

2016

CATALYST ANNUAL REPORT



CATALYST
WORKPLACES THAT WORK FOR WOMEN

CATALYST IMPACT

STRONG FOUNDATION, ACCELERATED PROGRESS



ACKNOWLEDGING OUR MAJOR SUPPORTERS

Catalyst would like to thank all the companies, foundations, and individuals who, between 2011 and 2015, contributed to our Changing Workplaces, Changing Lives Campaign. This major gift initiative—the first in Catalyst history—raised nearly \$16 million to fund core activities such as research, as well as innovative ventures that include our global expansion, the Inclusive Leadership Initiative, and the preservation of Catalyst records at the Hagley Museum and Library. The following pages describe the momentous work we were able to accomplish because of your significant support for our mission.

LOOKING FORWARD: 2020 STRATEGY

The investment we received from donors laid a strong foundation to reach more people in more places in more meaningful ways. As we strive now to accelerate progress for women through workplace inclusion our 2020 Strategy guides us to:



FOCUS ON BREAKTHROUGHS

Use our research and consulting expertise to create actionable knowledge and tested solutions.



AMPLIFY OUR GLOBAL IMPACT

Focus on markets we currently serve; reach the world by leveraging technology, digital media, partnerships, and learning programs.



LEAD A MOVEMENT

Build our brand as the thought leader on women and inclusive workplaces.



MODEL CHANGE

Be the change we want to see.



SHARING OUR HISTORY WITH OTHERS

As we move ahead, we can't forget the past. Thanks to the generous support of the donors listed below, Catalyst is able to preserve its archives and assume our rightful place in the women's movement. Catalyst's records will be soon be digitized and preserved at the Hagley Museum and Library, an organization that collects the history of US business and documents the interaction between business and the cultural, social, and political dimensions of society. Catalyst's archives will be accessible to researchers and scholars, and it will serve as a cornerstone for Hagley's initiative to chronicle the role of women in business.

DuPont
Elizabeth and Tony Comper
Ilene H. Lang

INCLUSIVE LEADERSHIP INITIATIVE

The Inclusive Leadership Initiative develops inclusive leaders at all organizational levels. Based on Catalyst's cutting-edge research on inclusion and the EACH behaviors that drive it—Empowerment, Accountability, Courage, and Humility—our training programs show leaders how to build and sustain an inclusive workplace and turn diversity into a strategic business advantage.



CATALYSTX

The virtual learning experience, in partnership with edX, the nonprofit online learning platform founded by MIT and Harvard, makes Catalyst research and advice available to anyone, anywhere in the world, in the form of a high-quality leadership-development curriculum. CatalystX courses also provide interactive communities for learners and instructors.

COURSES

- Communication Skills for Bridging Divides
- Inclusive Leadership Training:
 - Becoming a Successful Leader
 - Get Beyond Work-Life Balance
 - Leading With Effective Communication

IMPACT

- 260,000+ learners enrolled
- 200+ countries/territories represented
- 12,000+ learners in Facebook groups
- 32 years median age
- More than half of all learners are men

Inclusive Leadership Learning Made Possible By:

BOARD CIRCLE

BMO Financial Group
Kimberly-Clark Corporation
Nationwide



LEADING WITH INCLUSION

Bringing together the expertise and research of Catalyst with the instructional design and leadership-development expertise of BlessingWhite/GP Strategies, *Leading With Inclusion* is a research-based approach to developing leaders who can effectively leverage the benefits of a diverse workforce. It uses specialized learning activities in small group settings to develop and practice inclusive skills and behaviors. The suite of leadership-development solutions consists of one introductory module plus five topic-specific in-person or virtual instructor-led modules.

IMPACT

- Nearly 20 companies have piloted or implemented *Leading With Inclusion*
- Over 1,000 learners to date

PRESIDENT CIRCLE

Allstate Insurance Company
Colgate-Palmolive Company
Frontier Communications
Mary Beth Hogan
Juniper Networks
Sodexo
Ed and Stephanie Streeter
Texas Instruments
UPS

2010

CATALYST RESEARCH CENTER FOR EQUITY IN BUSINESS LEADERSHIP

2016

WE FOUNDED THE CATALYST RESEARCH CENTER FOR EQUITY IN BUSINESS LEADERSHIP TO



Explore the significant gender gaps that prevail at organizations across the globe—particularly among executive teams and boards of directors.



Generate practical insights about how to move the needle for women in boardrooms and on top management teams.

DEBUNKED A VARIETY OF MYTHS WITH THE *SETTING THE RECORD STRAIGHT* RESEARCH SERIES



MYTH: Narrowing the gender gap in corporate leadership is an insurmountable task.



MYTH: There are too few well-qualified women to serve on boards of directors.



REALITY: Roughly speaking, if each of the largest 100 companies added one woman director, women's board representation would be 25% or higher. The same would hold true for the executive ranks if each of the largest companies added two women.

