

**THE CATALYST CENTER FOR  
BUSINESS & ENTREPRENEURSHIP  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 & 2019**

**Mercer & Associates, PC**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Catalyst Center for  
Business & Entrepreneurship  
Huntsville, Alabama

We have audited the accompanying financial statements of The Catalyst Center for Business & Entrepreneurship (a nonprofit organization), which comprise the statement of financial position as of September 30, 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.

### Auditor's 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.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Catalyst Center for Business & Entrepreneurship as of September 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.

**Report on Summarized Comparative Information**

We have previously audited The Catalyst Center for Business & Entrepreneurship's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 22, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Mercer & Associates, PC*

February 15, 2021

**THE CATALYST CENTER FOR BUSINESS & ENTREPRENEURSHIP**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2020 & 2019**

**ASSETS**

<b>Current Assets</b>	<b>2020</b>	<b>2019</b>
Cash and Cash Equivalents	\$ 252,013	\$ 250,508
Accounts Receivable	116,718	43,445
Pledged Receivables, Less Allowances for Doubtful		
Accounts of \$0	35,900	47,000
Prepaid Expenses	10,451	8,523
<b>Total Current Assets</b>	<u>415,082</u>	<u>349,476</u>
 <b>Fixed Assets</b>		
Furniture, Fixtures, and Equipment	75,821	75,821
Accumulated Depreciation	(59,848)	(51,584)
<b>Total Fixed Assets</b>	<u>15,973</u>	<u>24,237</u>
 <b>Other Current Assets</b>		
Security Deposit	<u>774</u>	<u>774</u>
 <b>Non-Current Assets</b>		
Pledged Receivables, Less Allowances for Doubtful		
Accounts of \$0	<u>19,368</u>	<u>49,693</u>
 <b>TOTAL ASSETS</b>	<u>\$ 451,197</u>	<u>\$ 424,180</u>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities</b>		
Accounts Payable	\$ 23,357	\$ 26,742
Unearned Revenue	17,000	46,337
Payroll Liabilities	7,333	14,014
<b>Total Liabilities</b>	<u>47,690</u>	<u>87,093</u>
 <b>Net Assets</b>		
Without Donor Restrictions	<u>403,507</u>	<u>337,087</u>
<b>Total Net Assets</b>	<u>403,507</u>	<u>337,087</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 451,197</u>	<u>\$ 424,180</u>

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

**THE CATALYST CENTER FOR BUSINESS & ENTREPRENEURSHIP**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2020 & 2019**

<b>SUPPORT AND REVENUE</b>	<b>2020</b>	<b>2019</b>
Contributions	\$ 26,556	\$ 47,259
Program Income	210,766	208,785
Grants	690,560	234,638
In-Kind Donations	<u>92,305</u>	<u>136,371</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>1,020,187</u>	<u>627,053</u>
 <b>FUNCTIONAL EXPENSES</b>		
Program Services	816,998	603,011
Support Services		
Fundraising	5,344	387
Management and General	<u>132,148</u>	<u>73,567</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>954,490</u>	<u>676,965</u>
 <b>OTHER INCOME (EXPENSES)</b>		
State Unemployment Refund	0	0
Interest and Investment Earnings	<u>723</u>	<u>1,263</u>
<b>TOTAL OTHER INCOME (EXPENSES)</b>	<u>723</u>	<u>1,263</u>
 <b>CHANGE IN NET ASSETS</b>	66,420	(48,649)
 <b>NET ASSETS, BEGINNING</b>	<u>337,087</u>	<u>385,736</u>
 <b>NET ASSETS, ENDING</b>	<u>\$ 403,507</u>	<u>\$ 337,087</u>

