



**CONSOLIDATED FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

CATALYST INC.

**CONSOLIDATED FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Catalyst Inc.

We have audited the accompanying consolidated financial statements of Catalyst Inc. ("Catalyst"), which comprise the consolidated statements of financial position as of August 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements for the years ended August 31, 2021 and 2020, of Catalyst Canada, Inc., a controlled subsidiary, whose financial statements reflect total assets of 15% and 12% of consolidated assets at August 31, 2021 and 2020, respectively, and total revenues constituting 12% and 7%, respectively, of consolidated revenues for the years then ended. Those statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and were audited by other auditors, whose report has been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of Catalyst Canada, Inc., which conform those financial statements to accounting principles generally accepted in the United States of America. Those statements were audited by other auditors in accordance with Canadian generally accepted auditing standards, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Catalyst Canada, Inc., as of and for the years ended August 31, 2021 and 2020, is based solely on the report of other auditors, and additional audit procedures to meet the relevant requirements of auditing standards generally accepted in the United States of America performed by the other auditors. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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. 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 consolidated 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, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Catalyst Inc. as of August 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Marks Paneth LLP

New York, NY
February 23, 2022

CATALYST INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF AUGUST 31, 2021 AND 2020

	2021	2020
ASSETS		
Cash (Notes 2G and 13)	\$ 8,748,423	\$ 6,154,282
Grants and contributions receivable, net (Notes 2F and 4)	18,094,912	20,088,710
Accounts and other receivables (Note 2F)	838,754	510,656
Investments (Notes 2D, 6 and 13)	27,653,532	25,235,168
Prepaid expenses and other assets	423,065	343,391
Letter of credit (Note 11D)	112,086	112,086
Property and equipment, net (Notes 2E, 2H, 5 and 9)	998,803	1,191,909
TOTAL ASSETS	\$ 56,869,575	\$ 53,636,202
LIABILITIES		
Accounts payable and accrued expenses (Note 11F)	\$ 2,141,243	\$ 1,972,299
Deferred revenue (Note 2J)	575,227	723,284
Deferred rent obligation (Notes 2I and 11)	914,304	996,885
Paycheck Protection Program refundable advance (Note 7)	1,560,812	1,560,812
TOTAL LIABILITIES	5,191,586	5,253,280
COMMITMENTS AND CONTINGENCIES (Note 11)		
NET ASSETS (Notes 2C and 8)		
Without Donor Restrictions		
Invested in property and equipment	998,803	1,191,909
Operations	18,958,866	11,514,326
	19,957,669	12,706,235
With Donor Restrictions	31,720,320	35,676,687
TOTAL NET ASSETS	51,677,989	48,382,922
TOTAL LIABILITIES AND NET ASSETS	\$ 56,869,575	\$ 53,636,202

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

CATALYST INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

	For the Year Ended August 31, 2021			For the Year Ended August 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total 2021	Without Donor Restrictions	With Donor Restrictions	Total 2020
REVENUE AND SUPPORT:						
Contributions and grants (Note 2C)	\$ 11,161,032	\$ 3,466,138	\$ 14,627,170	\$ 8,664,117	\$ 13,300,795	\$ 21,964,912
Special events revenue (Note 2M)	-	-	-	3,663,200	170,000	3,833,200
Donated services and assets (Notes 2E, 2H and 9)	910,595	-	910,595	1,014,326	-	1,014,326
Consulting income (Note 2K)	539,988	-	539,988	380,776	-	380,776
Conference and other events (Note 2K)	1,843,506	-	1,843,506	236,694	-	236,694
Honoraria and other (Note 2K)	802,861	-	802,861	427,511	-	427,511
LEI (formerly UBIL) Workshops and Site License (Note 2K)	2,108,561	-	2,108,561	663,545	-	663,545
MARC Workshops (Note 2K)	1,334,205	-	1,334,205	1,757,733	-	1,757,733
Paycheck Protection Program grant (Note 7)	1,560,812	-	1,560,812	-	-	-
Employee Retention Credit (Note 12)	309,543	-	309,543	-	-	-
Interest and dividend income (Notes 2D and 6)	135,888	227,413	363,301	206,802	227,413	434,215
Realized and unrealized gain on investments, net (Notes 2D and 6)	2,004,659	467,079	2,471,738	280,029	1,214,585	1,494,614
Net assets released from restrictions (Notes 2C and 8)	8,116,997	(8,116,997)	-	6,513,765	(6,513,765)	-
TOTAL REVENUE AND SUPPORT	<u>30,828,647</u>	<u>(3,956,367)</u>	<u>26,872,280</u>	<u>23,808,498</u>	<u>8,399,028</u>	<u>32,207,526</u>
EXPENSES (Note 2N):						
Program services:						
National education	1,618,396	-	1,618,396	1,828,121	-	1,828,121
Global brand and strategic communications	3,110,920	-	3,110,920	3,951,271	-	3,951,271
Research	2,208,155	-	2,208,155	2,242,729	-	2,242,729
Community and convening (formerly global events)	1,657,774	-	1,657,774	1,356,563	-	1,356,563
Learning and advisory services	4,674,153	-	4,674,153	3,917,854	-	3,917,854
Information center and services	1,811,919	-	1,811,919	2,150,059	-	2,150,059
Total program services	<u>15,081,317</u>	<u>-</u>	<u>15,081,317</u>	<u>15,446,597</u>	<u>-</u>	<u>15,446,597</u>
Supporting services:						
Finance and administration	4,191,645	-	4,191,645	4,598,141	-	4,598,141
Development	4,304,251	-	4,304,251	4,048,814	-	4,048,814
Total supporting services	<u>8,495,896</u>	<u>-</u>	<u>8,495,896</u>	<u>8,646,955</u>	<u>-</u>	<u>8,646,955</u>
TOTAL EXPENSES	<u>23,577,213</u>	<u>-</u>	<u>23,577,213</u>	<u>24,093,552</u>	<u>-</u>	<u>24,093,552</u>
CHANGE IN NET ASSETS	7,251,434	(3,956,367)	3,295,067	(285,054)	8,399,028	8,113,974
Net assets - beginning of year	<u>12,706,235</u>	<u>35,676,687</u>	<u>48,382,922</u>	<u>12,991,289</u>	<u>27,277,659</u>	<u>40,268,948</u>
NET ASSETS - END OF YEAR	<u>\$ 19,957,669</u>	<u>\$ 31,720,320</u>	<u>\$ 51,677,989</u>	<u>\$ 12,706,235</u>	<u>\$ 35,676,687</u>	<u>\$ 48,382,922</u>

