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The Catalog for Giving, Inc.

***Financial Statements
Independent Auditor's Report***

For the Years Ended December 31, 2018 and 2017

A Certified Women-Owned Business Enterprise

in the Commonwealth of Massachusetts and the City of New York

4238 Washington Street, Suite 307 • Boston, MA 02131 •

1345 Avenue of the Americas 33rd Floor, New York, New York 10105

The Catalog for Giving, Inc.

For the Years Ended December 31, 2018 and 2017

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Independent Auditors' Report

To the Board of Directors of
The Catalog for Giving, Inc.
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of The Catalog for Giving, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, 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.

Auditor's Responsibility

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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Catalog for Giving, Inc. as of December 31, 2018, 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.

DavisKelly LLC

New York, New York
September 11, 2019

THE CATALOG FOR GIVING, INC.

Statements of Financial Position

Year Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<i>Assets</i>		
Cash and cash equivalents	\$ 792,059	\$ 494,064
Accounts receivables	282,659	93,669
Fixed assets, net	15,123	18,412
Security deposit	36,435	1,935
<i>Total assets</i>	<u>\$ 1,126,276</u>	<u>\$ 608,080</u>
 <i>Liabilities and Net Assets</i>		
<i>Liabilities:</i>		
Accounts payable	\$ 226,103	\$ 111,985
Accrued expenses	<u>19,210</u>	<u>14,901</u>
<i>Total liabilities</i>	<u>245,313</u>	<u>126,886</u>
 <i>Net assets:</i>		
Net assets without donor restrictions	<u>880,963</u>	<u>481,194</u>
<i>Total net assets</i>	<u>880,963</u>	<u>481,194</u>
 <i>Total liabilities and net assets</i>	 <u>\$ 1,126,276</u>	 <u>\$ 608,080</u>

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

THE CATALOG FOR GIVING, INC.

For the year ended December 31, 2018 and 2017

Statements of Activities

	<u>2018</u>	<u>2017</u>
<i>Support and revenue:</i>		
Grants and contributions	\$ 356,697	\$ 387,726
Special event revenue	1,917,773	1,408,808
Interest and dividend income	<u>2,894</u>	<u>202</u>
<i>Total support and revenue</i>	<u>2,277,364</u>	<u>1,796,736</u>
<i>Expenses:</i>		
Program services	1,422,969	1,271,569
General and administration	85,896	91,541
Fundraising	<u>368,730</u>	<u>374,172</u>
<i>Total expenses</i>	<u>1,877,595</u>	<u>1,737,282</u>
<i>Changes in net assets</i>	399,769	59,454
<i>Net assets, beginning</i>	<u>481,194</u>	<u>421,740</u>
<i>Net assets, ending</i>	<u>\$ 880,963</u>	<u>\$ 481,194</u>

THE CATALOG FOR GIVING, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2018

	<i>Program Services</i>	<i>General and Administration</i>	<i>Fundraising</i>	<i>Total</i>
Salaries	\$ 173,966	\$ 53,582	\$ 46,772	\$ 274,320
Payroll taxes	10,869	3,227	2,888	16,984
Fringe benefits	21,933	6,511	5,826	34,270
Grant expenses	1,175,008	-	-	1,175,008
Professional fees	10,737	12,737	2,852	26,326
Printing and postage	2,694	1,636	716	5,046
Rent	7,224	2,145	1,919	11,288
Office expense	1,964	583	522	3,069
Travel and mileage	3,960	1,175	1,052	6,187
Insurance	3,245	961	860	5,066
Telephone	2,232	663	593	3,488
Event expenses	-	-	278,954	278,954
Equipment rental and maintenance	4,487	1,334	1,192	7,013
Miscellaneous expenses	1,517	451	403	2,371
Bank and credit card fees	-	-	23,360	23,360
Depreciation expenses	3,133	891	821	4,845
	<u>3,133</u>	<u>891</u>	<u>821</u>	<u>4,845</u>
<i>Total expenses</i>	<u>\$ 1,422,969</u>	<u>\$ 85,896</u>	<u>\$ 368,730</u>	<u>\$ 1,877,595</u>

