

**THE CATALYST CENTER FOR  
BUSINESS & ENTREPRENEURSHIP  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 & 2022**

**Mercer & Associates, PC**

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## INDEPENDENT AUDITORS' REPORT

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

### Opinion

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, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 The Catalyst Center for Business & Entrepreneurship as of September 30, 2023, 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.

### Basis for Opinion

We conducted our audit 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 The Catalyst Center for Business & Entrepreneurship, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 The Catalyst Center for Business & Entrepreneurship's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's 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 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 The Catalyst Center for Business & Entrepreneurship'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 The Catalyst Center for Business & Entrepreneurship'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.

#### **Report on Summarized Comparative Information**

We have previously audited The Catalyst Center for Business & Entrepreneurship's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 16, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended February 16, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Mercer & Associates, PC*

February 16, 2024

**THE CATALYST CENTER FOR BUSINESS & ENTREPRENEURSHIP**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2023 & 2022**

**ASSETS**

<b>Current Assets</b>	<b>2023</b>	<b>2022</b>
Cash and Cash Equivalents	\$ 307,213	\$ 267,373
Accounts Receivable	187,587	493,022
Pledged Receivables, Less Allowances for Doubtful Accounts of \$0	13,000	24,278
Prepaid Expenses	27,597	5,336
<b>Total Current Assets</b>	<u>535,397</u>	<u>790,009</u>
 <b>Fixed Assets</b>		
Furniture, Fixtures, and Equipment	29,103	29,103
Accumulated Depreciation	(24,937)	(19,395)
<b>Total Fixed Assets</b>	<u>4,166</u>	<u>9,708</u>
 <b>Other Current Assets</b>		
Security Deposit	774	774
 <b>TOTAL ASSETS</b>	<u>\$ 540,337</u>	<u>\$ 800,491</u>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities</b>		
Accounts Payable	\$ 153,433	\$ 158,510
Unearned Revenue	21,500	63,333
Payroll Liabilities	633	880
<b>Total Liabilities</b>	<u>175,566</u>	<u>222,723</u>
 <b>Net Assets</b>		
Without Donor Restrictions	364,771	577,768
<b>Total Net Assets</b>	<u>364,771</u>	<u>577,768</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 540,337</u>	<u>\$ 800,491</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, 2023 & 2022**

<b>SUPPORT AND REVENUE</b>	<u>2023</u>	<u>2022</u>
Contributions	\$ 53,343	\$ 160,168
Program Income	921,208	568,122
Grants	551,974	831,128
In-Kind Donations	<u>107,595</u>	<u>33,190</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>1,634,120</u>	<u>1,592,608</u>
 <b>FUNCTIONAL EXPENSES</b>		
Program Services	1,787,849	1,478,296
Support Services		
Fundraising	0	0
Management and General	<u>60,855</u>	<u>60,879</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>1,848,704</u>	<u>1,539,175</u>
 <b>OTHER INCOME (EXPENSES)</b>		
Interest and Investment Earnings	<u>1,587</u>	<u>312</u>
<b>TOTAL OTHER INCOME (EXPENSES)</b>	<u>1,587</u>	<u>312</u>
 <b>CHANGE IN NET ASSETS</b>	(212,997)	53,745
 <b>NET ASSETS, BEGINNING</b>	<u>577,768</u>	<u>524,023</u>
 <b>NET ASSETS, ENDING</b>	<u>\$ 364,771</u>	<u>\$ 577,768</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, 2023 & 2022**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>2023 Total</b>	<b>2022 Total</b>
Salaries and Wages	\$ 571,044	\$ 30,798	\$ -	\$ 601,842	\$ 574,424
Employee Benefits	127,750	1,664	-	129,414	113,770
Payroll Taxes	52,632	2,436	-	55,068	52,351
Subcontractors	692,447	-	-	692,447	423,802
Travel Expenses	24,082	-	-	24,082	24,979
Office Space	32,761	-	-	32,761	31,003
Miscellaneous	5,000	3,410	-	8,410	8,764
Bank Fees	241	5,178	-	5,419	4,801
Other Program Expenses	52,184	-	-	52,184	106,643
Scholarships and Workshops	12,580	-	-	12,580	12,430
Accounting	-	7,000	-	7,000	14,000
Website	7,809	-	-	7,809	7,037
Office Expenses	33,203	-	-	33,203	35,112
Insurance	960	10,369	-	11,329	9,895
Advertising	24,103	-	-	24,103	22,740
Computer Expense	30,965	-	-	30,965	42,063
Dues and Memberships	6,951	-	-	6,951	6,053
Bad Debt	-	-	-	-	9,100
In-Kind Expenses	107,595	-	-	107,595	33,190
Depreciation Expense	5,542	-	-	5,542	7,018
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 1,787,849</b>	<b>\$ 60,855</b>	<b>\$ -</b>	<b>\$ 1,848,704</b>	<b>\$ 1,539,175</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, 2023 & 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES**