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

CATALYST INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2021
(With Comparative Totals for 2020)

	For the Year Ended August 31, 2021												
	Program Services						Supporting Services					Total 2021	Total 2020
	National Education	Global Brand and Strategic Communications	Research	Community and Convening*	Learning and Advisory Services	Information Center and Services	Total Program Services	Finance and Administration	Development	Total Supporting Services			
OPERATING EXPENSES:													
Salaries, benefits and payroll taxes	\$ 768,751	\$ 1,783,314	\$ 1,674,178	\$ 918,378	\$ 2,755,834	\$ 1,021,760	\$ 8,922,215	\$ 2,946,056	\$ 3,296,653	\$ 6,242,709	\$ 15,164,924	\$ 14,503,643	
Professional fees (Notes 2E and 9)	709,768	862,445	172,205	480,281	1,298,665	113,809	3,637,173	611,697	208,252	819,949	4,457,122	5,211,733	
Pension expense (Note 10)	52,401	121,921	99,672	47,606	174,694	60,934	557,228	161,147	220,086	381,233	938,461	778,927	
Occupancy (Note 11C)	23,187	99,754	129,753	56,976	163,643	77,216	550,529	94,292	186,658	280,950	831,479	871,628	
Printing, typesetting and design	-	8,830	-	44,747	40,915	-	94,492	4,400	-	4,400	98,892	115,848	
Supplies	2,729	189	1,081	661	895	3,393	8,948	714	2,618	3,332	12,280	32,821	
Postage and shipping	251	571	1,152	646	1,648	1,381	5,649	1,622	3,534	5,156	10,805	18,612	
Books and subscriptions	30,885	112,990	7,009	2,821	3,616	38,907	196,228	8,442	4,738	13,180	209,408	174,680	
Meetings, conferences and travel	9,823	3,977	5,929	2,305	3,620	931	26,585	1,998	1,761	3,759	30,344	411,748	
Repairs and maintenance	1,068	52,834	45,688	47,387	104,772	382,013	633,762	114,439	63,584	178,023	811,785	516,897	
Telephone	-	-	-	-	-	39,153	39,153	-	-	-	39,153	89,341	
Depreciation and amortization (Note 5)	9,453	39,174	46,496	17,667	57,892	31,114	201,796	61,225	64,128	125,353	327,149	360,959	
Conference expense	-	-	-	-	-	-	-	-	-	-	-	129,725	
Uncollectable contributions	-	-	-	-	-	-	-	35,672	183,503	219,175	219,175	266,226	
Other	10,080	24,921	24,992	38,299	67,959	41,308	207,559	149,941	68,736	218,677	426,236	610,764	
TOTAL EXPENSES	\$ 1,618,396	\$ 3,110,920	\$ 2,208,155	\$ 1,657,774	\$ 4,674,153	\$ 1,811,919	\$ 15,081,317	\$ 4,191,645	\$ 4,304,251	\$ 8,495,896	\$ 23,577,213	\$ 24,093,552	

