Financial Statements
December 31, 2013

CATCH, Inc.

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors
CATCH, Inc.
Boise, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of CATCH, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CATCH, Inc. as of December 31, 2013, 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.

Correction of Error
As discussed in Note 11 to the financial statements, certain errors resulting in an understatement of previously reported inventory, federal grant revenue and net assets as of December 31, 2012, were discovered by management of the Organization during the current year. Accordingly, an adjustment has been made to net assets as of December 31, 2012, to correct the error. Our opinion is not modified with respect to those matters.

Eide Bailly LLP

Boise, Idaho
April 04, 2014

Assets		
Current Assets		
Promises to give	$	127,995
Grants receivable		100,526
Inventory		35,101
Prepaid expenses and other assets		1,500
Total current assets		265,122
Property and Equipment		
Land		58,300
Building and improvements		411,332
Furniture and fixtures		31,837
Vehicle		2,300
		503,769
Accumulated depreciation		(30,432)
Total property and equipment, net		473,337
	$	738,459
Liabilities and Net Assets		
Current Liabilities		
Bank overdrafts	$	7,365
Accounts payable		21,246
Accrued expenses		23,495
Line of credit		25,000
Current portion of capital lease obligations		3,940
Current portion of mortgage payable		12,503
Total current liabilities		93,549
Long-Term Liabilities		
Capital lease obligations, less current portion		15,955
Mortgage payable, less current portion		420,807
Total long-term liabilities		436,762
Net Assets		
Temporarily restricted		163,096
Unrestricted		45,052
Total net assets		208,148
	$	738,459

	Unrestricted	Temporarily Restricted	Total
Public Support			
Government contributions	$ 480,828	$ -	$ 480,828
Corporate and foundation contributions	43,551	81,758	125,309
Non-profit contributions	211,693	33,486	245,179
Individual contributions	29,325	12,751	42,076
Special events revenue	7,034	-	7,034
In-kind contributions	139,743	35,101	174,844
	912,174	163,096	1,075,270
Net Assets Released from Restriction			
Satisfaction of program restrictions	59,416	(59,416)	-
Total public support, and release of restrictions	971,590	103,680	1,075,270
Expenses			
Program Services			
Ada County	498,755	-	498,755
Canyon County	257,034	-	257,034
Twin Falls	10,368	-	10,368
Total program services	766,157	-	766,157
Support Services			
Administration	163,642	-	163,642
Fundraising	74,296	-	74,296
Total support services	237,938	-	237,938
Total Expenses	1,004,095	-	1,004,095
Change in Net Assets	(32,505)	103,680	71,175
Net Assets, Beginning of Year, as Restated	77,557	59,416	136,973
Net Assets, End of Year	$ 45,052	$ 163,096	$ 208,148

	Program Services Ada County	Program Services Canyon County	Program Services Twin Falls	Total Program Services	Administration	Fundraising	Total
Expenses							
Salaries & related expenses	$ 154,208	$ 136,312	$ 9,106	$ 299,626	$ 84,487	$ 49,195	$ 433,308
Contract services	1,399	-	-	1,399	45,048	11,375	57,822
Office supplies	9,739	1,558	241	11,538	7,788	9,213	28,539
Facility & equipment expenses	26,210	8,012	-	34,222	8,565	-	42,787
Depreciation expense	7,850	1,333	-	9,183	4,915	-	14,098
Travel and meeting expenses	-	-	-	-	1,970	-	1,970
Rentals and deposits	214,943	61,879	981	277,803	-	-	277,803
CATCH match	5,399	1,781	-	7,180	-	-	7,180
Donated materials & supplies	65,824	43,883	-	109,707	-	-	109,707
Interest	10,037	-	-	10,037	5,042	-	15,079
Insurance - employee related	923	693	-	1,616	-	-	1,616
Insurance - non-employee related	830	953	-	1,783	4,448	-	6,231
Other expenses	1,393	630	40	2,063	1,379	4,513	7,955
Total expenses	$ 498,755	$ 257,034	$ 10,368	$ 766,157	$ 163,642	$ 74,296	$ 1,004,095