REALITY: Thousands of women who are qualified for boards hold executive-level roles.

SECURED ACTION THROUGH GOVERNMENT-COMMISSIONED REPORT



With EY, BMO, and the Rotman School of Management, Catalyst suggested a bold course of action for business and government, with the Ontario Government accepting all 11 recommendations for action to accelerate sustainable change for women.

SHOWCASED THE IMPACT OF GENDER DIVERSITY ON CORPORATE SOCIAL RESPONSIBILITY (CSR)



Companies with gender-inclusive leadership teams contributed, on average, more charitable funds than companies without women leaders.



A gender-balanced board of directors is associated with better corporate social performance (CSP)—an evaluation of the impact of a company's CSR activities compared to prescribed norms and expectations.



GLOBAL EXPOSURE

11

Annual Censuses charted the landscape for diversity in countries around the world

150

Scholars, practitioners, policymakers, and governance professionals participated in in-person convenings, plus nearly 200 scholars connected through newsletter updates

36,433

Audience reach from catalyst.org



Thousands of social media impressions and articles in prestigious outlets such as:

Bloomberg
The Boston Globe
CNN
Financial Times
Forbes
The Huffington Post

Mashable
The New York Times
The San Diego Union-Tribune
USA Today
The Wall Street Journal
The Washington Post

The Catalyst Research Center for Equity in Business Leadership Is Made Possible By:

FOUNDERS CIRCLE

EY

PRESIDENT CIRCLE

Mary B. Cranston, Esq.

2010
**CATALYST RESEARCH CENTER
 FOR CAREER PATHWAYS**
 2016

WE FOUNDED THE CATALYST RESEARCH CENTER FOR CAREER PATHWAYS TO



Examine how the lived experiences of high-potential women and men differ in the workplace.



Challenge common myths about gender gaps.



Provide women with career advancement strategies rooted in credible research.

Research Series: *The Promise of Future Leadership: A Research Program on Highly Talented Employees in the Pipeline*

DIFFERENT EXPERIENCES FOR WOMEN AND MEN HIGH POTENTIALS



Men earned \$4,600 more on average than women in their first post-MBA job, and were more likely to start in a higher-level position than women.



Women are placed in formal leadership-development programs earlier in their careers than men, and for longer, without the same payoff in access to the “hot jobs” so critical to advancement.

DEBUNKED VARIOUS MYTHS



MYTH: The gender gap in corporate leadership can be explained by the different career strategies women use.

MYTH: Employees who use flexible work arrangements (FWAs) are less committed than others.



REALITY: When women used the same career advancement strategies as men, they advanced less.

REALITY: High potentials working at firms that offer FWAs have higher career aspirations on average than those who work at firms without FWAs.

PROVEN CAREER STRATEGIES FOR WOMEN



Gain access to influential senior sponsors.



Make achievements visible.



Negotiate the “hot jobs” so critical to advancement.

ACCLAIMED GLOBAL SERIES



GLOBAL EXPOSURE

64

Speaking Engagements

71,024

Audience Reach From catalyst.org



Thousands of social media impressions and articles in prestigious outlets such as:

*The Associated Press
The Atlantic
Bloomberg
Businessweek
The CBS Evening News
Forbes
Fortune
The Guardian
Harvard Business Review*

*The Huffington Post
The Irish Times
The New York Times
Slate
The Times of India
The Washington Post
Toronto Star
U.S. News and World Report*

The Catalyst Research Center for Career Pathways Is Made Possible By:

FOUNDERS CIRCLE

Dell
Shell

BOARD CIRCLE

Deloitte LLP

PRESIDENT CIRCLE

ADP
Campbell Soup Co.
CH2M HILL
DuPont
The Karen Katen Foundation

Kellogg's Corporate
Citizenship Fund
Pfizer
Xerox Foundation

2010

CATALYST RESEARCH CENTER FOR ADVANCING LEADER EFFECTIVENESS

2016

WE FOUNDED THE CATALYST RESEARCH CENTER FOR ADVANCING LEADER EFFECTIVENESS TO



Define the leadership behaviors that drive inclusion.



Engage organizational leaders—especially men—in creating inclusive workplaces, and create tools to help them do so.

AT THE FOREFRONT OF RESEARCH ON INCLUSIVE LEADERSHIP

Our ground-breaking research identified Empowerment, Accountability, Courage, and Humility (EACH) as powerful leadership behaviors linked to employee commitment and innovation. It also revealed how the EACH behaviors promote inclusion by enabling employees to feel psychologically safe in their workgroups.

This work forms the cornerstone of Catalyst's Inclusive Leadership Initiative, which includes Leading With Inclusion and CatalystX.



Leading With Inclusion has reached over 1,000 emerging leaders through its in-person and virtual instructor-led learning program.



CatalystX has reached 260,000+ people on the edX platform.

ENGAGING MEN AS DIVERSITY CHAMPIONS



MARC (onthemarc.org)

Recognized as a premier community and hub for male champions, MARC provides resources such as a blog, an online library, discussion groups, and events.