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

CATALYST, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2020

For the Year Ended August 31, 2020

	Program Services						Supporting Services				Total 2020
	National Education	Global Brand and Strategic Communications	Research	Global Events	Learning and Advisory Services	Information Center and Services	Total Program Services	Finance and Administration	Development	Total Supporting Services	
OPERATING EXPENSES:											
Salaries, benefits and payroll taxes	\$ 865,933	\$ 1,782,604	\$ 1,445,561	\$ 872,599	\$ 2,231,213	\$ 1,196,314	\$ 8,394,224	\$ 3,178,393	\$ 2,931,026	\$ 6,109,419	\$ 14,503,643
Professional fees (Notes 2E and 9)	784,634	1,694,685	332,731	113,961	1,117,987	156,213	4,200,211	554,495	457,027	1,011,522	5,211,733
Pension expense (Note 10)	59,393	84,599	85,166	59,167	97,589	66,207	452,121	146,119	180,687	326,806	778,927
Occupancy (Note 11C)	27,981	117,956	101,582	51,414	142,430	85,500	526,863	164,788	179,977	344,765	871,628
Printing, typesetting and design	-	5,740	550	61,008	48,000	550	115,848	-	-	-	115,848
Supplies	1,925	2,450	1,933	2,968	3,557	12,520	25,353	3,115	4,353	7,468	32,821
Postage and shipping	311	3,359	1,675	4,029	2,352	1,523	13,249	2,770	2,593	5,363	18,612
Books and subscriptions	17,887	51,604	1,955	2,866	2,696	34,713	111,721	54,082	8,877	62,959	174,680
Meetings, conferences and travel	50,975	33,328	111,313	20,077	63,424	19,933	299,050	7,666	105,032	112,698	411,748
Repairs and maintenance	2,528	6,170	61,115	2,883	6,878	368,848	448,422	59,863	8,612	68,475	516,897
Telephone	1,695	1,091	1,302	2,003	1,703	74,795	82,589	1,224	5,528	6,752	89,341
Depreciation and amortization (Note 5)	11,989	48,796	41,195	17,418	63,331	39,338	222,067	74,480	64,412	138,892	360,959
Conference expense	-	-	27,104	102,621	-	-	129,725	-	-	-	129,725
Uncollectable contributions	-	-	-	-	-	-	-	219,859	46,367	266,226	266,226
Other	2,870	118,889	29,547	43,549	136,694	93,605	425,154	131,287	54,323	185,610	610,764
TOTAL EXPENSES	\$ 1,828,121	\$ 3,951,271	\$ 2,242,729	\$ 1,356,563	\$ 3,917,854	\$ 2,150,059	\$ 15,446,597	\$ 4,598,141	\$ 4,048,814	\$ 8,646,955	\$ 24,093,552

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

CATALYST, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,295,067	\$ 8,113,974
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	327,149	360,959
Realized gain on investment sales	(3,668,090)	(596,344)
Unrealized loss (gain) on investments	1,036,297	(1,018,924)
Write off of uncollectable contributions	219,174	266,226
Change in discount on contributions receivable	(107,857)	79,174
Contributed property and equipment	-	(119,259)
Subtotal	1,101,740	7,085,806
Changes in operating assets and liabilities:		
(Increase) or decrease in assets:		
Grants and contributions receivable	1,882,481	(6,463,474)
Accounts and other receivables	(328,098)	890,098
Prepaid expenses and other assets	(79,674)	(9,144)
Increase or (decrease) in liabilities:		
Accounts payable and accrued expenses	168,944	536,914
Deferred revenue	(148,057)	417,997
Deferred rent obligation	(82,581)	(82,686)
Paycheck Protection Program refundable advance	-	1,560,812
Net Cash Provided by Operating Activities	2,514,755	3,936,323
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(23,123,485)	(13,590,363)
Proceeds from investment sales	23,336,914	10,106,498
Purchases of property and equipment	(134,043)	(172,071)
Net Cash Provided by (Used in) Investing Activities	79,386	(3,655,936)
NET INCREASE IN CASH	2,594,141	280,387
Cash - beginning of year	6,154,282	5,873,895
CASH - END OF YEAR	\$ 8,748,423	\$ 6,154,282
Non-Cash Investing and Financing Activities:		
Contributed property and equipment	\$ -	\$ 119,259

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

CATALYST INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Catalyst Inc. is a leading nonprofit with a mission to accelerate progress for women through workplace inclusion. Catalyst Canada, Inc. (“Catalyst Canada”) was incorporated on December 27, 2000 to fulfill the mission of Catalyst in Canada and is controlled by Catalyst Inc. Catalyst Europe AG (“Catalyst Europe”) was incorporated on June 22, 2006 to fulfill the mission of Catalyst in Europe. Catalyst Australia Women Research and Consulting Limited (“Catalyst Australia”) was incorporated on June 3, 2013 to fulfill the mission of Catalyst in Australia. The accompanying consolidated financial statements include the accounts of Catalyst Inc., Catalyst Canada, Catalyst Europe, Catalyst India, and Catalyst Australia (collectively, “Catalyst”). These entities are controlled by Catalyst Inc.

