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AUDITED FINANCIAL STATEMENTS

June 30, 2023 and 2022

Catalyst Education, Inc.
TABLE OF CONTENTS
June 30, 2023 and 2022

KUSHNER
LAGRAIZE, LLC
CPAs & CONSULTANTS

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, 2023 and 2022, 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, 2023 and 2022, 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.

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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
May 10, 2024

Catalyst Education, Inc.
STATEMENTS OF FINANCIAL POSITION
As of June 30, 2023 and 2022

	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	$ 133,128	$ 1,212,900
Certificate of deposit	2,000,000	-
Restricted cash	2,351,797	3,056,800
Promises to give	2,531,912	1,396,951
Accounts receivable, net of allowance for bad debts of $20,000 as of June 30, 2023 and 2022	12,886	6,527
Prepaid expenses	2,004	1,338
Due from employees	-	2,575
TOTAL CURRENT ASSETS	7,031,727	5,677,091
TOTAL ASSETS	$ 7,031,727	$ 5,677,091
CURRENT LIABILITIES		
Accounts payable – trade	$ 228,746	$ 397,431
Accrued expenses	18,383	12,087
Agency funds held for others	2,412,946	2,743,617
TOTAL CURRENT LIABILITIES	2,660,075	3,153,135
TOTAL LIABILITIES	2,660,075	3,153,135
NET ASSETS		
Without donor restrictions	2,416,169	1,140,472
With donor restrictions	1,955,483	1,383,484
TOTAL NET ASSETS	4,371,652	2,523,956
TOTAL LIABILITIES AND NET ASSETS	$ 7,031,727	$ 5,677,091

See notes to financial statements

Catalyst Education, Inc.

STATEMENT OF ACTIVITES AND CHANGES IN NET ASSETS

For the year ended June 30, 2023

	Without Donor Restriction	With Donor Restriction	Total
REVENUE AND SUPPORT			
Grant income	$ 2,973,537	$ 1,468,343	$ 4,441,880
Program revenue	732,738	-	732,738
Interest income	9,604	-	9,604
Net assets released from restrictions - satisfaction of restrictions	896,344	(896,344)	-
TOTAL REVENUES AND SUPPORT	4,612,223	571,999	5,184,222
EXPENSES			
Program services	2,801,163	-	2,801,163
Management and general	405,233	-	405,233
Fundraising	130,130	-	130,130
TOTAL EXPENSES	3,336,526	-	3,336,526
CHANGE IN NET ASSETS	1,275,697	571,999	1,847,696
NET ASSETS, beginning of year	1,140,472	1,383,484	2,523,956
NET ASSETS, end of year	$ 2,416,169	$ 1,955,483	$ 4,371,652

See notes to financial statements.

Catalyst Education, Inc.

STATEMENT OF ACTIVITES AND CHANGES IN NET ASSETS

For the year ended June 30, 2022

	Without Donor Restriction	With Donor 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)	-
	3,915,126	(1,166,916)	2,748,210
TOTAL REVENUES AND SUPPORT			
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 FUNCTIONAL EXPENSE
For the year ended June 30, 2023

	Program Services	Management and General	Fundraising	Total
Payroll and payroll-related expenses	$1,968,671	$236,477	$130,130	$2,335,278
Fees for Services (non-employee)	590,489	15,774	-	606,263
Grants to others	148,502	-	-	148,502
Legal & Professional	-	71,992	-	71,992
Information Technology	3,045	39,886	-	42,931
Occupancy	400	2,154	-	2,554
Telephone	550	10,650	-	11,200
Conferences, Conventions & Meetings	47,474	2,929	-	50,403
Insurance	-	11,971	-	11,971
Advertising	1,663	3,698	-	5,361
Office Expenses	3,903	9,860	-	13,763
Travel	35,599	1,155	-	36,754
Miscellaneous	842	(1,548)	-	(706)
Bank Charges	25	235		260
	$2,801,163	$405,233	$130,130	$3,336,526

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.