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

THE CATALOG FOR GIVING, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2017

	<u><i>Program Services</i></u>	<u><i>General and Administration</i></u>	<u><i>Fundraising</i></u>	<u><i>Total</i></u>
Salaries	\$ 155,910	\$ 48,021	\$ 41,917	\$ 245,848
Payroll taxes	10,161	3,016	2,700	15,877
Fringe benefits	22,524	6,687	5,983	35,194
Grant expenses	1,030,750	-	-	1,030,750
Professional fees	20,242	24,013	5,377	49,632
Printing and postage	1,124	683	299	2,106
Rent	8,544	2,536	2,270	13,350
Office expense	3,464	1,029	921	5,414
Travel and mileage	4,607	1,367	1,224	7,198
Insurance	2,097	620	556	3,273
Telephone	2,276	675	605	3,556
Event expenses	-	-	282,233	282,233
Equipment rental and maintenance	5,844	1,737	1,553	9,134
Miscellaneous expenses	893	266	237	1,396
Bank and credit card fees	-	-	27,476	27,476
Depreciation expenses	3,133	891	821	4,845
	<u>3,133</u>	<u>891</u>	<u>821</u>	<u>4,845</u>
<i>Total expenses</i>	<u>\$ 1,271,569</u>	<u>\$ 91,541</u>	<u>\$ 374,172</u>	<u>\$ 1,737,282</u>

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

THE CATALOG FOR GIVING, INC.

Statements of Cash Flows

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<i>Cash flows from operating activities:</i>		
Change in net assets	\$ 399,769	\$ 59,454
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expenses	4,845	4,845
Change in:		
Accounts receivable	(188,990)	(41,926)
Security deposit	(34,500)	24
Accounts payable	114,118	(1,015)
Accrued expenses	<u>4,309</u>	<u>(11,537)</u>
<i>Net cash provided by operating activities</i>	<u>299,551</u>	<u>9,845</u>
<i>Cash flows from investing activities:</i>		
Purchase of fixed assets	<u>-</u>	<u>(5,025)</u>
<i>Net cash provided by investing activities</i>	<u>-</u>	<u>(5,025)</u>
<i>Net increase in cash and cash equivalents</i>	299,551	4,820
<i>Cash and cash equivalents, beginning</i>	<u>494,064</u>	<u>489,244</u>
<i>Cash and cash equivalents, ending</i>	<u>\$ 792,059</u>	<u>\$ 494,064</u>

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

The Catalog for Giving, Inc.

Financial Statements

For the Years Ended December 31, 2018 and 2017

Note 1 - Organization and Background

The Catalog for Giving, Inc. (the "Organization")("The Catalog", a/k/a The Catalog for Giving of New York City) is a nonprofit organization dedicated to transforming the lives of New York City children by identifying and providing crucial funding and operational support to innovative community-based start-up organizations that assist disadvantaged youth throughout the City.

Every three years since its inception in 1994, the Organization scours New York City and selects the "best of the best" small, youth development programs with which they partner, empowering those organizations to expand their capability to bring critical services to needy youth. The Organization serves like a "fund to funds," carefully vetting and selecting the premiere groups that have demonstrated they have the capacity to transform under-served youth but require additional support to grow their programs and broaden their reach. Some organizations work with children in afterschool programs; others operate within the schools. Some connect children with programming in sports; others promote arts and media. All of them provide children who have had limited opportunities the chance of a lifetime, to develop new skills, seek new pathways and learn new ways to achieve success.

The Catalog's value-added model contributes significant funding to each program and provides intensive individual mentoring and professional development workshops to the Executive Directors and other senior staff of our programs, fosters collaboration between the programs, empowers program expansion, and enhances the organizations' skills in finance, technology, and development.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation

The financial statements have been prepared in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC). The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

The Catalog for Giving, Inc.

Financial Statements

For the Years Ended December 31, 2018 and 2017

Note 2 - Summary of Significant Accounting Policies (continued)

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Contributions are restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization's 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 revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Functional Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Basis of allocation

Salary and benefit expense is allocated by full time equivalents

Occupancy is allocated by square footage.

Cash and Cash Equivalents

The Organization considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase. Money market deposits maintained in checking and saving accounts which are available for current operations. For the purposes of the statements of cash flows, the Organization considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

The Catalog for Giving, Inc.