Descriptions of Catalyst’s major programs and supporting services are as follows:

- **National Education** – National Education fosters awareness and informs decision makers of the changing role and needs of women in the workplace by promoting Catalyst’s mission of advancing women in business and the professions, Catalyst’s research, and services. National Education also includes the execution of strategic plans to expand the reach of Catalyst’s mission in the North American, European and Asian business communities.
- **Global Brand and Strategic Communications** – The Global Brand and Strategic Communications Department creates and executes strategies to increase Catalyst’s visibility globally by developing and strengthening its brand, products and services. The Department is responsible for editing, designing and producing all products, publications and collateral materials, and for building public education and awareness of Catalyst’s work through media relations, marketing opportunities and social media campaigns, as well as initiatives like the Catalyst CEO Champions For Change.
- **Research** – The Research team conducts applied research to promote gender, racial and ethnic inclusion in workplaces around the world. This research culminates in published studies that include findings from interviews, focus groups and surveys, as well as company best practices and recommendations for companies and firms creating equitable and inclusive workplaces for women and men. Catalyst conducts research globally and has produced reports specific to the United States, Canada, Europe, India, Australia, Japan and Mexico.
- **Community and Convening** – The Community and Convening department is responsible for Catalyst’s in-person and virtual convening and community engagement initiatives. It also include Recognition Programs, such as the largest annual Catalyst event – the Catalyst Awards Conference and Dinner, which brings together more than 2,000 individuals, including some of the most influential CEO’s, business executives, world leaders, and media representatives.
- **Learning and Advisory Services (“LAS”)** – The LAS team is responsible for the development and delivery of fee-for-service workshops, programming, and advisory services designed to accelerate progress for women in the workplace and enhance workplace inclusion. Catalyst’s offerings and solutions reach clients globally through individual awareness building, shifting mindsets and behaviors, and developing commitment to action plans. Foundational programs include the Men Advocating Real Change (“MARC”) initiative, which meets men where they are to help build partnerships across gender, and Lead for Equity & Inclusion (“LEI”) workshops (formerly Unconscious Bias to Inclusive Leadership “UBIL”) and online/self-paced learning, which help individuals and leaders across levels learn how to overcome bias and foster greater workplace inclusion. Advisory Services fosters client impact through a variety of services, benefits, and activities, including strategic consulting engagements, specialized programming, and diagnostic tools. Through in-person and virtual workshops and a full suite of client programming, LAS solutions reach tens of thousands of individuals globally across a variety of supporter organizations.

CATALYST INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

- **Information Center and Services** – The Information Center responds to public queries on the topic of advancing women and building inclusive workplaces, and it creates knowledge products that increase understanding on topics related to diversity and inclusion. The Information Center provides efficient, valuable information to Catalyst donors, the media and those who formulate public policy.
- **Finance and Administration** – Finance and Administration maintains operational, administrative and financial responsibility for Catalyst.
- **Development** – Development enlists corporate, individual, governmental and foundation contributions for general support and special research projects. The department manages relationships with sponsors headquartered in the United States, Canada, Europe, and Australia.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Catalyst's consolidated financial statements have been prepared on the accrual basis of accounting. Catalyst adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP").
- B. The consolidated financial statements include the accounts of Catalyst Inc., Catalyst Canada, Catalyst Europe, Catalyst India and Catalyst Australia. Upon consolidation, all significant intercompany balances and transactions are eliminated.
- C. Contributions are recognized when the donor makes a promise to give to Catalyst that is, in substance, unconditional. Conditional contributions and promises to give, those with a measurable performance or other barrier and a right of return, are not recognized as support until the conditions on which they depend are substantially met.

Catalyst reports contributions as net assets without donor restrictions unless they are received with donor stipulations that limit the use of the donated assets; such assets are considered net assets with donor restrictions. When a donor 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 consolidated statements of activities as net assets released from restrictions. Net assets with donor restrictions were released from restrictions by incurring expenses and satisfying time restrictions, thereby satisfying the restricted purposes of providing program services as specified by the donors.

Catalyst reports gifts of cash and other assets as net assets with donor restrictions to be held in perpetuity when use by Catalyst is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of Catalyst. Earnings on the reserve fund component of certain net assets with donor restrictions to be held in perpetuity can be borrowed for research projects, as described in Note 8. Additionally, interest earned on net assets with donor restrictions to be held in perpetuity for research project centers can be used to support the activities on the research centers as described in Note 8.

Contributions are accounted for under Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). As of August 31, 2021 and 2020, Catalyst had no conditional contributions that have not been recorded in the accompanying consolidated financial statements.

CATALYST INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Investments are stated at their fair values. Realized and unrealized gains and losses are recognized as changes in net assets in the period in which they occur and investment income is recognized as revenue in the period earned. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described below:

- Level 1 – Valuations for assets and liabilities that can be obtained from readily available active pricing sources for market transactions involving identical assets or liabilities.
- Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for similar assets or liabilities.
- Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models or similar techniques, and not based on market exchange, dealer, or broker-traded transactions.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period.

Catalyst evaluates the significance of transfers between levels based upon the nature of the financial instrument and the size of the transfer relative to total net assets. For the years ended August 31, 2021 and 2020, there were no transfers.

Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into the three levels described above.

- E. Donated services are recognized in the consolidated financial statements if the services enhance or create non-financial assets or require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Donated goods or contributions of use of facilities are recognized at their estimated fair value.
- F. Catalyst has determined that an allowance of \$267,298 and \$267,028, respectively, was necessary for uncollectible grants and contributions receivable and no allowance for accounts and other receivables was necessary as of August 31, 2021 and 2020. Such estimates are based on management's assessments of the creditworthiness of its donors, the aged basis of its receivables, as well as current economic conditions and historical information.
- G. Catalyst considers all highly liquid investments with maturities of three months or less when acquired, to be cash equivalents, except for cash and money market funds contained in Catalyst's investment portfolio.

