

METAFOUNDATION dba POST CARBON INSTITUTE
FINANCIAL STATEMENTS

Years Ended December 31, 2014 and 2013

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Noe and Company

Independent Auditor's Report

To the Board of Directors of
Metafoundation dba Post Carbon Institute
Santa Rosa, California

Report on the Financial Statements

I have audited the accompanying financial statements of Metafoundation dba Post Carbon Institute (the "Institute"), an Oregon nonprofit corporation, which comprise the statements of financial position of the Institute as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 risk 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 Institute'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 Institute's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of the Institute as of December 31, 2014 and 2013, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Oakland, California
March 18, 2015

Noe and Company

METAFOUNDATION dba POST CARBON INSTITUTE
STATEMENTS OF FINANCIAL POSITION
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Current Assets:		
Cash	\$ 478,596	\$ 665,971
Accounts Receivable	75,381	7,591
Grants Receivable	35,000	-
Prepaid Expenses	<u>16,199</u>	<u>13,142</u>
Total Current Assets	605,176	686,704
Property and Equipment:		
Computer	26,635	26,635
Furniture and Equipment	<u>9,986</u>	<u>9,986</u>
	36,621	36,621
Less: Accumulated Depreciation	<u>(35,300)</u>	<u>(32,860)</u>
Net Property and Equipment	1,321	3,761
Deposits	<u>1,800</u>	<u>1,800</u>
Total Assets	\$ <u>608,297</u>	\$ <u>692,265</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	\$ 14,225	\$ 12,725
Accrued Vacation	<u>11,488</u>	<u>15,862</u>
Total Current Liabilities	<u>25,713</u>	<u>28,587</u>
Total Liabilities	<u>25,713</u>	<u>28,587</u>
Net Assets:		
Unrestricted	413,584	663,678
Temporarily Restricted	<u>169,000</u>	<u>-</u>
Total Net Assets	<u>582,584</u>	<u>663,678</u>
Total Liabilities and Net Assets	\$ <u>608,297</u>	\$ <u>692,265</u>

See accompanying notes to financial statements

METAFOUNDATION dba POST CARBON INSTITUTE
STATEMENT OF ACTIVITIES
Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues:			
Foundation and Community Grants	\$ 450,785	\$ 169,000	\$ 619,785
Contributions	145,760		145,760
Publication Revenue	26,986		26,986
Fees and Other Income	21,053		21,053
Investment Income	<u>1,138</u>	<u> </u>	<u>1,138</u>
 Total Support and Revenues	 645,722	 169,000	 814,722
Expenses:			
Program Services:			
Energy Reality Campaign	158,402		158,402
Community Resilience Initiative	103,691		103,691
Busting the Shale Hype	188,912		188,912
Outreach and Engagement	<u>278,855</u>	<u> </u>	<u>278,855</u>
 Total Program Services	 729,860		 729,860
Supporting Services:			
General and Administrative	105,630		105,630
Fundraising	<u>60,326</u>	<u> </u>	<u>60,326</u>
 Total Supporting Services	 <u>165,956</u>	 <u> </u>	 <u>165,956</u>
 Total Expenses	 <u>895,816</u>	 <u> </u>	 <u>895,816</u>
 Change in Net Assets	 (250,094)	 169,000	 (81,094)
 Net Assets, Beginning of the Year	 <u>663,678</u>	 <u> -</u>	 <u>663,678</u>
 Net Assets, End of the Year	 <u>\$ 413,584</u>	 <u>\$ 169,000</u>	 <u>\$ 582,584</u>

