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AUDITED FINANCIAL STATEMENTS

June 30, 2022 and 2021

Catalyst Education, Inc.
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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Catalyst Education, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Catalyst Education, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Catalyst Education, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Catalyst Education, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Catalyst Education, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
February 8, 2023

Catalyst Education, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	$ 1,212,900	$ 675,041
Restricted cash	3,056,800	3,396,768
Promises to give	1,396,951	740,693
Accounts receivable, net of allowance for bad debts of $20,000 as of June 30, 2022 and 2021	6,527	32,613
Prepaid expenses	1,338	2,502
Due from employees	2,575	1,639
TOTAL CURRENT ASSETS	5,677,091	4,849,256
TOTAL ASSETS	5,677,091	4,849,256
CURRENT LIABILITIES		
Accounts payable – trade	$ 397,431	$ 284,028
Accrued expenses	12,087	19,961
Agency funds held for others	2,743,617	1,651,095
TOTAL CURRENT LIABILITIES	3,153,135	1,955,084
TOTAL LIABILITIES	3,153,135	1,955,084
NET ASSETS		
Without donor restrictions	1,140,472	343,772
With donor restrictions	1,383,484	2,550,400
TOTAL NET ASSETS	2,523,956	2,894,172
TOTAL LIABILITIES AND NET ASSETS	$ 5,677,091	$ 4,849,256

See notes to financial statements

Catalyst Education, Inc.
STATEMENT OF ACTIVITES AND CHANGES IN NET ASSETS
For the year ended June 30, 2022

	Without Restriction	With Restriction	Total
REVENUE AND SUPPORT			
Grant income	$ 2,201,054	$ 477,656	$ 2,678,710
Program revenue	69,500	-	69,500
Net assets released from restrictions - satisfaction of restrictions	1,644,572	(1,644,572)	-
TOTAL REVENUES AND SUPPORT	3,915,126	(1,166,916)	2,748,210
EXPENSES			
Program services	2,753,759	-	2,753,759
Management and general	287,170	-	287,170
Fundraising	77,497	-	77,497
TOTAL EXPENSES	3,118,426	-	3,118,426
CHANGE IN NET ASSETS	796,700	(1,166,916)	(370,216)
NET ASSETS, beginning of year	343,772	2,550,400	2,894,172
NET ASSETS, end of year	$ 1,140,472	$ 1,383,484	$ 2,523,956

See notes to financial statements.

Catalyst Education, Inc.

STATEMENT OF ACTIVITES AND CHANGES IN NET ASSETS

For the year ended June 30, 2021

	Without Restriction	With Restriction	Total
REVENUE AND SUPPORT			
Grant income	$ 1,135,846	$ 1,085,344	$ 2,221,190
Program revenue	269,459	-	269,459
Gain on forgiveness of loan	146,365	-	146,365
Net assets released from restrictions - satisfaction of restrictions	1,679,537	(1,679,537)	-
TOTAL REVENUES AND SUPPORT	3,231,207	(594,193)	2,637,014
EXPENSES			
Program services	3,157,464	-	3,157,464
Management and general	208,443	-	208,443
Fundraising	49,040	-	49,040
TOTAL EXPENSES	3,414,947	-	3,414,947
CHANGE IN NET ASSETS	(183,740)	(594,193)	(777,933)
NET ASSETS, beginning of year	527,512	3,144,593	3,672,105
NET ASSETS, end of year	$343,772	$2,550,400	$2,894,172

See notes to financial statements

Catalyst Education, Inc.
STATEMENT OF FUNCTIONAL EXPENSE
For the year ended June 30, 2022

	Program Services	Management and General	Fundraising	Total
Payroll and payroll-related expenses	$ 2,182,004	$ 127,754	$ 77,497	$ 2,387,255
Fees for Services (non-employee)	495,096	12,921	-	508,017
Legal & professional	100	70,520	-	70,620
Information Technology	9,822	40,421	-	50,243
Occupancy	1,600	5,646	-	7,246
Telephone	2,200	12,550	-	14,750
Conferences, conventions & meetings	11,515	825	-	12,340
Insurance	-	11,133	-	11,133
Advertising	3,843	403	-	4,246
Office Expenses	12,060	4,815	-	16,875
Travel	29,210	128	-	29,338
Miscellaneous	6,309	14	-	6,323
Bank Charges	-	40	-	40
	$2,753,759	$ 287,170	$ 77,497	$ 3,118,426

See notes to financial statements

Catalyst Education, Inc.