Operating Activities		
Change in net assets	$	71,175
Adjustment to reconcile change in net assets		
to net cash used for operating activities		
Depreciation		14,098
Changes in assets and liabilities		
Promises to give		(101,444)
Grants receivable		(33,395)
Inventory		(2,236)
Prepaid expenses and other assets		(866)
Bank overdrafts		7,365
Accounts payable		21,246
Accrued expenses		11,825
Net Cash used for Operating Activities		(12,232)
Investing Activities		
Purchases of assets		(11,386)
Net Cash used for Investing Activities		(11,386)
Financing Activities		
Net proceeds on line of credit		25,000
Payments on capital leases		(1,430)
Payments on long-term debt		(12,103)
Net Cash from Financing Activities		11,467
Net Change in Cash		(12,151)
Cash, Beginning of Year		12,151
Cash, End of Year	$	-
Supplemental Disclosures of Cash Flow Information		
Capital lease financing of equipment	$	21,325
Interest paid	$	15,318

Note 1 - Summary of Significant Accounting Policies

Business Activity

CATCH, Inc. (the Organization) is organized and operated as a non-profit corporation in the State of Idaho and was created in 2010 to assist families with children get back on their feet. CATCH provides families with a new beginning by providing rental assistance and caseworker assistance for families to address their individual challenges. They also offer a CATCH Match program to encourage saving. The goal for participating families is self-sufficiency within a year or less. The Organization's primary service area is Ada and Canyon Counties, located in southwest Idaho. Services were expanded to include Twin Falls at the end of 2013. The Organization is funded by federal grants, donations and grants from businesses, foundations, and non-profits, as well as individual donations.

Cash

For the statement of cash flows, the Organization considers all short-term investments purchased with a maturity date of three months or less to be cash equivalents.

Promises to Give

Promises to give are recorded as contribution revenues and receivables when legally enforceable. The Organization provides for losses on promises to give using the allowance method. The allowance is based on history of collectability, as assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At December 31, 2013, all promises to give are deemed collectible within one year and there is no allowance for uncollectible accounts.

Grants Receivable

Grants receivable are recorded as contributions when the reimbursable expense has been incurred. No allowance is considered necessary as all amounts are considered collectible.

Inventory

Inventory is primarily donated household goods and is valued at fair value using comparable thrift shop value schedules.

Property and Equipment

Property and equipment are recorded at cost except for donated property, which is recorded at its fair market value when donated. Depreciation is provided for on the straight-line method over estimated useful life of five years, except for the building and improvements, which are depreciated on the straight-line method over an estimated useful life of 10 to 40 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. Expenditures for major renewals and betterments that extend the useful lives are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and related depreciation and amortization are removed from the account and any remaining gain or loss is included in the statement of activities. Purchases and gifts valued at more than $500 and having a useful life of greater than one year are capitalized.

Net Assets

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

Unrestricted Net Assets – Net assets available for use in general operations.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Organization and/or the passage of time.

The Organization reports contributions restricted by donors as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Organization. There are no permanently restricted net assets at December 31, 2013.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. The Organization recognizes all contributed support received as income in the period received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

The Organization records various types of in-kind support including contributed property and equipment, professional services, office space, marketing and materials. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received.

Volunteers contribute significant amounts of time to the Organization’s program services and administration; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

The Organization provides participating families with various basic household items as needed. In-kind contributions revenue and goods and miscellaneous support expense used an estimated value of goods provided, based on the average amount of assistance provided to participants and the number of participants moved in to homes during the year. The income and expense booked may not be a complete representation of actual goods provided. Goods contributed but not distributed are held in inventory at end of year.

Advertising Costs

Advertising costs are expensed as incurred, and approximated $3,786 was incurred for the year ended December 31, 2013 of which $1,704 was donated.

Functional Allocation of Expenses

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

Income Taxes

CATCH, Inc. is organized as an Idaho nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and (viii). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Organization has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material. The most significant estimates relate to the value of in-kind services and goods revenue and related expense and inventory balances.

Subsequent Event

The Organization has evaluated subsequent events through April 04, 2014, the date which the financial statements were available to be issued.