- 63,000+ users have utilized MARC content since inception.
- Membership is two-thirds male and grows on average 51% each year.
- 50,000+ impressions on social media each month.



MARC Leaders Learning Programs

This experiential program helps men become change agents who lead workplace-inclusion efforts.

- A robust portfolio of offerings to engage and empower men and women from director level to senior executive.
- 31 sessions with more than 70 companies and 900 participants.

GLOBAL IMPACT



GLOBAL EXPOSURE

10

Number of countries where MARC Leaders sessions have been delivered

200+

Number of countries/territories with learners registered for CatalystX courses based on this Center's research



Thousands of social media impressions and articles in prestigious outlets such as:

The Atlantic
Boston Globe
The Broad Experience
The Business Standard
Diversity Executive
Economic Times online edition
Forbes
The Glass Hammer
The Globe and Mail
The Guardian

The Harvard Business Review blog
The Huffington Post
Irish Times
Inc.com
Press Trust of India
The Siasat Daily
The Wall Street Journal
The Washington Post
Workforce Management Magazine

The Catalyst Research Center for Advancing Leader Effectiveness Is Made Possible By:

BOARD CIRCLE

KPMG LLP
RBC

PRESIDENT CIRCLE

Avon Products Inc. Kellogg's Corporate Citizenship
 Chubb Group of Fund
 Insurance Companies The Kroger Co.
 The Hartford

2010
**CATALYST RESEARCH CENTER
 FOR CORPORATE PRACTICE**
 2016

WE FOUNDED THE CATALYST RESEARCH CENTER FOR CORPORATE PRACTICE TO



Distinguish sound talent-management strategies from programmatic fads and document best practices.



Create actionable solutions through Catalyst's Expert Community, a group of global business leaders who engage in ongoing collaboration, continuous learning, and action research.



Inform and drive change through the inspirational Catalyst Award and regional recognition models.

KNOWLEDGE PRODUCTS AND GLOBAL EXPOSURE



Published five global research reports representing findings from 42 multinational organizations across Canada, China, India, Mexico, and the United States. In particular, the *Culture Matters* series examines what programs and practices work, what doesn't, and why. Key findings include:

Inclusion and exclusion do not occur in isolation and are not absolutes.

To create high-performing work cultures, leaders must pay attention to their people—including how employees connect to company values and participate in culture-change efforts.

Acknowledging and talking about organizational setbacks helps leaders advance inclusion.



Released 63 Practices on topics such as sponsorship, mentoring, employee resource groups, racial/ethnic diversity, and multiculturalism, and from organizations based in Asia-Pacific, Europe, Latin America, and North America.



Developed 13 actionable tools highlighting topics such as the impact of sponsorship, the value of understanding employee metrics, and using talent-management efforts to support inclusion.



Conducted 67 global speaking engagements to help audiences understand and unpack the concepts of workplace inclusion and talent management.



KNOWLEDGE PRODUCTS AND GLOBAL EXPOSURE



Research featured in media including Bloomberg News, *Fast Company*, *Forbes*, *Fortune* magazine, *Profiles in Diversity Journal*, *The Wall Street Journal*, and *The Washington Post*.

GLOBAL EXPOSURE

10

Catalyst Award-winning initiatives

10,661

Catalyst Awards Conference & Dinner attendees who learned actionable insights from the initiatives, Catalyst research, and one another

The Catalyst Research Center for Corporate Practices Is Made Possible By:

FOUNDERS CIRCLE

The Coca-Cola Company

GLOBAL EXPANSION

DELIVERING RESULTS IN INDIA

Founded in 2011, Catalyst India WRC is a community committed to accelerating progress for women in corporate India. Through highly regarded research, solution-based tools, and events, Catalyst India works to build a robust pipeline of current and future leaders in India Inc.



D&I LOGUES

In 2015 and 2016, India's signature event has gathered D&I professionals, HR leaders, and business leaders from around the country to share experiences and knowledge about making progress for women. The 2016 conference featured an exciting conversation between Deborah Gillis, President & CEO, Catalyst, and the iconic leader, Dr. NS Rajan, Group Chief Human Resources Officer and Member of the Group Executive Council, Tata Sons.



INDIALOGUES TASK FORCE

This task force was formed to critically examine the effectiveness of current strategies in enhancing inclusive work environments for women and men in India and to make recommendations for greater impact. The task force's work was featured at the 2016 D&I Logues conference; in particular, four innovative practices from Indian workplaces were highlighted.

IMPACT



Supporters



Reports



Tools



Attendees at D&I Logues
2015 and 2016

Catalyst Expansion to India Is Made Possible By:

Pitney Bowes
Wipro

GLOBAL EXPANSION

A RUNNING START IN JAPAN

Founded in 2014, Catalyst Japan WRC shares its knowledge and solutions about diversity and inclusion in the workplace with the Japanese business community and government, helping transform the workforce with the power of women.