**Reconciliation of Increase in Net Assets to Net Cash  
Provided (Used) by Operating Activities**

	<u>2023</u>	<u>2022</u>
<b>Increase (Decrease) in net assets</b>	\$ (212,997)	\$ 53,745
Adjustment to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	5,542	7,018
Decrease (increase) in:		
Accounts receivables	305,435	(131,290)
Pledges receivables	11,278	1,282
Prepaid expenses	(22,261)	10,416
Increase (decrease) in:		
Accounts Payable	(5,077)	124,468
Payroll Payables	(247)	(236)
Unearned revenues	(41,833)	(12,218)
<b>Net cash provided (used) by operating activities</b>	<u>39,840</u>	<u>53,185</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	<u>0</u>	<u>0</u>
<b>Net cash provided (used) by investing activities</b>	<u>0</u>	<u>0</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>	39,840	53,185
<b>Cash and cash equivalents at beginning of year</b>	<u>267,373</u>	<u>214,188</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 307,213</u>	<u>\$ 267,373</u>
Supplemental Information:		
Interest Expense	<u>\$ 0</u>	<u>\$ 0</u>
In-Kind Donations	<u>\$ 107,595</u>	<u>\$ 33,190</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, 2023 & 2022**

**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, 2021, 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

Contributed Services and Facilities

As a not-for-profit organization, the Catalyst is able to provide its services to the community in large part due to the dedicated support of its many volunteers. Only specialized services provided to the Catalyst are reflected in the financial statements. No support, revenue, or expense is recognized from services contributed by other volunteers since no objective basis is available to measure the value of such services.

## 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.

#### Revenue Recognition

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"). The Organization's revenue is largely grants and contributions. The adoption of ASU 2014-09 had no impact on revenue and support or net assets.

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 years 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, 2019 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, 2023 & \$0 at September 30, 2022.

#### Advertising

Advertising costs are expensed as incurred. Total advertising expense for year ended September 30, 2023 was \$24,103 & September 30, 2022 was \$22,740.

**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, 2023 & 2022.

**NOTE 3 - PROPERTY AND EQUIPMENT**

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

	<u>9/30/2022</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>9/30/2023</u>
Furniture, Fixtures, and Equipment	\$29,103	\$0	\$0	\$29,103
Accumulated Depreciation	<u>(19,395)</u>	<u>(5,542)</u>	<u>0</u>	<u>(24,937)</u>
Net Fixed Assets	<u>\$ 9,708</u>	<u>(\$5,542)</u>	<u>\$0</u>	<u>\$4,166</u>

	<u>9/30/2021</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>9/30/2022</u>
Furniture, Fixtures, and Equipment	\$29,103	\$0	\$0	\$29,103
Accumulated Depreciation	<u>(12,377)</u>	<u>(7,018)</u>	<u>0</u>	<u>(\$19,395)</u>
Net Fixed Assets	<u>\$16,726</u>	<u>(\$7,018)</u>	<u>\$0</u>	<u>\$9,708</u>

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, 2023 was \$5,542. Depreciation expense for the period ended September 30, 2022 was \$7,018.

**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, 2023 & 2022:

	<u>2023</u>	<u>2022</u>
Amounts due in less than one year	\$13,000	\$24,278
Amounts due in one to five years	0	0
Amounts due in five or more years	<u>0</u>	<u>0</u>
	<u>\$13,000</u>	<u>\$24,278</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:

	2023	2022
Cash and Cash Equivalents	\$307,213	\$267,373
Accounts Receivable	187,587	493,022
Pledges Receivable	13,000	24,278
Prepaid Expenses	27,597	5,336
	<u>\$535,397</u>	<u>\$790,009</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 – CONTRIBUTIONS OF NONFINANCIAL ASSETS

The Organization reports donated services meeting recognition criteria under U.S. GAAP as public support and as expense, based on fair values. All contributions of nonfinancial assets were used for program activities. The organization did not monetize any contributed nonfinancial assets and unless otherwise noted, contributed nonfinancial assets did not have donor restrictions.

As of September 30, 2023 and 2022, In-kind contributions included in the statement of activities are comprised of the following:

	2023	2022
Donated Business Coaching	\$ 52,049	\$ 33,190
Donated Rent	37,546	0
Donated Services	18,000	0
	<u>\$107,595</u>	<u>\$ 33,190</u>

### NOTE 7 – CHANGE IN ACCOUNTING PRINCIPLE

In 2022, the Organization adopted FASB ASC 842, Leases, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization does not recognize or disclose their leasing arrangements with BizTech and River Bank and Trust as they are on a month-to-month leasing arrangement.

Statement on Auditing Standards (SAS) No. 142 takes effect for audits of financial statements for periods ending on or after December 15, 2022. SAS No. 142 explains what constitutes audit evidence in an audit of financial statements as sets out attributes of information that are taken into account by the auditor when evaluating information to be used as audit evidence. The adoption of SAS No. 142 has no effect on Net Assets.

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

### NOTE 8 – LEASES

The Organization has signed an operating lease for the use of BizTech facilities which ended December 2017 and are now on a month-to-month lease. Lease expense for the year ended September 30, 2023 was \$20,261 and for September 30, 2022 was \$18,503. The lease with River Bank and Trust began September 15, 2021 for the Clanton office was for \$12,500 per year or monthly installment payments of \$1,041.66. The lease is now on a month-to-month basis. Lease expense for the year ended September 30, 2023 was \$12,500 and September 30, 2022 was \$12,500.

### NOTE 9 – RETIREMENT PLAN

The Organizations has a SIMPLE IRA plan where employees are eligible to participate in the plan if they are expected to earn at least \$5,000 during the current calendar year. Employees elect deferrals in a signed agreement through payroll deductions by an amount equal to the percentage of employees specify. The Organization matches employee contribution up to 3%. The Organization made contributions of \$7,477.17 for the year ended September 30, 2023. For September 30, 2022, the Organization contributions were \$7,070.80

### NOTE 10 – SUBSEQUENT EVENTS

The date through which subsequent events have been evaluated is February 16, 2024. The financial statements were available to be issued at that time.