CATALYST INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- H. Property and equipment is stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. Catalyst capitalizes all owned property and equipment having a useful life of greater than three years and a cost of more than \$1,000. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the useful lives of the improvements or the term of the applicable lease.

Contributed property and equipment is recorded at fair value on the date of donation. When donors stipulate restrictions on the use of the assets, such contributions are recorded as support with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions. During the years ended August 31, 2021 and 2020, Catalyst received \$0 and \$119,259 of contributed computer equipment, respectively.

- I. Catalyst leases real property under operating leases at various dates in the future. Since the rent payments increase over time, Catalyst records an adjustment to rent expense each year to reflect its straight-lining policy. Straight-lining of rent gives rise to a timing difference that is reflected as deferred rent obligation in the accompanying consolidated statements of financial position. The annual adjustment recorded for the years ended August 31, 2021 and 2020 decreased the deferred rent obligation by \$82,581 and \$82,686, respectively.
- J. Catalyst receives cash in advance of special events that are to be held after the date of the consolidated statements of financial position. It is Catalyst's policy to record the contribution portion of the events as revenue when received and the exchange portion as deferred revenue until earned. Deferred revenue balances also include special event, advisory fee, honoraria and miscellaneous receipts applicable to the next fiscal year.
- K. Program service revenue is accounted for under FASB ASU 2014-09, "*Revenue from Contracts with Customers*" (Topic 606). Program service revenue is recognized and recorded at the time a service is performed. Such services include consulting services, workshops, and conferences. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by Catalyst in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Catalyst measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the government agencies' stipulations.

All performance obligations relate to contracts with a duration of less than one year, therefore, there are no performance obligations or contract balances that are unsatisfied as of August 31, 2021 and 2020. The performance obligations for these contracts are completed when the service is completed and upon submission of the invoice. Catalyst determines the transaction price based on contracts for services provided.

CATALYST INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program service revenue consists of the revenues for the following programs for the years ended August 31:

	<u>2021</u>	<u>2020</u>
Consulting income	\$ 539,988	\$ 380,776
Conference and other events	1,843,506	236,694
Honoraria and other	802,861	427,511
LEI (formerly UBIL) Workshops and Site License	2,108,561	663,545
MARC Workshops	<u>1,334,205</u>	<u>1,757,733</u>
	<u>\$ 6,629,121</u>	<u>\$ 3,466,259</u>

- L. All elements of financial statements for Catalyst Canada, Catalyst Europe, and Catalyst Australia are translated by using a currency exchange rate. For assets and liabilities, the exchange rate as of the consolidated statement of financial position date is used. For revenues, support and expenses, an average exchange rate for the period is used. As of August 31, 2021 and 2020, the accumulated adjustments to net assets related to currency exchange rates amounted to a (decrease) increase in net assets of approximately \$(65,000) and \$72,000, respectively. For the years ended August 31, 2021 and 2020, Catalyst incurred a foreign exchange (loss) gain of approximately \$(11,000) and \$32,000, respectively. Through February 23, 2022, there are no significant exchange rate changes.
- M. The direct costs of special events include expenses for the benefit of the donor and are included net of contribution revenue on the accompanying consolidated statements of activities. For example, meals and facilities rental are considered direct costs of special events.
- N. The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The consolidated 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 occupancy, depreciation and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional fees, office expenses, meetings, conferences and travel, and other, which are allocated on the basis of estimates of time and effort.

- O. The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the consolidated financial statements. Actual results could differ from those estimates.

CATALYST INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Catalyst regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Catalyst has various sources of liquidity at its disposal, including cash and cash equivalents, marketable and equity securities.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Catalyst considers all expenditures related to its ongoing activities of research, consulting, as well as the conduct of services undertaken to support those activities, to be general expenditures. Donor restricted funds for various programs are considered available for the general expenditures to conduct those programs.

In addition to financial assets available to meet general expenditures over the next 12 months, Catalyst operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the consolidated statements of cash flows, which identifies the sources and uses of the organization's cash and shows positive cash generated by operations for fiscal years 2021 and 2020.

As of August 31, 2021 and 2020, the following tables show the total financial assets held by Catalyst and the amounts of those financial assets that could readily be made available within one year of the consolidated statements of financial position date to meet general expenditures:

Financial assets at year-end	<u>2021</u>	<u>2020</u>
Cash	\$ 8,748,423	\$ 6,154,282
Grants and contributions receivable, net	18,094,912	20,088,710
Accounts and other receivables	838,754	510,656
Investments	<u>27,653,532</u>	<u>25,235,168</u>
 Total financial assets	 55,335,621	 51,988,816
 Less: Contributions receivable due in more than one year, net of discount	 (10,774,123)	 (13,896,672)
Less: Investments held for endowments	<u>(13,717,794)</u>	<u>(13,023,302)</u>
 Total financial assets at year-end	 <u>\$ 30,843,704</u>	 <u>\$ 25,068,842</u>

NOTE 4 – GRANTS AND CONTRIBUTIONS RECEIVABLE, NET

Grants and contributions receivable consist of the following as of August 31:

