

CATCHLIGHT
SAN FRANCISCO, CALIFORNIA

FINANCIAL STATEMENTS

DECEMBER 31, 2021

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INDEPENDENT AUDITORS' REPORT

Board of Directors
CatchLight
San Francisco, California

Opinion

We have audited the accompanying financial statements of CatchLight (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 CatchLight as of December 31, 2021, 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 CatchLight 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 CatchLight's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

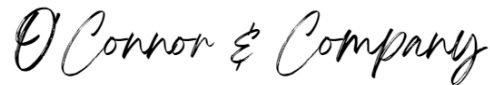
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statement 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 CatchLight'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 CatchLight'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.



O'Connor & Company

San Rafael, California
June 7, 2023

CatchLight
STATEMENT OF FINANCIAL POSITION
December 31, 2021

ASSETS

Current assets:

Cash and cash equivalents	\$ 1,324,361
Contracts and grants receivable	606,679
Prepaid expenses	<u>17,068</u>
Total current assets	<u>1,948,108</u>

Non-current assets

Contracts and grants receivable	610,000
Fixed assets, net with accumulated depreciation	<u>906</u>
Total non-current assets	<u>610,906</u>

Total assets \$ 2,559,014

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 38,626
Accrued compensation	29,916
Fiscal sponsorship	<u>180,000</u>
Total current liabilities	<u>248,542</u>

Net assets - Exhibit A:

Net assets without donor restriction	<u>678,666</u>
Net assets with donor restrictions	
With program or time restrictions	<u>1,631,806</u>
Total net assets with donor restrictions	<u>1,631,806</u>

Total net assets 2,310,472

Total liabilities and net assets \$ 2,559,014

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

CatchLight
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Support and revenue:			
Revenue:			
Grants and contracts	\$ 371,900	\$ 1,731,000	\$ 2,102,900
Support:			
Contributions and donations	947,057	20,000	967,057
Program service fees	750	-	750
In-kind contributions	950	-	950
Fiscal sponsorship fees	25,000	-	25,000
Net assets released from restrictions	<u>196,235</u>	<u>(196,235)</u>	<u>-</u>
Total support and revenue	<u>1,541,892</u>	<u>1,554,765</u>	<u>3,096,657</u>
Expenses:			
Program services	<u>1,085,662</u>	<u>-</u>	<u>1,085,662</u>
Supportive services			
Management and general	148,030	-	148,030
Fundraising	<u>88,360</u>	<u>-</u>	<u>88,360</u>
Total supportive services	<u>236,390</u>	<u>-</u>	<u>236,390</u>
Total expenses	<u>1,322,052</u>	<u>-</u>	<u>1,322,052</u>
Change in net assets	219,840	1,554,765	1,774,605
Net assets, beginning of period	<u>458,826</u>	<u>77,041</u>	<u>535,867</u>
Net assets, end of period	<u>\$ 678,666</u>	<u>\$ 1,631,806</u>	<u>\$ 2,310,472</u>

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

CatchLight
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Program Expenses	Admin General	Fundraising	Total
Expenses:				
Salaries and wages	\$ 508,567	\$ 45,411	\$ 81,468	\$ 635,446
Payroll taxes	34,286	2,826	5,437	42,549
Employee benefits	65,632	6,916	15,348	87,896
Program expenses	292,876	-	529	293,405
Professional fees	105,352	18,631	33,131	157,114
Meeting	9,484	627	1,134	11,245
Travel and conferences	17,073	530	640	18,243
Office expense	16,507	1,902	3,029	21,438
Occupancy expense	16,830	1,472	1,980	20,282
Information technology	16,256	6,038	4,105	26,399
Insurance	467	2,444	55	2,966
Taxes, licenses and fees	-	669	-	669
Donation service fees	950	-	1,093	2,043
Other operating expenses	273	854	-	1,127
Depreciation and amortization	1,109	40	81	1,230
Total expenses	<u>\$ 1,085,662</u>	<u>\$ 88,360</u>	<u>\$ 148,030</u>	<u>\$ 1,322,052</u>

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

CatchLight
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

Cash flows from operating activities:	
Change in net assets	\$ 1,774,605
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities	
Depreciation and amortization	1,230
Loan forgiven - Paycheck Protection Program	(89,400)
Changes in certain assets and liabilities:	
Contracts and grants receivable	(1,178,729)
Prepaid expenses	7,945
Accounts payable	23,679
Accrued compensation	6,086
Fiscal sponsorship	<u>155,972</u>
Net cash provided by operating activities	<u>701,388</u>
Net increase in cash and cash equivalents during the period	701,388
Cash and cash equivalents balance, beginning of period	<u>622,973</u>
Cash and cash equivalents balance, end of period	<u>\$ 1,324,361</u>

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

CatchLight
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 - GENERAL

A. Organization

CatchLight, founded in San Francisco in 2015, is a nonprofit media organization that leverages the power of visuals to inform, connect, and transform communities. CatchLight serves as a transformational force, urgently bringing resources and organizations together to help grow a thriving visual ecosystem. Their approach is to invest in innovators and support excellence in visual storytelling in order to establish meaningful connections with audiences, create dialogue, change narratives, and foster a more nuanced understanding of the world.