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

**THE CATALYST CENTER FOR BUSINESS & ENTREPRENEURSHIP**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2020 & 2019**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>2020 Total</b>	<b>2019 Total</b>
Salaries and Wages	\$ 396,643	\$ 10,958	\$ -	\$ 407,601	\$ 237,187
Employee Benefits	64,671	7,278	-	71,949	51,482
Payroll Taxes	36,066	1,097	-	37,163	19,711
Subcontractors	105,525	-	-	105,525	78,162
Travel Expenses	4,196	-	-	4,196	8,864
Office Space	12,888	-	-	12,888	15,127
Miscellaneous	-	2,002	-	2,002	4,573
Bank Fees	-	5,724	-	5,724	4,745
Other Program Expenses	57,303	-	-	57,303	33,548
Sponsorship Expense	456	-	-	456	7,081
Scholarships and Workshops	22,801	-	-	22,801	11,182
Accounting	-	4,000	-	4,000	3,500
Website	5,960	-	-	5,960	4,158
Office Expenses	54,196	2,102	-	56,298	22,817
Insurance	3,471	3,914	-	7,385	6,808
Advertising	8,021	-	-	8,021	3,393
Fundraising	-	-	5,344	5,344	387
Computer Expense	35,362	-	-	35,362	16,760
Dues and Memberships	1,175	2,429	-	3,604	4,619
In-Kind Expenses	-	92,644	-	92,644	136,370
Depreciation Expense	8,264	-	-	8,264	6,491
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 816,998</b>	<b>\$ 132,148</b>	<b>\$ 5,344</b>	<b>\$ 954,490</b>	<b>\$ 676,965</b>

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

**THE CATALYST CENTER FOR BUSINESS & ENTREPRENEURSHIP**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2020 & 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

<b>Reconciliation of Increase in Net Assets to Net Cash Provided (Used) by Operating Activities</b>	<u><b>2020</b></u>	<u><b>2019</b></u>
<b>Increase (Decrease) in net assets</b>	\$ 66,420	\$ (48,649)
Adjustment to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	8,264	6,491
Decrease (increase) in:		
Accounts receivables	(73,273)	(8,686)
Pledges receivables	41,425	39,741
Prepaid expenses	(1,928)	(3,526)
Increase (decrease) in:		
Accounts payable	(3,385)	(7,335)
Payroll Payables	(6,681)	2,544
Deferred revenues	(29,337)	4,367
 <b>Net cash provided (used) by operating activities</b>	 <u>1,505</u>	 <u>(15,053)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	<u>0</u>	<u>(10,636)</u>
 <b>Net cash provided (used) by investing activities</b>	 <u>0</u>	 <u>(10,636)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net payments on line of credit	<u>0</u>	<u>0</u>
 <b>Net cash provided (used) by financing activities</b>	 <u>0</u>	 <u>0</u>
 <b>Net change in cash and cash equivalents</b>	 1,505	 (25,689)
 <b>Cash and cash equivalents at beginning of year</b>	 <u>250,508</u>	 <u>276,197</u>
 <b>Cash and cash equivalents at end of year</b>	 <u>\$ 252,013</u>	 <u>\$ 250,508</u>
 Supplemental Information:		
Interest Expense	<u>\$ 0</u>	<u>\$ 0</u>
 In-Kind Donations	 <u>\$ 92,305</u>	 <u>\$ 136,371</u>

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



**THE CATALYST CENTER FOR BUSINESS & ENTREPRENEURSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 & 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

The Catalyst Center for Business & Entrepreneurship (the “Organization”) was organized on January 22, 2003 in Huntsville, Alabama to promote and increase business opportunities for small businesses in the northern Alabama area by promoting, supporting, fostering, and encouraging small business owners.

Basis of Accounting

Under the provisions of the “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”), net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

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 Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

The financial statements include certain prior year summarized comparative information in total but Not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with general accepted accounting principles. Accordingly, such information should be read in conjunction with the organization’s financial statements for the year ended September 30, 2020, from which the summarized information was derived.

Significant Estimates

These financial statements of the Organization are prepared in accordance with generally accepted accounting principles. The financial statements include some amounts that are based on management’s best estimates and judgments. The most significant estimates relate to depreciation and useful lives. These estimates may be adjusted as more current information becomes available, and any adjustment could be significant.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services 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>
Occupancy	Square Footage
All Other	Time and Effort

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### Donated Material and Services

Donated materials, if there are any material amounts, are reflected as contributions in the accompanying financial statements at their estimated fair values on the date of receipt. No amounts have been included in the financial statements for donated services as there were no material donated services.