	<u>2021</u>	<u>2020</u>
Amounts due in less than one year	\$ 7,588,087	\$ 6,459,066
Amounts due in one to five years	<u>11,063,841</u>	<u>14,294,248</u>
	18,651,928	20,753,314
 Less: Allowance for doubtful accounts	 (267,298)	 (267,028)
Less: Discount on long-term pledges receivable	<u>(289,718)</u>	<u>(397,576)</u>
Grants and contributions receivable, net	<u>\$ 18,094,912</u>	<u>\$ 20,088,710</u>

CATALYST INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 5 – PROPERTY AND EQUIPMENT, NET

Property, equipment and leasehold improvements consist of the following as of August 31:

	<u>2021</u>	<u>2020</u>	<u>Estimated Useful Life</u>
Furniture and fixtures	\$ 410,194	\$ 409,200	5 years
Equipment	1,954,692	2,283,989	5 years
Leasehold improvements	<u>1,535,054</u>	<u>1,535,054</u>	Lease term
 Total cost	 3,899,940	 4,228,243	
 Less: accumulated depreciation and amortization	 <u>(2,901,137)</u>	 <u>(3,036,334)</u>	
 Net book value	 <u>\$ 998,803</u>	 <u>\$ 1,191,909</u>	

Depreciation and amortization expense for the years ended August 31, 2021 and 2020 amounted to \$327,149 and \$360,959, respectively. During the years ended August 31, 2021 and 2020, \$462,346 and \$151,876 of fully depreciated equipment was written off.

NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consist of cash held for investment and financial assets carried at fair value at August 31, 2021 and are classified in the table below as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments Carried at Fair Value			
Mutual funds	\$ 26,327,891	\$ -	\$ 26,327,891
Certificates of deposit	<u>-</u>	<u>248,604</u>	<u>248,604</u>
Total investments at fair value	26,327,891	248,604	26,576,495
 Cash Investments Carried at Cost	 <u>-</u>	 <u>-</u>	 <u>1,077,037</u>
Total investments	<u>\$ 26,327,891</u>	<u>\$ 248,604</u>	<u>\$ 27,653,532</u>

Investments consist of cash held for investment and financial assets carried at fair value at August 31, 2020 and are classified in the table below as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments Carried at Fair Value			
Mutual funds	\$ 20,278,381	\$ -	\$ 20,278,381
Certificates of deposit	<u>-</u>	<u>4,467,361</u>	<u>4,467,361</u>
Total investments at fair value	20,278,381	4,467,361	24,745,742
 Cash Investments Carried at Cost	 <u>-</u>	 <u>-</u>	 <u>489,426</u>
Total investments	<u>\$ 20,278,381</u>	<u>\$ 4,467,361</u>	<u>\$ 25,235,168</u>

CATALYST INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Investment income consists of the following for the years ended August 31:

	<u>2021</u>	<u>2020</u>
Realized gain	\$ 3,668,090	\$ 596,344
Unrealized (loss) gain	(1,036,297)	1,018,924
Interest and dividend income	363,301	434,215
Less: Investment fees	<u>(160,055)</u>	<u>(120,654)</u>
	<u>\$ 2,835,039</u>	<u>\$ 1,928,829</u>

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated financial statements.

NOTE 7 – PAYCHECK PROTECTION PROGRAM REFUNDABLE ADVANCE

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program (“PPP”). Participating in the PPP enables the business to obtain a loan from the Small Business Administration (“SBA”) sector of the government. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven. Catalyst applied for this loan through an SBA authorized lender. The loan, amounting to \$1,560,812, was approved and received on May 1, 2020.

In accounting for the terms of the PPP loan, Catalyst is guided by FASB Accounting Standards Codification (“ASC”) topic 958-605 *Revenue Recognition - Contributions*. Accordingly, Catalyst has accounted for this under ASC 958-605 as a conditional contribution. As of August 31, 2020, \$1,560,812 was recorded as a refundable advance as the conditions are not met. For the year ended August 31, 2021, Catalyst met the conditions and recognized a contribution of \$1,560,812 in the accompanying consolidated statements of activities. Catalyst received full forgiveness on the loan on March 18, 2021.

During the year ended August 31, 2021, Catalyst applied for a second round PPP loan through an SBA authorized lender. The loan, amounting to \$1,560,812, was approved and received on March 14, 2021. As of August 31, 2021, the loan was recorded as a refundable advance. Subsequent to year end, Catalyst received full forgiveness on the loan on November 9, 2021.

CATALYST INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 8 – NET ASSETS

Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted as follows as of August 31:

	2021	2020
<u>Purpose Restricted:</u>		
Major Gifts Campaign – Lead for Equity and Inclusion	\$ 5,999,475	\$ 6,674,777
Major Gifts Campaign – MARC	3,738,499	5,818,040
Major Gifts Campaign – Future of Work	5,061,443	5,988,955
Women on Board	324,392	648,076
Major Gifts Campaign – Advancing Women	1,920,005	1,545,788
Major Gifts Campaign - Global Expansion	173,906	204,331
MARC	63,817	118,667
Sponsorship	162,164	162,164
Major Gifts Campaign – Women on Board	939,391	1,048,979
Canada Honours 2021	279,951	-
Awards Dinner 2021 Sponsorship	-	150,000
Miscellaneous (less than \$100,000)	42,939	233,608
	18,705,982	22,593,385
Time restricted	296,544	60,000
Unappropriated endowment earnings	3,697,519	4,003,027
Felice N. Schwartz Endowment	3,924,122	3,924,122
Major Gift Campaign Endowment	5,096,153	5,096,153
	12,717,794	13,023,302
	\$ 31,720,320	\$ 35,676,687

Net assets with donor restrictions of \$8,116,997 and \$6,513,765 were released from donor imposed restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the years ended August 31, 2021 and 2020, respectively.