SOLUTIONS SUMMIT

Japan's signature event focuses on practical solutions and actions that both attendees and their organizations can use. At the 2017 Summit, we will honor activities that promote diversity and inclusion in Japan with a Special Distinction.



PARTNERSHIP

Catalyst has forged a strong relationship with the American Chamber of Commerce in Japan, participating in events together and exchanging knowledge.



COMMENDATION

In May 2014, Catalyst presented Prime Minister Shinzo Abe with a Catalyst Commendation recognizing his work on advancing women in the Japanese workforce.



COMING SOON

Catalyst's first report focused entirely on Japan, diving into inclusive leadership in Japanese workplaces.

IMPACT



Supporter organizations



Major events



Attendees at 2016 Solutions Summit



Reports, tools, practices, and infographics translated to Japanese

Catalyst Expansion to Japan Is Made Possible By:

McDonald's Corporation

GLOBAL EXPANSION

STARTING A MOVEMENT IN MEXICO

Catalyst has taken important steps to establish market relevance and start a movement to change the world of work (and life) in Mexico. Through research and relationship building, Catalyst has gained first-hand insight into the culture, needs, and opportunities of organizations operating in the country, and we have begun tailoring effective solutions for the market.



REPORT

Corporate Landscape in Mexico: Understanding Approaches to Talent Management and Women's Inclusion. Published in English and Spanish, this report analyzed data from 29 companies in Mexico, setting the context for our work.



RESEARCH

Two of our most popular and impactful reports, *Inclusive Leadership: The View From Six Countries* and *The Day-To-Day Experiences of Workplace Inclusion and Exclusion*, featured data from Mexico.



PARTNERSHIP

Catalyst has entered into a unique partnership with the Research Center for Women in Leadership at IPADE University, Mexico's premier business school.



CONNECTIONS

Networked with 150+ audience members across various local programs and events featuring Catalyst speakers.



COMING SOON

A Spanish translation of our highly successful CatalystX course, *Inclusive Leadership Training: Becoming a Successful Leader*

IMPACT



companies analyzed in our Mexico-focused report



reports, tools, and infographics translated to Spanish

Catalyst Expansion to Mexico Is Made Possible By:

Scotiabank

2016 CATALYST FINANCIALS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and equivalents (Notes 2F and 10)	\$ 3,584,763	\$ 3,191,427
Grants and contributions receivable, net (Notes 2G and 3)	4,976,497	7,850,088
Accounts and other receivables (Note 2G)	791,481	450,864
Investments (Notes 2D, 5 and 10)	15,727,104	13,895,142
Prepaid expenses and other assets	667,246	634,563
Property and equipment, net (Notes 2E, 2H, 4 and 7)	<u>2,063,715</u>	<u>2,215,761</u>
TOTAL ASSETS	<u>\$ 27,810,806</u>	<u>\$ 28,237,845</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,319,331	\$ 926,288
Deferred revenue (Note 2J)	297,458	478,718
Deferred rent obligation (Notes 2I and 9)	<u>1,313,923</u>	<u>1,297,218</u>
TOTAL LIABILITIES	<u>2,930,712</u>	<u>2,702,224</u>
COMMITMENTS AND CONTINGENCIES (Note 9)		
NET ASSETS (Notes 2C and 6)		
Unrestricted:		
Invested in property and equipment	2,063,715	2,215,761
Operations	<u>10,362,392</u>	<u>9,546,793</u>
Total unrestricted	12,426,107	11,762,554
Temporarily restricted	2,687,491	4,688,199
Permanently restricted	<u>9,766,496</u>	<u>9,084,868</u>
TOTAL NET ASSETS	<u>24,880,094</u>	<u>25,535,621</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 27,810,806</u>	<u>\$ 28,237,845</u>

2016 CATALYST FINANCIALS

CONSOLIDATED STATEMENTS OF CASH FLOW

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (655,527)	\$ (297,277)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	569,532	501,898
Realized loss (gain) on investment sales	19,689	(555,250)
Unrealized (gain) loss on investments	(571,483)	782,391
Write off of uncollectable contributions	255,700	520,381
Change in discount on contributions receivable	(40,850)	(17,066)
Write off of property and equipment	36,000	-
Contributed property and equipment	(99,595)	-
	<u>(486,534)</u>	<u>935,077</u>
Subtotal	(486,534)	935,077
Changes in operating assets and liabilities:		
(Increase) or decrease in assets:		
Grants and contributions receivable	2,658,741	1,264,929
Accounts and other receivables	(340,617)	(292,168)
Prepaid expenses and other assets	(32,683)	(340,178)
Increase or (decrease) in liabilities:		
Accounts payable and accrued expenses	393,043	27,756
Deferred revenue	(181,260)	32,212
Deferred rent obligation	16,705	(23,064)
	<u>2,027,395</u>	<u>1,604,564</u>
Net Cash Provided by Operating Activities	<u>2,027,395</u>	<u>1,604,564</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(4,489,149)	(9,233,685)
Proceeds from investment sales	3,208,981	8,307,392
Purchases of property and equipment	(353,891)	(459,158)
	<u>(1,634,059)</u>	<u>(1,385,451)</u>
Net Cash Used in Investing Activities	<u>(1,634,059)</u>	<u>(1,385,451)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	393,336	219,113
Cash and cash equivalents - beginning of the year	<u>3,191,427</u>	<u>2,972,314</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,584,763</u>	<u>\$ 3,191,427</u>

