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-08. Not-for-Profit Entities ("Topic 958") – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The update clarifies and improves accounting guidance in evaluating whether a transfer of assets is a contribution or an exchange transaction. In addition, the update introduces the concept of barriers in providing additional guidance on identifying conditions that would preclude the recognition of a contribution as revenue. The Organization has adjusted the presentation of the June 30, 2020 financial statements accordingly. The ASU has been applied on a modified prospective basis.

In May 2014, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update No. 2014-09. Revenue from Contracts with Customers ("Topic 606"), or ASU 606. ASU 606 provides guidance outlining a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers that supersedes most current revenue recognition guidance. This guidance requires the Organization to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additionally, the new guidance requires enhanced disclosures, including revenue recognition policies to identify performance obligations to customers and significant judgments in measurement and recognition. The new guidance may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of adoption.

The original effective date of the guidance would have required the Organization to adopt at July 1, 2018; however, the FASB approved a deferral of the effective date, which allowed the Organization to defer implementation until the year beginning July 1, 2020. The Organization is in the process of evaluating the overall impact this guidance will have on the financial statements beginning July 1, 2020.

NOTE 2 – OFF-BALANCE SHEET RISK

The Organization maintains its cash in bank accounts. The bank accounts are insured by the Federal Deposit Insurance Corporation up to $250,000. Cash at June 30, 2020 exceeded federally insured limits by $2,883,634. These cash balances could be impacted if the underlying financial institutions fail or could be subject to other adverse conditions in the financial markets.

NOTE 3 - CONCENTRATIONS

At June 30, 2020, one grantor accounted for 100% of total promises to give. This grantor accounted for 84% of total grant income for the year ended June 30, 2020.

NOTE 4 – DEFINED CONTRIBUTION PLAN

Effective January 1, 2020, the Organization has a defined contribution salary deferral plan covering substantially all employees. Under the plan, the Organization is permitted to make discretionary matching contributions equal to a uniform percentage or dollar amount of the employees' elective deferrals. Additionally, the Organization is permitted to make discretionary nonelective contributions under the Plan. During the year ended June 30, 2020, the Organization's matching contribution expense totaled $25,018.

NOTE 5 – PAYCHECK PROTECTION PROGRAM LOAN

On April 7, 2020, the Organization entered into a forgivable loan agreement through the Small Business Administration's Paycheck Protection Program. The loan matures on April 6, 2022 and bears interest at a rate of 0.98% annually. No payments were due during the six-month period from April 7, 2020 through October 6, 2020.

In January 2021, the Organization applied for and was approved for forgiveness of the loan received under the Small Business Administration Paycheck Protection Program for $146,365.

NOTE 6 – NET ASSETS WITH RESTRICTIONS

At June 30, 2020, total net assets with restrictions of $3,144,593 were available subject to expenditure for programmatic purposes. $1,151,844 of net assets with restrictions were released from restrictions by incurring expenses satisfying the restricted purpose for the year ended June 30, 2020.

NOTE 7 – PRIOR PERIOD ADJUSTMENT

The Organization determined that certain agreements, which were accounted for as exchange transactions in prior years, contained features that were more appropriately treated as contributions. Additionally, these agreements provided for agency funds related to others. The effect of these adjustments increased the changes in net assets for the year ended June 30, 2019 by $125,913 and decreased the changes in net assets for the year ended June 30, 2018 by $100,000. Net assets at June 30, 2019 were increased by $25,913 and net assets at June 30, 2018 were decreased by $100,000 as a result of these adjustments.

NOTE 8 – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy which are allocated on a square footage basis, as well as payroll expense, fees for services (non-employee), and legal and professional, which are allocated on the basis of estimates of time and effort.

NOTE 9 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's financial assets, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, restricted by donor, or subject to board-designated restriction. There were no board-designated restrictions as of June 30, 2020.

Fiscal year ending June 30, 2020		
Financial assets:		
Cash and cash equivalents	$	978,530
Restricted cash		2,152,137
Promises to give		3,785,799
Accounts receivable, net of allowance for bad debts		23,967
Due from employees		1,383
Financial assets, at June 30, 2020		6,941,816
Less agency funds		(2,907,960)
Less those unavailable for general expenditure within one year, due to restriction by donor		(3,144,593)
Financial assets available to meet cash needs for general expenditures within one year	$	889,263

NOTE 10 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date the financial statements were available to be issued, which corresponds with the date of the Independent Auditors' Report.

Except for the loan forgiveness previously discussed in Note 5, no other material subsequent events have occurred since June 30, 2020 that required recognition or disclosure in these financial statements.