Endowments

During 1992, the “Felice N. Schwartz Reserve Fund for the Advancement of Women in Business and the Professions” was created. The principal amount of the fund may be borrowed on a short-term basis by Catalyst to complete research projects, which are of strategic importance, but lack complete funding, and to meet temporary cash flow needs. The income earned from invested principal will be used to grow the fund in line with inflation and to complete the financing of research projects for which the majority of funds have been raised. Borrowings from the principal and interest of this fund must be repaid. There were no borrowings from the fund for the years ended August 31, 2021 and 2020. During the year ended August 31, 2021, the Catalyst Board of Directors approved the appropriation \$1 million of accumulated earnings in excess of inflation in accordance with the donor letter.

In December 2010, the Major Gifts Campaign to fund the Longitudinal Research Initiative: Change Leadership Research Center, Career Pathways Research Center, Corporate Practices Research Center and Corporate Governance Research Center was established. The principal amount of the fund will remain intact. Once all the payments are received, the interest on the fund will support the activities of the four Research Centers. Expenditures will include salaries for the Research Center Leaders; Endowed Fellows and Scholars; Endowed Longitudinal Data Sets and Thought Leaders Convening Events. There was no spending for the years ended August 31, 2021 and 2020.

CATALYST INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 8 – NET ASSETS (Continued)

Contributions made to the Major Gifts Campaign - Longitudinal Research Initiative through August 31, 2013, were allocated 70% for endowment and 30% as contributions with donor restrictions subject to purpose and time restrictions. For the years ended August 31, 2021 and 2020, contributions made to the Major Gifts Campaign - Longitudinal Research Initiative are allocated 50% for endowment and 50% as contributions with donor restrictions subject to purpose and time restrictions. All other Major Gift Campaign program contributions are restricted for purpose or time.

As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Catalyst is subject to the Ohio-enacted version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) in relation to its donor-restricted endowment funds. The Board of Directors of Catalyst has interpreted the Ohio-enacted version of UPMIFA as allowing Catalyst to appropriate for expenditure or accumulate so much of an endowment fund as Catalyst determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. The earnings from the endowment funds shall be restricted until appropriated for expenditure by the Board of Directors.

The investment policy at Catalyst is intended to provide a strong base to support the operations and mission of Catalyst. Catalyst’s investment objectives are to safeguard its assets and preserve the real purchasing power of its assets while earning investment returns that are commensurate with Catalyst’s risk tolerance and sufficient to meet its operational requirements.

The following table summarizes changes in endowment net assets for the year ended August 31, 2021:

	Donor-Restricted Endowment Funds		
	Endowment Earnings	Endowment Corpus	Total
Investment earnings	\$ 694,492	\$ -	\$ 694,492
Amount appropriated	(1,000,000)	-	(1,000,000)
Total endowment activity	(305,508)	-	(305,508)
Endowment net assets, beginning of year	4,003,027	9,020,275	13,023,302
Endowment net assets, end of year	\$ 3,697,519	\$ 9,020,275	\$ 12,717,794

The following table summarizes changes in endowment net assets for the year ended August 31, 2020:

	Donor-Restricted Endowment Funds		
	Endowment Earnings	Endowment Corpus	Total
Investment earnings	\$ 1,441,998	\$ -	\$ 1,441,998
Total endowment activity	1,441,998	-	1,441,998
Endowment net assets, beginning of year	2,561,029	9,020,275	11,581,304
Endowment net assets, end of year	\$ 4,003,027	\$ 9,020,275	\$ 13,023,302

Endowment net assets of \$13,717,794 and \$13,023,302 are included with investments and grants and contributions receivable on the consolidated statements of financial position as of August 31, 2021 and 2020, respectively.

CATALYST INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 8 – NET ASSETS (Continued)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires Catalyst to retain as a fund of perpetual duration. Any deterioration of the fair value of assets associated with donor-restricted endowment funds that falls below the level the donor requires Catalyst to retain in perpetuity is to be reported in net assets with donor restrictions. There were no deficiencies for the years ended August 31, 2021 and 2020.

NOTE 9 – DONATED SERVICES AND ASSETS AND RELATED PARTY

Catalyst received the following donated services and assets for the years ended August 31:

	2021	2020
Legal	\$ 493,729	\$ 533,152
Consulting	416,866	361,915
Capitalized computer equipment	-	119,259
	\$ 910,595	\$ 1,014,326

A member of Catalyst's Board of Directors is an attorney. For many years, her law firm has provided pro-bono legal services to Catalyst. For the years ended August 31, 2021 and 2020, Catalyst recorded contributed goods and services as noted above which are included in revenue, expenses and property and equipment for capitalized property and equipment in the accompanying consolidated financial statements.