#### Cash and Cash Equivalents

The organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

#### Accounts Receivable

The organization includes in its accounts receivable federal grant reimbursements receivable, grant support from affiliates, state, and third party reimbursements. All accounts are viewed by management as being collectible. Therefore, no allowance for uncollectible receivables has been provided. Pledges are considered as collectible, therefore they are included.

#### Contributions

Contributions are recorded as with donor restrictions or without donor restrictions, depending on the existence and or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a 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 has elected to report donor-restricted contributions (including contributions of long-lived assets) whose restrictions are met in the same reporting period as unrestricted support.

#### Capitalization and Depreciation

Land, buildings and improvements are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of operations. Estimated useful lives are 5-7 years for furniture and fixtures, 15-30 years for buildings and improvements, and 20 year for land improvements.

#### Income Taxes

The Organization is exempt from federal and state income taxes under section 501 (c)(3) of the Internal Revenue Code. The Organization is not classified as a private foundation by the Internal Revenue Service. Accordingly, these financial statements do not contain a provision for income taxes. Tax years after September 30, 2016 remain subject to examination by taxing authorities.

#### Inventory

Inventory is valued at the lower of cost or market if purchased and at fair market value on the date of donation if donated. Inventory on hand was valued at \$0 at September 30, 2020 & \$0 at September 30, 2019.

#### Advertising

Advertising costs are expensed as incurred. Total advertising expense for year ended September 30, 2020 was \$8,021 & September 30, 2019 was \$3,393.

**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**

**NOTE 2 – CONCENTRATION OF CREDIT RISK**

The Center maintains its cash balances in financial institutions located in Huntsville, Alabama. The Center had no cash deposited with financial institutions in excess of federal insured limits as of September 30, 2020 & 2019.

**NOTE 3 - PROPERTY AND EQUIPMENT**

The following schedule details the property and equipment for the Organization:

	<u>9/30/2019</u>	<u>Additions</u> <u>(Deletions)</u>	<u>9/30/2020</u>
Furniture, Fixtures, and Equipment	\$75,821	\$0	\$75,821
Accumulated Depreciation	<u>(51,584)</u>	<u>(8,264)</u>	<u>(59,848)</u>
Net Fixed Assets	\$24,237	(\$8,264)	15,973
	<u>9/30/2018</u>	<u>Additions</u> <u>(Deletions)</u>	<u>9/30/2019</u>
Furniture, Fixtures, and Equipment	\$65,185	\$10,636	\$75,821
Accumulated Depreciation	<u>(45,093)</u>	<u>(6,491)</u>	<u>(51,584)</u>
Net Fixed Assets	\$20,092	\$4,145	24,237

Property and equipment are stated at the recorded value, less accumulated depreciation. Depreciation and amortization are provided at rates intended to distribute the cost over their estimated useful life.

Depreciation expense for the period ended September 30, 2020 was \$8,264. Depreciation expense for the period ended September 30, 2019 was \$6,491.

**NOTE 4 – PLEDGES RECEIVABLE**

Pledges Receivable consist primarily of unconditional promises to give from various donors. Management is of the opinion that all pledges receivable are collectible, and that the fair value of the receivables approximates the carrying value shown on the statement of financial position.

The anticipated timing of future cash flows related to pledges receivable are as follows as of September 30, 2020 & 2019:

	<u>2020</u>	<u>2019</u>
Amounts due in less than one year	\$35,900	\$47,000
Amounts due in one to five years	19,368	49,693
Amounts due in five or more years	<u>0</u>	<u>0</u>
	<u>\$55,268</u>	<u>\$96,693</u>

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

### NOTE 5- LIQUIDITY

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	<b>2020</b>	<b>2019</b>
Cash and Cash Equivalents	\$252,013	\$250,508
Accounts Receivable	116,718	43,445
Pledges Receivable	35,900	47,000
Prepaid Expenses	10,451	8,523
	<u>\$415,082</u>	<u>\$349,476</u>

The Organization's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the balance sheet date.

Part of the Organization's liquidity management is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

### NOTE 6 – SUBSEQUENT EVENTS

The date through which subsequent events have been evaluated is February 15, 2021. The financial statements were available to be issued at that time.