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2023 and 2022

	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ 1,847,696	$ (370,216)
Adjustments to reconcile change in net assets to net cash from operating activities		
(Increase) decrease in operating assets		
Promises to give	(1,134,961)	(656,258)
Accounts receivable	(6,359)	26,086
Prepaid expenses	(666)	1,164
Due from employees	2,575	(936)
Increase (decrease) in operating liabilities		
Accounts payable – trade	(168,685)	113,403
Accrued expenses	6,296	(7,874)
Agency funds held for others	(330,671)	1,092,522
NET CASH PROVIDED FROM OPERATING ACTIVITIES	215,225	197,891
CASH USED IN INVESTING ACTIVITIES – purchase of certificate of deposit	(2,000,000)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVILANTS AND RESTRICTED CASH	(1,784,775)	197,891
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT THE BEGINNING OF YEAR	4,269,700	4,071,809
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT THE END OF YEAR	$ 2,484,925	$ 4,269,700

See notes to financial statements.

Catalyst Education, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

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.

Certificate of Deposit

The organization has adopted Accounting Standards Update (ASU) No. 2020-07, "Not-for-Profit Entities (Topic 958)." Under Topic 958, the Organization values all certificates of deposit at the lower of cost or fair value. As of June 30, 2023, the Organization held a certificate of deposit with a cost of $2,000,000 which matures on July 17, 2023 and earns interest at an annual rate of 3.92%.

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, 2023 and 2022, the Organization had $2,351,797 and $3,056,800 restricted for this purpose, respectively.

Catalyst Education, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

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

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.

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, 2023 and 2022 totaled $0 and $412,363, 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, 2023 and 2022.

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, 2023 and 2022 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.

Catalyst Education, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

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.

Advertising Expense

Advertising costs are expensed as incurred. Advertising expense for the year ended June 30, 2023 and 2022 was $5,361 and $4,246, 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, 2023 and 2022. The tax return for the year ended June 30, 2023 has not been filed as of the date of the auditor's report. Tax years 2019, 2020, and 2021 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, 2023 and 2022 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, certificates of deposit, accounts receivable, promises to give, due from employees, accounts payable and accrued expenses, and agency funds held for others are that the carrying amounts reported approximate fair value at June 30, 2023 and 2022.

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 supporting services based on management's estimates of the costs.

NOTE 2 – OFF-BALANCE SHEET RISK

The Organization maintains its cash in bank accounts & certificates of deposits ("accounts"). The accounts are insured by the Federal Deposit Insurance Corporation up to $250,000. Cash at June 30, 2023 and 2022 exceeded federally insured limits by $4,238,425 and $4,020,333, 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, 2023, three grantors accounted for 93% of total promises to give. During the year ended June 30, 2023, three grantors accounted for 99% of total grant income.

On June 30, 2022, one grantor accounted for 100% of total promises to give. During the year ended June 30, 2022, two grantors accounted for 95% 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, 2023 and 2022, the Organization's matching contribution expense totaled $96,043 and $92,862, respectively.

NOTE 5 – NET ASSETS WITH RESTRICTIONS

At June 30, 2023, total net assets with restrictions of $1,955,483 were available subject to expenditure for programmatic purposes. $896,344 of net assets with restriction were released from restrictions by incurring expenses satisfying the restricted purpose for the year ended June 30, 2023.

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.

NOTE 6 – 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 payroll expense, fees for services (non-employee), and legal and professional, which are allocated on the basis of estimates of time and effort.

NOTE 7 - 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, 2023 and 2022.

Fiscal year ending June 30,	2023	2022
Financial assets:		
Cash and cash equivalents	$ 133,128	$ 1,212,900
Certificate of deposit	2,000,000	-
Restricted cash	2,351,797	3,056,800
Promises to give	2,531,912	1,396,951
Accounts receivable, net of allowance for bad debts	12,886	6,527
Due from employees	-	2,575
Total financial assets	7,029,723	5,675,753
Less agency funds	(2,412,946)	(2,743,617)
Less those unavailable for general expenditure within one year, due to restriction by donor	(1,955,483)	(1,383,484)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,661,294	$ 1,548,652

NOTE 8- 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.