NOTE 10 – PENSION PLAN

Catalyst sponsors a defined contribution money purchase plan. Catalyst contributes 5% of compensation and employees are given the choice to contribute up to 5% of their compensation with Catalyst matching dollar for dollar up to limits established by the Internal Revenue Code. An employee becomes eligible to participate in the plan after one year of service. Total pension expense for the years ended August 31, 2021 and 2020 amounted to \$938,461 and \$778,927, respectively.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

- A. In October 2011, Catalyst entered into a lease agreement for office space, expiring in 2027, for its New York City headquarters. In connection with the lease, Catalyst received nine months of free rent and reimbursement from the landlord for leasehold improvements of approximately \$907,000. The reimbursement from the landlord for leasehold improvements, as well as the value of the nine months of free rent, have been recorded as a deferred rent obligation and are being amortized over the lease term. Rental expense for this space is recorded on a straight-line basis. The lease provides for an escalation based on operating costs.
- B. Catalyst Canada has a lease for office space which expires on April 30, 2023. In connection with the lease, Catalyst Canada received three months of free rent that has been recorded as a deferred rent obligation and is being amortized over the lease term. Under the lease, Catalyst Canada is obligated to pay for rent and other occupancy costs.
- C. Catalyst is obligated, pursuant to lease agreements, to future minimum annual lease payments for the years ended after August 31, 2021, as follows:

2022	\$ 803,199
2023	791,949
2024	745,216
2025	745,216
2026	745,216
Thereafter	683,115
	\$ 4,513,911

CATALYST INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 11 – COMMITMENTS AND CONTINGENCIES (Continued)

Occupancy expense for the years ended August 31, 2021 and 2020, amounted to \$831,478 and \$871,628, respectively.

- D. Catalyst holds a Letter of Credit in connection with occupancy of the leased office space at 120 Wall Street in New York City. The Letter of Credit allows up to \$250,000 to be borrowed. As of August 31, 2021 and 2020, the landlord has the right to draw down \$112,086 against the Letter of Credit.
- E. Catalyst Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a). Catalyst Canada was incorporated under the Canada Corporations Act as a not-for-profit organization and is exempt from tax under paragraph 149(l)(1) of the Income Tax Act. Catalyst Australia was incorporated under the Corporations Act of 2001 as a not-for-profit organization and is exempt from tax under Division 50 of The Income Tax Assessment Act 1997. Catalyst India and Catalyst Europe were subject to local income taxes and income tax expenses amounting to \$8,606 and \$0 during the years ended August 31, 2021 and 2020, respectively.

Catalyst Inc. believes that it has no uncertain tax positions as of August 31, 2021 and 2020 in accordance with FASB ASC Topic 740, *Income Taxes*, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

- F. The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on Catalyst's business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, Catalyst is currently unable to fully determine the extent of COVID-19's impact on its business in future periods.

Under the CARES Act, certain payroll tax deferrals have been granted to companies. Included in the payroll tax deferral is the Federal Insurance Contributions Act ("FICA") tax. Catalyst has decided to defer the employer portion of the FICA tax which amounted to approximately \$250,000 and \$68,000 as of August 31, 2021 and 2020, respectively, and is included in accounts payable and accrued expenses. Under the CARES Act the deferred amount would be due in two equal installments on December 31, 2021 and December 31, 2022.

NOTE 12 – EMPLOYEE RETENTION CREDIT

During the year ended August 31, 2021, Catalyst benefited from credits related to the passage of the CARES Act on March 27, 2020, in response to the COVID-19 crisis. Under the CARES Act, Catalyst qualified for an Employee Retention Credit for revenue loss due to the COVID-19 crisis. As a result of the CARES Act, Catalyst recorded a total income of \$309,543 which is included in the accompanying consolidated statements of activities.

NOTE 13 – CONCENTRATIONS OF CREDIT RISK

Cash and cash equivalents that potentially subject Catalyst to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Interest and noninterest bearing accounts are insured up to \$250,000 per depositor. As of August 31, 2021 and 2020, there was approximately \$4,963,000 and \$3,581,000, respectively, of cash and cash equivalents held by one bank that exceeded FDIC limits. Such excess includes outstanding checks. Canada Deposit Insurance Corporation ("CDIC") insurance limits of \$79,300 USD (which is 100,000 CAD) were exceeded by approximately \$2,260,000 and \$900,000 as of August 31, 2021 and 2020, respectively, at one bank. The Deposit Protection of Swiss Banks and Securities Dealers limits of deposits of up to \$110,200 USD (which is 100,000 CHF) were exceeded by approximately \$1,114,000 and \$738,000 as of August 31, 2021 and 2020, respectively, at one bank. Financial Claims Scheme in Australia limits deposits up to \$182,900 USD (which is 250,000 AUD). Catalyst Australia exceeded the limits by approximately \$367,000 and \$562,000 as of August 31, 2021 and 2020, respectively, at one bank.

CATALYST INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the consolidated statement of financial position through February 23, 2022, the date the consolidated financial statements were available to be issued.