2016 CATALYST FINANCIALS

CONSOLIDATED STATEMENTS OF ACTIVITIES

	For the Year Ended August 31, 2016				For the Year Ended August 31, 2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2016	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015
REVENUE AND SUPPORT:								
Contributions and grants	\$ 7,578,864	\$ 896,977	\$ 10,957	\$ 8,486,798	\$ 8,098,054	\$ 2,705,801	\$ 140,862	\$10,944,717
Special events revenue (net of direct donor benefit costs of \$499,541 in 2016 and \$505,907 in 2015)	3,395,349	497,500	-	3,892,849	4,283,574	272,500	-	4,556,074
Donated services and assets (Notes 2E and 7)	393,272	-	-	393,272	189,379	-	-	189,379
Advisory fee income	529,872	-	-	529,872	293,529	-	-	293,529
Conference and other events	373,962	-	-	373,962	485,908	-	-	485,908
Honoraria and other	717,987	-	-	717,987	360,811	-	-	360,811
Workshops and Learning Programs	1,219,967	-	-	1,219,967	83,996	-	-	83,996
Interest and dividend income (Note 5)	114,057	-	136,675	250,732	135,984	-	49,301	185,285
Realized and unrealized gain (loss) on investments (Note 5)	17,798	-	533,996	551,794	(7,975)	-	(219,166)	(227,141)
Net assets released from restrictions (Note 2C)	3,395,185	(3,395,185)	-	-	3,161,862	(3,161,862)	-	-
TOTAL SUPPORT AND REVENUE	17,736,313	(2,000,708)	681,628	16,417,233	17,085,122	(183,561)	(29,003)	16,872,558
EXPENSES:								
Program services:								
National Education	1,710,760	-	-	1,710,760	712,203	-	-	712,203
Research	2,809,788	-	-	2,809,788	2,660,554	-	-	2,660,554
Marketing and Public Affairs	3,136,363	-	-	3,136,363	4,891,875	-	-	4,891,875
Advisory Services	2,649,733	-	-	2,649,733	2,021,455	-	-	2,021,455
Information Center and Services	1,770,465	-	-	1,770,465	1,911,819	-	-	1,911,819
Total program services	12,077,109	-	-	12,077,109	12,197,906	-	-	12,197,906
Supporting services:								
Finance and Administration	2,344,386	-	-	2,344,386	2,137,422	-	-	2,137,422
Development	2,651,265	-	-	2,651,265	2,834,507	-	-	2,834,507
Total supporting services	4,995,651	-	-	4,995,651	4,971,929	-	-	4,971,929
TOTAL EXPENSES	17,072,760	-	-	17,072,760	17,169,835	-	-	17,169,835
CHANGE IN NET ASSETS	663,553	(2,000,708)	681,628	(655,527)	(84,713)	(183,561)	(29,003)	(297,277)
Net assets - beginning of year	11,762,554	4,688,199	9,084,868	25,535,621	11,847,267	4,871,760	9,113,871	25,832,898
NET ASSETS - END OF YEAR	\$12,426,107	\$ 2,687,491	\$ 9,766,496	\$24,880,094	\$11,762,554	\$ 4,688,199	\$ 9,084,868	\$25,535,621