STATEMENT OF FUNCTIONAL EXPENSE

For the year ended June 30, 2021

	Program Services	Management and General	Fundraising	Total
Payroll and payroll-related expenses	$ 1,719,642	$ 48,538	$ 49,040	$ 1,817,221
Fees for Services (non-employee)	1,406,605	21,125	-	1,427,730
Legal & professional	-	70,286	-	70,286
Information Technology	8,907	47,575	-	56,482
Occupancy	-	10,800	-	10,800
Telephone	7,638	2,150	-	9,788
Conferences, conventions & meetings	8,170	-	-	8,170
Insurance	-	5,539	-	5,539
Advertising	2,950	894	-	3,844
Office Expenses	2,784	838	-	3,622
Travel	568	522	-	1,090
Miscellaneous	200	-	-	200
Bank Charges	-	176	-	176
	$ 3,157,464	$ 208,443	$ 49,040	$ 3,414,947

See notes to financial statements

Catalyst Education, Inc.

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2022 and 2021

	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ (370,216)	$ (777,933)
Adjustments to reconcile change in net assets to net cash from operating activities		
Gain on forgiveness of loan	-	(146,365)
(Increase) decrease in operating assets		
Promises to give	(656,258)	3,045,106
Accounts receivable	26,086	(8,646)
Prepaid expenses	1,164	(1,318)
Due from employees	(936)	(256)
Increase (decrease) in operating liabilities		
Accounts payable – trade	113,403	83,250
Accrued expenses	(7,874)	4,169
Agency funds held for others	1,092,522	(1,256,865)
NET CASH FROM OPERATING ACTIVITIES	197,891	941,142
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	197,891	941,142
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT THE BEGINNING OF YEAR	4,071,809	3,130,667
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT THE END OF YEAR	$ 4,269,700	$ 4,071,809

See notes to financial statements.

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 restriction and net assets with donor restriction.

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

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

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. 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 considers all cash held for others related to the grant from the Gates Foundation to be restricted cash. As of June 30, 2022 and 2021, the Organization had $3,056,800 and $3,396,758 restricted for this purpose, respectively.

Grant Revenue and Promises to Give

The Organization recognizes grant revenue and contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest 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 met.

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

Grant Revenue and Promises to Give - continued

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 statements of activities. Conditional promises to give as of June 30, 2022 and 2021 totaled $412,363 and $546,514, respectively, and will be recorded into revenue upon satisfactory Organization performance as determined by the respective grantors.

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, 2022 and 2021.

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, 2022 and 2021 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.

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

Revenues and Support

"Program revenue" represents money received from other organization seeking assistance with their challenges and from experts in various fields matched with these organization. These amounts are billed and recognized into revenue upon project completion. Performance obligations are typically deemed satisfied when the services are rendered.

New Pronouncements

The organization has adopted Accounting Standards Update (ASU) No. 2020-07, "Not-for-Profit Entities (Topic 958)." This ASU seeks to increase transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU address certain stakeholders' concerns about lack of transparency about the measurement of contributed nonfinancial assets recognized by NFP's, as well as the amount of those contributions used in an NFP's programs and other activities. The adoption of ASU 2020-07 had no material impact on the Organization's financial statements as of and for the years ended June 30, 2022 and 2021.

Advertising Expense

Advertising costs are expensed as incurred. Advertising expense for the year ended June 30, 2022 and 2021 was $4,246 and $3,844, respectively.

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, 2022 and 2021. The tax return for the year ended June 30, 2022 has not been filed as of the date of the auditor's report. Tax years 2018, 2019, and 2020 are subject to federal examination.

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

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, 2022 and 2021 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, 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, 2022 and 2021.

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.

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, 2022 and 2021 exceeded federally insured limits by $4,020,333 and $3,964,090, respectively. 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

On June 30, 2022, three grantors accounted for 100% of total promises to give. During the year ended June 30, 2022, five grantors accounted for 95% of total grant income.

On June 30, 2021, one grantor accounted for 100% of total promises to give. During the year ended June 30, 2021, two grantors accounted for 84% of total grant income.

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, 2022 and 2021, the Organization's matching contribution expense totaled $92,862 and $68,369, respectively.

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, 2022, total net assets with restrictions of $1,383,484 were available subject to expenditure for programmatic purposes. $1,644,572 of net assets with restriction were released from restrictions by incurring expenses satisfying the restricted purpose for the year ended June 30, 2022.

At June 30, 2021, total net assets with restrictions of $2,550,400 were available subject to expenditure for programmatic purposes. $1,679,537 of net assets with restriction were released from restrictions by incurring expenses satisfying the restricted purpose for the year ended June 30, 2021.

NOTE 7 – FUNCTIONALIZED 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 8 - 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, 2022 and 2021.

Fiscal year ending June 30,	2022	2021
Financial assets:		
Cash and cash equivalents	$ 1,212,900	$ 675,041
Restricted cash	3,056,800	3,396,768
Promises to give	1,396,951	740,693
Accounts receivable, net of allowance for bad debts	6,527	32,613
Due from employees	2,575	1,639
Total financial assets	5,675,753	4,846,754
Less agency funds	(2,743,617)	(1,651,095)
Less those unavailable for general expenditure within one year, due to restriction by donor	(1,383,484)	(2,550,400)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,548,652	$ 645,259

NOTE 9 - 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.