See accompanying notes to financial statements

METAFOUNDATION dba POST CARBON INSTITUTE
STATEMENT OF ACTIVITIES
Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues:			
Foundation and Community Grants	\$ 741,969	\$ -	\$ 741,969
Contributions	116,515		116,515
Publication Revenue	60,319		60,319
Fees and Other Income	48,115		48,115
Investment Income	1,291		1,291
Net Assets Released from Restrictions	<u>98,453</u>	<u>(98,453)</u>	<u> </u>
Total Support and Revenues	1,066,662	(98,453)	968,209
Expenses:			
Program Services:			
Energy Reality Campaign	180,831		180,831
Community Resilience Initiative	138,503		138,503
Busting the Shale Hype	228,979		228,979
Outreach and Engagement	<u>212,668</u>	<u> </u>	<u>212,668</u>
Total Program Services	760,981		760,981
Supporting Services:			
General and Administrative	98,854		98,854
Fundraising	<u>94,145</u>	<u> </u>	<u>94,145</u>
Total Supporting Services	<u>192,999</u>	<u> </u>	<u>192,999</u>
Total Expenses	<u>953,980</u>	<u> </u>	<u>953,980</u>
Change in Net Assets	112,682	(98,453)	14,229
Net Assets, Beginning of the Year	<u>550,996</u>	<u>98,453</u>	<u>649,449</u>
Net Assets, End of the Year	\$ <u>663,678</u>	\$ <u> </u>	\$ <u>663,678</u>

See accompanying notes to financial statements

METAFOUNDATION dba POST CARBON INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2014

	Energy Reality Campaign	Community Resilience Initiative	Busting the Shale Hype	Outreach and Engagement	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 96,877	\$ 33,977	\$ 80,942	\$ 188,474	\$ 400,270	\$ 67,530	\$ 43,552	\$ 111,082	\$ 511,352
Payroll Taxes	8,416	2,834	6,906	15,456	33,612	5,772	3,739	9,511	43,123
Benefits	9,958	3,487	8,334	19,375	41,154	6,937	4,446	11,383	52,537
Total Personnel Costs	115,251	40,298	96,182	223,305	475,036	80,239	51,737	131,976	607,012
Bank/Credit Card Charges						5,326		5,326	5,326
Conference and Meeting	233	1,066	1,078	277	2,654	83	59	142	2,796
Contract Services	30,050	55,515	36,297	30,733	152,595	11,136	1,789	12,925	165,520
Creative and Media Communication	700		25,950	903	27,553	83		83	27,636
Depreciation	462	162	386	900	1,910	322	208	530	2,440
Grants and Awards			15,000		15,000				15,000
Insurance	625	219	522	1,216	2,582	436	281	717	3,299
Office Expenses		49			49	1,050		1,050	1,099
Postage and Shipping	864	38	41	100	1,043	56	45	101	1,144
Printing and Duplication	547	315	935	181	1,978	65	120	185	2,163
Occupancy	4,541	1,593	3,794	8,835	18,763	3,156	2,042	5,198	23,961
Supplies	1,156	1,280	1,816	2,858	7,110	1,012	637	1,649	8,759
Travel and Entertainments	2,301	2,677	5,396	5,174	15,548	1,753	2,419	4,172	19,720
Telephone and Internet	1,672	479	1,515	4,373	8,039	913	989	1,902	9,941
Total Expense	\$ 158,402	\$ 103,691	\$ 188,912	\$ 278,855	\$ 729,860	\$ 105,630	\$ 60,326	\$ 165,956	\$ 895,816

See accompanying notes to financial statements.

METAFOUNDATION dba POST CARBON INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2013