2016 CATALYST FINANCIALS

CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES

	Program Services					Supporting Services					Total 2016	Total 2015
	National Education	Research	Communications	Global Supporter Services	Information Center and Services	Total Program Services	Finance and Administration	Development and Supporter Relations	Total Supporting Services			
OPERATING EXPENSES:												
Salaries, benefits, and payroll taxes	\$ 1,167,071	\$ 1,961,459	\$ 1,571,351	\$ 1,900,824	\$ 965,514	\$ 7,566,219	\$ 1,617,058	\$ 1,564,099	\$ 3,181,157	\$ 10,747,376	\$ 10,893,224	
Professional fees	220,197	213,931	436,588	174,017	750	1,045,483	313,121	178,052	491,173	1,536,656	1,039,338	
Pension expense	62,756	134,538	113,208	140,397	68,521	519,420	115,461	104,815	220,276	739,696	767,187	
Occupancy	123,936	176,930	160,134	89,088	121,871	671,959	135,618	182,922	318,540	990,499	907,160	
Printing, typesetting and design	-	919	190,841	2,877	-	194,637	-	-	-	194,637	239,215	
Supplies	1,573	3,966	8,523	3,488	14,268	31,818	3,451	4,997	8,448	40,266	40,862	
Postage and shipping	683	361	11,071	1,619	1,054	14,788	1,585	4,010	5,595	20,383	22,368	
Books and subscriptions	17,163	725	5,452	6,276	67,522	97,138	2,191	5,589	7,780	104,918	92,886	
Meetings, conferences and travel	49,841	87,556	73,919	73,338	18,066	302,720	10,305	212,059	222,364	525,084	540,949	
Repairs and maintenance	2,952	69,879	5,752	3,522	261,829	343,934	16,940	10,008	26,948	370,882	345,232	
Telephone	4,703	322	5,399	2,558	54,361	67,343	3,307	7,617	10,924	78,267	88,153	
Depreciation and amortization	33,839	121,473	63,582	152,686	60,916	432,496	64,872	72,164	137,036	569,532	501,898	
Conference expense	-	-	397,485	17,295	-	414,780	-	-	-	414,780	416,870	
Uncollectable Contributions	-	-	-	-	-	-	-	255,700	255,700	255,700	520,381	
Other	26,046	37,729	93,058	81,748	135,793	374,374	60,477	49,233	109,710	484,084	754,112	
TOTAL EXPENSES	\$ 1,710,760	\$ 2,809,788	\$ 3,136,363	\$ 2,649,733	\$ 1,770,465	\$12,077,109	\$ 2,344,386	\$ 2,651,265	\$ 4,995,651	\$ 17,072,760	\$ 17,169,835	

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 Women Research and Consultancy India Private Limited (“Catalyst India”) was incorporated on September 14, 2011 to fulfill the mission of Catalyst in India. Catalyst Australia Women Research and Consulting Limited (“Catalyst Australia”) was incorporated on June 3, 2013 to fulfill the mission of Catalyst in Australia. Catalyst Japan Women Research and Consulting Limited (“Catalyst Japan”) was incorporated on May 6, 2014 to fulfill the mission of Catalyst in Japan. The accompanying consolidated financial statements include the accounts of Catalyst Inc., Catalyst Canada, Catalyst Europe, Catalyst India, Catalyst Australia and Catalyst Japan (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.
- **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.
- **Marketing and Public Affairs** – The Marketing Department creates and executes strategies to increase Catalyst’s visibility in the United States, Canada, Europe, India, Australia and Japan by developing strategic partnerships and strengthening its brand, products, and services. The Department is responsible for editing, designing, and producing all product, publications, and collateral materials, and for public education activities such as media relations and speaking engagements. The department manages special events, including the Catalyst Awards Dinner and conferences to disseminate Catalyst research and advisory knowledge.
- **Advisory Services** – Advisory Services is the department charged with fostering impact through a variety of services, benefits and activities. It drives engagement and impact through: Consulting Services, Vital Signs, and leadership of the CEO

Summit franchise. It supports Catalyst's relationships with donors through involvement with Relationship Managers. The team also contributes to Catalyst's knowledge development through the Insight Loop, focusing on Impact Metrics and by scaling insights from Consulting work into publications, tools, communications and events.

- **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, India, Australia and Japan.

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, Catalyst Australia and Catalyst Japan. Upon consolidation, all significant intercompany balances and transactions are eliminated.
- C. Pledges are recorded as revenue when Catalyst is formally notified of the grants or contributions by the respective donors.

Catalyst reports contributions as unrestricted support unless they are received with donor stipulations that limit the use of the donated assets; such assets are considered temporarily restricted. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets were released from donor 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 permanently restricted support 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 permanently restricted net assets can be borrowed for research projects, as described in Note 6. Additionally, interest earned on permanently restricted research project center earnings can be used to support the activities on the research centers as described in Note 6.

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, 2016 and 2015, 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 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 considers all highly liquid instruments purchased with original maturities of three months or less to be cash equivalents, except for cash, money market funds and certificates of deposits held as investments.
- G. Catalyst has determined that an allowance of \$200,047 and \$103,200, respectively, was necessary for uncollectible grants and contributions receivable and no allowance for accounts and other receivables was necessary as of August 31, 2016 and 2015. 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.
- 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 one year 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.
- 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, 2016 and 2015 increased (decreased) the deferred rent obligation by \$16,705 and \$(23,064), respectively.
- J. Catalyst receives cash in advance of special events that are to be held after the date of the statement 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. Additionally, advisory fee, honoraria and miscellaneous income are reported as revenue when expenses are incurred in accordance with the terms of the agreement. Deferred revenue balances include special event, advisory fee, honoraria and miscellaneous receipts applicable to the next fiscal year.