B. Program Services

CatchLight leads two fellowship programs. Over the past six years, CatchLight's Global Fellowship program has recognized 20 globally acclaimed visual leaders with awards totaling \$600,000. These Fellows are innovators in the field leading the industry in terms of excellence in their ability of telling stories visually but also in pioneering new methods of audience engagement and distribution. The CatchLight Local Initiative, piloted in the San Francisco Bay Area in 2019, has connected 16 visual journalists and newsrooms to transform visual representation of residents throughout California and the Chicago area. CatchLight believes the visual storytellers that CatchLight supports should be as diverse as the stories they create and communities they serve. Their ages span three decades, they are 81% BIPOC, 56% female or gender nonconforming, 66% bilingual, and 6% have a disability. In order to grow a forward looking and thriving ecosystem, we gather both our Global and Local Fellows once a year, along with our media partners and industry leaders to define the future of the field.

The outcomes of our fellowship programs are amplified through a network of partners committed to visual storytelling as a mode of civic engagement and through public programs such as CatchLight's Visual Storytelling Summit (reaching 5K people annually), visually centered educational curricula (distributed nationally through a partnership with the Stanford Program on International and Cross-Cultural Education at Stanford University), and a youth mentoring program (YR Media).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements and records of CatchLight are prepared on the accrual basis of accounting and, therefore, include all support and revenues when earned and all expenses when incurred, regardless of whether the support and revenues or expenses were received or paid as of the end of the period. Grants are recognized as support when earned in accordance with the terms of each grant or agreement.

B. Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 and the provisions of the American Institute of Certified Public Accountants (AICPA) *Audit and Accounting Guide for Not-for-Profit Organizations*.

Under the provisions, 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 CatchLight 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 CatchLight.

CatchLight
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

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

C. Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, cash and cash equivalents include cash on deposit with financial institutions with a maturity of three months or less.

D. Accounts Receivable

CatchLight provides services that are paid for by third-party payers and donations. CatchLight records an allowance for doubtful accounts based on management's evaluation of outstanding receivables. Accounts are written off after collection efforts have been exhausted.

E. Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of financial instruments:

Cash and cash equivalents: The carrying amount reported in the statement of financial position for cash and cash equivalents approximates fair value.

Accounts receivable and accounts payable: The carrying amount reported in the statement of financial position for accounts receivable and accounts payable approximates fair value.

F. Property and Equipment

Property and equipment are stated at cost or fair value at the date of donation. It is CatchLight's policy to capitalize all additions in excess of \$1,000 that have a useful life greater than one year. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets.

Estimated useful lives	3-30 years
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CatchLight records donated fixed assets at fair market value on the date received. Retirements or disposal of fixed assets are reflected as a decrease of fixed assets and a reduction of the net assets with donor restrictions in the statement of activities.

G. Fiscal Sponsorship

Fiscal Sponsorship consists of amounts held for programs that the Organization has sponsored; as required by amounts that have been received but not yet spent.

CatchLight
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Revenue Recognition

Contributions are recognized at their fair value when the donor makes an unconditional promise to give to CatchLight. Contributions restricted by the donor are reported as an increase in Net Assets without Donor Restrictions if the restriction is released in the same reporting period in which the support is received. All other contributions with donor restrictions are reported as an increase in Net Assets with Donor Restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

Government grants and revenue are recognized when CatchLight incurs expenditures related to the required services. Amounts billed or received in advance are recorded as contract advances and deferred revenue until the related services are performed. Amounts due to CatchLight for services performed at December 31, 2021 are included in accounts receivable.

I. Donated Services

Donated services are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions and Presentation of Financial Statements*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by CatchLight.

J. Fundraising Expenses

Fundraising expenses are recognized when incurred, regardless of the campaign year to which they relate.

K. Use of Estimates

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

L. Risk Management

CatchLight is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which CatchLight carries commercial insurance.

M. Allocation of Expenses and Allocation Methodology

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services. Directly identifiable expenses are charged to program services, fundraising or management. Shared expenses, that are not directly identifiable with a specific function or cost center, are allocated using percentages.

Indirect, shared costs are charged to administration upon receipt. Each program's expenses are totaled as a percentage of CatchLight's total expenses, and a journal entry is performed to allocate these costs out of administration and across programs based on that percentage on a monthly basis.

CatchLight
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

N. Implementation of Accounting Pronouncements

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements to presentation and disclosure. ASU No. 2020-07 was issued to address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profits, as well as the amount of those contributions used in an entity's programs and other activities. CatchLight adopted the standards on January 1, 2021. The adoption of this standard did not materially affect changes in net assets, financial position, or cash flows.

O. Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. CatchLight is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

P. Contingency – Coronavirus Pandemic

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) began to spread among various countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S., including California, declared a state of emergency and issued shelter-in-place orders in response to the outbreak. The immediate impact to CatchLight's operations included restrictions on employees' and volunteers' ability to work. It is anticipated that the impacts from this pandemic will continue for some time. As of the report date, the financial impact of the coronavirus outbreak cannot be measured.