Note 2 - Grants Receivable

At December 31, 2013, grants receivable consist of the following:

Grantor	Amount		Activity funds will benefit
Emergency Solutions Grant	$	7,692	Rents
Temporary Assistance Needy Families		92,834	Rents and Social Work
	$	100,526	

Note 3 - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following contributions for future operations:

Restricted for use		
Household goods inventory	$	35,101
Restricted for time		
Promises to give		127,995
	$	163,096

Note 4 - Net Assets Released From Restrictions

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the year ended December 31, 2013 were as follows:

Satisfaction of use restriction	$	32,865
Satisfaction of time restriction		
Non-profit contributions		15,000
Individual contributions		11,551
Total restrictions released	$	59,416

Note 5 - Line of Credit

On June 7, 2013, the Organization entered into a revolving line of credit with Mountain West Bank. The agreement provides for available borrowings of up to $25,000. The agreement matures on June 10, 2014. Borrowings under the line of credit bear interest at the prime rate as published in the Wall Street Journal plus 1.5% resulting in a rate of 4.75% as of December 31, 2013. All borrowings are collateralized by inventory, accounts receivable, equipment, and intangibles of the Organization. As of December 31, 2013 there was $25,000 outstanding on the line of credit. Borrowings under the line of credit are subject to certain covenants and restrictions, all of which the Organization was in compliance with at December 31, 2013.

Note 6 - Long-Term Debt

The Organization purchased a building in the year ended December 31, 2011 and as of December 31, 2013, the Organization carries a mortgage of $433,310 collateralized by the building. It is payable in minimum installments of $2,002 until due September 1, 2041, inclusive of interest at a rate of 3.25%. Future maturities of the mortgage note are as follows:

Years Ending December 31,	Amount
2014	$ 12,503
2015	12,915
2016	13,341
2017	13,781
2018	14,236
Thereafter	366,534
	$ 433,310

Note 7 - Leases

The Organization leases office space and certain equipment under various operating and capital leases.

The operating leases expire at various dates in 2017 and 2018. Lease expense for the year ended December 31, 2013 for operating leases is $10,195.

Leased property under capital leases is comprised of two copiers leased during the year ended December 31, 2013 that expire in 2013. The assets are valued at present value of lease payments for $21,325 less accumulated depreciation of $1,599 at December 31, 2013.

Future minimum lease payments are as follows:

Years Ending December 31,	Capital Leases	Operating Leases - Equipment	Operating Leases - Office
2014	$ 4,800	$ 1,004	$ 21,132
2015	4,800	1,004	21,732
2016	4,800	1,004	22,332
2017	4,800	1,004	11,316
2018	3,000	753	-
Total minimum lease payments	$ 22,200	$ 4,769	$ 76,512
Less portion representing interest	(2,305)		
Present value of minimum lease payments	$ 19,895		

Note 8 - Donated Professional Services and Goods

CATCH, Inc. received donated professional services and goods as follows for the year ended December 31, 2013:

	Program Services	Administrative	Fundraising	Total
Accounting Services	$ -	$ 6,500	$ -	$ 6,500
Social Work Services	1,683	-	-	1,683
Marketing	-	-	1,704	1,704
Office Space	10,780	-	-	10,780
Vehicle	33,770	-	-	33,770
Household Goods	117,372	-	-	117,372
Other	815	2,220	-	3,035
Total	$ 164,420	$ 8,720	$ 1,704	$ 174,844

Note 9 - Concentration of Income Sources

During 2013, the Organization received approximately 37% of revenues, excluding in-kind revenues, from Temporary Assistance of Needy Families (TANF) grant and 14% of revenues, excluding in-kind revenues, from Emergency Shelter Grant (ESG).

Note 10 - Related Party Transaction

During the year ended December 31, 2013, members of the Board of Directors contributed $9,197 in the form of donations and in-kind contributions to the Organization. During the year ended December 31, 2013, businesses employing members of the Board of Directors contributed $56,335 of donation and grant contributions to the Organization. In addition, the lender for the line of credit and mortgage note has an employee on the Board of Directors.

Note 11 - Correction of an Error

During 2013, the Organization identified misstatements within the 2012 financial statements related to the valuation of goods in-kind that should be valued at cost rather than using thrift shop values as the items were received in new condition using a grant for their procurement. Therefore, the inventory was previously understated by $16,927. Further grant revenues and receivables were understated in 2012 by $29,519 due to delay in receipt of payments. The Organization restated beginning restricted and unrestricted net assets to appropriately reflect the in-kind revenue and grant revenue in the prior period.

The following is a summary of the effects of the restatement on the statement of activities for the year ended December 31, 2013.

	As Previously Reported	Adjustment	As Restated
Temporarily Restricted Net Assets, Beginning of Year	$ 42,489	$ 16,927	$ 59,416
Unrestricted Net Assets, Beginning of Year	48,038	29,519	77,557
Total	$ 90,527	$ 46,446	$ 136,973