- K. All elements of financial statements for Catalyst Canada, Catalyst Europe, Catalyst India, Catalyst Australia and Catalyst Japan are translated by using a currency exchange rate. For assets and liabilities, the exchange rate as of the balance sheet date is used. For revenues, support and expenses, an average exchange rate for the period is used. As of August 31, 2016 and 2015, the accumulated adjustments to net assets related to currency exchange rates amounted to an increase in net assets of approximately \$11,000 and \$173,000, respectively. For the years ended August 31, 2016 and 2015, Catalyst incurred a foreign exchange (loss) gain of \$(162,000) and \$223,000, respectively. Through January 2017, there are no significant exchange rate changes.
- L. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the financial statements. Actual results could differ from those estimates.

NOTE 3 – GRANTS AND CONTRIBUTIONS RECEIVABLE, NET

Grants and contributions receivable consist of the following as of August 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Amounts due in less than one year	\$ 3,782,082	\$ 5,748,604
Amounts due in one to five years	<u>1,215,000</u>	<u>2,295,000</u>
	4,997,082	8,043,604
Less: Allowance for doubtful accounts	(200,047)	(103,200)
Less: Discount on long-term pledges receivable	<u>(49,468)</u>	<u>(90,316)</u>
Grants and contributions receivable, net	<u>\$ 4,747,567</u>	<u>\$ 7,850,088</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property, equipment and leasehold improvements consist of the following as of August 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>	<u>Estimated Useful Lives</u>
Furniture and fixtures	\$ 406,246	\$ 405,983	5 Years
Equipment	2,937,344	2,524,122	5 Years
Leasehold improvements	<u>1,528,635</u>	<u>1,528,634</u>	Lease term
Total cost	4,872,225	4,458,739	
Less: accumulated depreciation and amortization	<u>(2,808,510)</u>	<u>(2,242,978)</u>	
Net book value	<u>\$ 2,063,715</u>	<u>\$ 2,215,761</u>	

Depreciation and amortization expense for the years ended August 31, 2016 and 2015 amounted to \$569,532 and \$501,898, respectively. During the year ended August 31, 2016, equipment with cost of \$40,000 and accumulated depreciation of \$4,000 was written off to expenses. During the year ended August 31, 2015, equipment with a net book value of \$2,486 was sold for \$2,486 resulting in no gain or loss.

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENT

Investments consist of financial assets carried at fair value at August 31, 2016 and 2015 and are classified as level 1 in the table below as follows:

	<u>2016</u>	<u>2015</u>
INVESTMENTS CARRIED AT FAIR VALUE		
Certificates of deposit	\$ 4,558,222	\$ 4,356,309
Domestic equities	316,825	583,433
Mutual funds	<u>9,408,080</u>	<u>8,004,823</u>
	14,283,127	12,944,565
Cash investments	<u>1,443,977</u>	<u>950,577</u>
TOTAL INVESTMENTS AT FAIR VALUE	<u>\$ 15,727,104</u>	<u>\$ 13,895,142</u>

Investment income consists of the following for the years ended August 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Realized (loss) gain	\$ (19,689)	\$ 555,250
Unrealized gain (loss)	571,483	(782,391)
Interest and dividend income	<u>250,732</u>	<u>185,285</u>
	<u>\$ 802,526</u>	<u>\$ (41,856)</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 6 – NET ASSETS

Temporarily Restricted Net Assets

Temporarily restricted net assets as of August 31, 2016 and 2015 are restricted as follows:

	<u>2016</u>	<u>2015</u>
Major Gifts Campaign - Global Expansion	\$ 882,448	\$ 1,207,942
Major Gifts Campaign - Inclusive Leadership Initiative	578,869	1,605,454
Major Gifts Campaign - Preservation of Catalyst Archives at Hagley Museum	188,380	191,605
Major Gifts Campaign - Longitudinal Research Initiative	557,006	1,193,091
Miscellaneous (less than \$100,000)	<u>266,855</u>	<u>222,304</u>
	<u>2,473,558</u>	<u>4,420,396</u>
Time restricted	<u>213,933</u>	<u>267,803</u>
	<u>\$ 2,687,491</u>	<u>\$ 4,688,199</u>

Temporarily restricted net assets of \$3,395,185 and \$3,161,862 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, 2016 and 2015.

Permanently Restricted Net Assets

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, 2016 and 2015.

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, 2016 and 2015.

Contributions made to the Major Gifts Campaign - Longitudinal Research Initiative through August 31, 2013, were allocated 70% for permanent endowment and 30% as temporarily restricted contributions subject to purpose and time restrictions. For the years ended August 31, 2016 and 2015, contributions made to the Major Gifts Campaign - Longitudinal Research Initiative are allocated 50% for permanent endowment and 50% as temporarily restricted contributions subject to purpose and time restrictions. All other Major Gift Campaign program contributions are temporarily restricted for purpose or time.

As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on 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 funds is established, subject to the intent of the donor as expressed in the gift instrument. The earnings from the endowment funds shall be temporarily restricted until appropriated for expenditure by the Board of Directors.