Financial Statements

For the Years Ended December 31, 2018 and 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are presented net of the allowance for doubtful accounts. The Organization's periodic evaluation of the adequacy of the allowance is based on its past loss experience. All of the accounts receivable are expected to be fully collected within one year; therefore, no allowance for doubtful accounts has been recorded.

Fixed Assets

Purchased fixed assets are carried at costs. Equipment, furniture and improvements are capitalized at cost, if purchased, or if donated, at fair market value at the date of receipt. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets. Maintenance and repairs are charged to expense as incurred, while betterments are capitalized. When items are sold or retired, the related cost and accumulated depreciation is removed from the accounts and any gain or loss is included in revenues. The capitalization policy is any item over \$1,500.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an Organization that is not a private foundation under Section 509(a)(1). The Organization is also exempt from New York state taxes. However, the Organization remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption.

Contributions

The Organization follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards, *Accounting for Contributions Received and Contributions Made*. This financial accounting standard requires that contributions be recorded as receivables and revenues and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, stock or other securities, collection items, or promises to give.

The Catalog for Giving, Inc.

Financial Statements

For the Years Ended December 31, 2018 and 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions subject to donor-imposed stipulations that are met in the same reporting period are reported as assets without donor restrictions. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material. The Organization reports gifts of cash and other assets as assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, 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. The Organization reports gifts of land, building, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Note 3 - Commitments

The Organization occupies office space under a lease agreement in New York, New York. The lease provides for a monthly rent payment of \$750. Rent expense totaled \$11,288 and \$13,350 for the years ended December 31, 2018 and 2017.

Note 4 - Fixed Assets

Fixed assets consisted of the following as of December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Furniture and fixtures	\$ 1,880	\$ 1,880
Computer equipment	28,473	26,917
Data migration	24,225	24,225
Subtotal	<u>54,578</u>	<u>53,022</u>
Less: Accumulated depreciation	<u>(39,455)</u>	<u>(34,610)</u>
Total fixed assets	<u>\$ 15,123</u>	<u>\$ 18,412</u>

Depreciation expense was \$4,845, for the years ended December 31, 2018 and 2017, respectively.

The Catalog for Giving, Inc.

Financial Statements

For the Years Ended December 31, 2018 and 2017

Note 5 - Concentration of Credit Risk

The Organization maintains its cash balances at a financial institution in New York, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash and cash equivalents. The Organization had amounts in excess of the FDIC insurance of \$538,145 and \$245,596 for the years ended December 31, 2018 and 2017.

Note 6 - Available Resources and Liquidity

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organizations sources of liquidity are cash and cash equivalents, marketable debt and equity securities and lines of credit.

As of December 31, 2018, the following table shows the total financial assets held by the Organization and the amounts of those financial assets could readily be made available within one year of the balance sheet date to meet general expenditures: For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of programing, exhibits and membership as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial assets at year-end		
Cash and cash equivalents	\$	792,059

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

Note 7 – Change in Accounting Principles

ASU 2016-14

In August 2016, the FASB issued ASU 2016-14, “Presentation of Financial Statements for Not-for-Profit Entities”, effective for fiscal years beginning after December 15, 2017. Among other provisions, ASU 16-14 reduces the number of classes of net assets from three to two, requires the presentation of expenses in both natural and functional classifications, and eliminates the requirement to prepare reconciliation in the statements of cash flows when applying the direct method.

The Catalog for Giving, Inc.

Financial Statements

For the Years Ended December 31, 2018 and 2017

Note 7 – Change in Accounting Principles (continued)

ASU 2014-09

(Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU clarifies and improves guidance for contributions received and contributions made and provides guidance to Organization's on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

The change in accounting principle was adopted on a modified prospective basis in 2018. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of January 1, 2017. In comparison to the year ended December 31, 2017, there also no effect as a result of adopting the new accounting principle.

Note 8 - Subsequent Events

In connection with the preparation of the financial statements and in accordance with Financial Accounting Standards Board Accounting Standards Codification 855-10, Subsequent Events, the Corporation management evaluated subsequent events after the statement of financial position date of December 31, 2018, through September 11, 2019, the date the financial statements were available to be issued, noting that there was no material events during this period that would impact the results reflected in this report.