NOTE 3 - INCOME TAXES

CatchLight is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. CatchLight is also exempt from California franchise taxes under Section 23701(d) of the Revenue and Taxation Code and, therefore, has made no provision for Federal or California income taxes. Contributors, donors, and grantors may obtain tax benefits.

In addition, CatchLight has been determined by the Internal Revenue Service not to be a "private organization" within the meaning of Section 509(a) of the Code.

CatchLight adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. CatchLight has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. CatchLight believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on CatchLight's financial condition, results of operations or cash flows. Accordingly, CatchLight has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2021.

CatchLight
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 3 - INCOME TAXES (concluded)

CatchLight is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 4 - CASH AND CASH EQUIVALENTS

CatchLight maintains cash balances and cash equivalents at First Republic Bank and in a PayPal account. Interest bearing accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2021, the bank balances were \$1,324,361 and the amounts in excess of the FDIC limit totaled \$1,074,361, were uninsured, and held by the financial institutions in CatchLight's name. It is the opinion of management that the solvency of the financial institution is not of particular concern at this time.

NOTE 5 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects CatchLight's financial assets as of December 31, 2021, reduced by amounts not available for general use within one year of the year end date because of contractual or donor-imposed restrictions or internal designations. Amounts not available for general use include amounts set aside in the operating reserve that could be drawn upon only when the governing board approves that action.

Cash and cash equivalents	\$ 1,324,361
Contracts and grants receivable	<u>1,216,679</u>
Total financial assets	2,541,040
Less financial assets with donor restrictions	<u>(1,631,806)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 909,234</u>

NOTE 6 - CONTRACTS AND GRANTS RECEIVABLE

Contracts and grants receivable as of December 31, 2021 consist of the following:

Contracts and grants to be received from:	
Foundation grants – within one year	\$ 606,679
Foundation grants – more than one year	<u>610,000</u>
Total	<u>\$ 1,216,679</u>

CatchLight has not accrued a loss for allowances for uncollectible receivables at December 31, 2021 since it is the opinion of management that it is highly probable that almost all receivables will be collected. This is based on previous experiences and management's analysis and assurances made by the staff. \$-0- for uncollectible receivables is reserved at December 31, 2021.

NOTE 7 - FIXED ASSETS

As of December 31, 2021, CatchLight has the following fixed assets:

Computer and equipment	\$ 19,015
Furniture and other fixed assets	<u>12,361</u>
Total	31,376
Less accumulated depreciation	<u>(30,470)</u>
Fixed assets, net	<u>\$ 906</u>

Depreciation expense was \$1,230 for the year ended December 31, 2021.

CatchLight
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2021

NOTE 8 - ACCRUED COMPENSATION

Wages for the period ended December 31, 2021 were paid in January 2022; thus wages are accrued at December 31, 2021 and recognized as a current liability in the Statement of Net Position.

It is the policy of CatchLight that paid time off for employee vacation benefits and sick leave are unlimited at December 31, 2021 and not recognized as liability for CatchLight.

NOTE 9 - FISCAL SPONSORSHIP

At December 31, 2021, \$180,000 of funds received in advance for the Aida Muluneh Studio Works Fiscal Sponsorship are recognized as fiscal sponsorship liability.

NOTE 10 - IN-KIND CONTRIBUTIONS

Values assigned to in-kind contributions and the related expenses are based on federal guidelines. In accordance with those guidelines, values are based upon estimated area-wide averages for purchased services, facilities, or supplies of a similar type. In-kind contributions and expenses are recorded when used in the program and are not carried forward.

For the year ended December 31, 2021, CatchLight received in-kind contributions in the form of donated services totaling \$950. The in-kind contributions met the criteria under FASB ASC 958 and were recognized as contributions in the financial statements for the fiscal year ended December 31, 2021.

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Net assets with donor restrictions as of December 31, 2021 were available for the following purposes:

	<u>Beginning Balance</u>	<u>Contributions</u>	<u>Releases</u>	<u>Ending Balance</u>
Subject to Expenditure for Specified Purpose				
Foundation grants	\$ 5,000	\$ 1,660,500	\$ (136,493)	\$ 1,529,007
Other grants	<u>72,041</u>	<u>90,500</u>	<u>(59,742)</u>	<u>102,799</u>
Total	<u>\$ 77,041</u>	<u>\$ 1,751,000</u>	<u>\$ (196,235)</u>	<u>\$ 1,631,806</u>

NOTE 12 - LEASE EXPENSE

CatchLight leases office space under a month-to-month lease with rent and utilities currently at \$1,650. For the office space, total rent was \$19,800 for the year ended December 31, 2021.

NOTE 13 - SUBSEQUENT EVENTS

In preparing these financial statements, CatchLight has evaluated events and transactions for potential recognition or disclosure through June 7, 2023, the date the financial statements were available to be issued.