Changes in permanently restricted endowment net assets for year ended August 31, 2016, are as follows:

	<u>Permanently Restricted</u>
Investment activity:	
Interest and dividends	\$136,675
Unrealized gain on investments	553,685
Realized loss on investments	<u>(19,689)</u>
Total investment activity	670,671
Contributions	<u>10,957</u>
Change in endowment net assets	681,628
Endowment net assets, beginning of year	<u>9,084,868</u>
Endowment net assets, end of year	<u>\$ 9,766,496</u>

Changes in permanently restricted endowment net assets for year ended August 31, 2015, are as follows:

	<u>Permanently Restricted</u>
Investment activity:	
Interest and dividends	\$ 49,301
Unrealized loss on investments	(773,409)
Realized gain on investments	<u>554,243</u>
Total investment activity	(169,865)
Contributions	<u>140,862</u>
Change in endowment net assets	(29,003)
Endowment net assets, beginning of year	<u>9,113,871</u>
Endowment net assets, end of year	<u>\$ 9,084,868</u>

Endowment net assets of \$9,766,496 and \$9,084,868 are included with investments and grants and contributions receivable on the consolidated statements of financial position as of August 31, 2016 and 2015, respectively.

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. In accordance with Catalyst's policy, deficiencies of this nature are reported as a reduction of unrestricted net assets. There were no deficiencies for the years ended August 31, 2016 and 2015.

NOTE 7 – DONATED SERVICES AND ASSETS

Catalyst received the following donated services and assets for the years ended August 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Legal	\$ 173,579	\$ 173,951
Other Services	120,098	15,428
Capitalized computer equipment	<u>99,595</u>	<u>-</u>
	<u>\$ 393,272</u>	<u>\$ 189,379</u>

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, 2016 and 2015, Catalyst recorded contributed goods and services as noted above which are included in revenue, expenses and fixed assets for capitalized property and equipment in the accompanying consolidated financial statements.

NOTE 8 – 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, 2016 and 2015 amounted to \$739,696 and \$767,187, respectively.

NOTE 9 – 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 9 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 9 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. In June 2002, Catalyst Canada executed a lease for office space which expired in 2007 and was extended to June 2012. The lease was further extended and expires in April 30, 2018. 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. In 2002, Catalyst entered into a license agreement for office space for its Western Region Program. Under this agreement, which is extended on a year to year basis, the value of the rent for licensed space is being contributed by the licensor. In 2012, \$42,527 of contribution revenue was recorded for the extension of the lease. In January 2014, a two year lease extension expiring December 31, 2015 was recorded, resulting in \$45,494 of contribution revenue. The contributions will be released from restriction and the receivable will be amortized over the lease term. For the years ended August 31, 2016 and 2015, receivables included \$0 and \$7,582, respectively, related to this agreement.
- D. Catalyst is obligated, pursuant to lease agreements, to approximate future minimum annual lease payments for the years ended after August 31, 2016 as follows:

2017	\$	725,881
2018		716,170
2019		672,512
2020		672,512
2021		672,512
Thereafter		4,397,077
	\$	<u>7,856,664</u>

Occupancy expense for the years ended August 31, 2016 and 2015 amounted to \$990,499 and \$907,160, respectively.

- E. 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, 2016 and 2015, the landlord has the right to draw down \$199,936 against the Letter of Credit.
- F. 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 Inc. believes that it has no uncertain tax positions as of August 31, 2016 and 2015 in accordance with FASB Accounting Standards Codification (“ASC”) Topic 740, *Income Taxes*, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 10 – 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 Corporations (“FDIC”) insurance limits. Interest and noninterest bearing accounts are insured up to \$250,000 per depositor. As of August 31, 2016 and 2015 there was approximately \$1,580,000 and \$1,141,000, respectively, of cash and cash equivalents held by banks that exceeded FDIC limits. Such excess includes outstanding checks. Canada Deposit Insurance Corporation (“CDIC”) insurance limits 100,000 CAD were exceeded by approximately \$506,000 and \$598,000 as of August 31, 2016 and 2015, respectively. Deposit Insurance and Credit Guarantee Program (“DICGC”) insurance limits 100,000 INR were exceeded by approximately \$58,000 and \$0 as of August 31, 2016 and 2015, respectively. Such amounts include outstanding checks and cash included in Catalyst’s investment portfolio. The Deposit Protection of Swiss Banks and Securities Dealers limits deposits of up to 100,000 CHF were exceeded by approximately \$1,456,000 and \$1,226,000 as of August 31, 2016 and 2015, respectively. Such amounts include outstanding checks and cash included in Catalyst’s investment portfolio. Financial Claims Scheme in Australia limits deposits of up to 250,000 AUD. Catalyst Australia exceeds the limits by approximately \$89,000 and \$0 as of August 31, 2016 and 2015. Catalyst Japan did not exceed insurance limits as of August 31, 2016 and 2015.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the consolidated statement of financial position through March 1, 2017, the date the consolidated financial statements were available to be issued.

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