	Energy Reality Campaign	Community Resilience Initiative	Busting the Shale Hype	Outreach and Engagement	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 109,684	\$ 52,642	\$ 98,939	\$ 132,700	\$ 393,965	\$ 63,907	\$ 68,119	\$ 132,026	\$ 525,991
Payroll Taxes	9,388	4,650	8,356	10,921	33,315	5,437	5,669	11,106	44,421
Benefits	11,570	5,579	10,494	14,058	41,701	6,745	6,966	13,711	55,412
Total Personnel Costs	130,642	62,871	117,789	157,679	468,981	76,089	80,754	156,843	625,824
Bank/Credit Card Charges	288				288	5,952		5,952	6,240
Contract Services	36,234	63,298	31,234	35,115	165,881	10,039	1,033	11,072	176,953
Creative and Media Communication	854	2,911	14,020	2,069	19,854				19,854
Depreciation	568	265	540	798	2,171	384	369	753	2,924
Grants and Awards			45,000		45,000				45,000
Insurance	600	289	545	737	2,171	355	375	730	2,901
Office Expenses		522	344	340	1,206	882		882	2,088
Postage and Shipping	770	618	2,107	21	3,516	40	98	138	3,654
Printing and Duplication	1,631	85	490	406	2,612		72	72	2,684
Occupancy	4,951	2,387	4,492	6,036	17,866	2,907	3,093	6,000	23,866
Supplies	1,652	771	1,153	2,086	5,662	863	673	1,536	7,198
Travel and Entertainments	169	3,290	9,296	4,263	17,018	233	5,979	6,212	23,230
Telephone and Internet	2,472	1,196	1,969	3,118	8,755	1,110	1,699	2,809	11,564
Total Expense	\$ 180,831	\$ 138,503	\$ 228,979	\$ 212,668	\$ 760,981	\$ 98,854	\$ 94,145	\$ 192,999	\$ 953,980

See accompanying notes to financial statements.

METAFOUNDATION dba POST CARBON INSTITUTE
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2014 and 2013

Cash Flows From Operating Activities:	<u>2014</u>	<u>2013</u>
Change in Net Assets	\$ (81,094)	\$ 14,229
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	2,440	2,924
Changes in Operating Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable	(67,790)	1,245
Decrease (Increase) in Grants Receivable	(35,000)	47,500
Decrease (Increase) in Prepaid Expenses	(3,057)	9,859
Increase (Decrease) in Accounts Payable	1,500	(7,341)
Decrease in Accrued Vacation	<u>(4,374)</u>	<u>(5,157)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(187,375)</u>	<u>63,259</u>
Cash Flows From Investing Activities:		
Purchases of Property and Equipment	_____ -	_____ (1,587)
Net Cash Used in Investing Activities	_____ -	_____ (1,587)
Net Increase (Decrease) in Cash	(187,375)	61,672
Cash, Beginning of Year	<u>665,971</u>	<u>604,299</u>
Cash, End of Year	\$ <u>478,596</u>	\$ <u>665,971</u>

See accompanying notes to financial statements

METAFOUNDATION dba POST CARBON INSTITUTE
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2014 and 2013

1. ORGANIZATION

Metafoundation dba Post Carbon Institute (the “Institute”) was established in 2003 in the State of Oregon.

The Institute provides individuals, communities, businesses, and governments with the resources needed to understand and respond to the interrelated economic, energy, and environmental crises that define the 21st century. The Institute envisions a world of resilient communities and re-localized economies that thrive within ecological bounds.

The Institute has established the following programs and initiatives:

Energy Reality Campaign

Working with environmental and energy groups, advocates, and thought leaders from across the spectrum, the Energy Reality Campaign creates a systemic understanding of the interrelationships between energy, the economy, and the natural world. The Institute is collaborating with allies to engage environmental and political leaders - and through them, their constituencies. We offer activists the tools to build energy literacy. A particular focus for this program in 2014 was the Public Energy Art Kit (P.E.A.K.), a large-format printed compendium of 14 posters about the challenge of tackling climate change, energy inequality, and fossil fuel dependency. 35,000 of P.E.A.K. were printed and distributed through 175 partner organizations and “energy reality ambassadors” across the United States, while many thousands more were shared electronically via social media.

Community Resilience Initiative

The Institute brings the best local resilience-building ideas and models to thousands of communities tackling complex environmental, economic, energy, and social challenges. Recognizing that communities are the key to effective change, the Institute offers a robust resource platform, resilience.org, publications like our Community Resilience Guides, and multimedia that bring the best ideas and models for relocalizing economies and building a sustainable future. In 2014, resilience.org received over 1.5 million unique visitors and 5 million page views. We published over 2,000 original and reposted articles on the site, including the “Weaving the Community Resilience and New Economy Movement” report and interview series.

METAFOUNDATION dba POST CARBON INSTITUTE
NOTES TO FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 2014 and 2013

1. ORGANIZATION (Continued)

Busting the Shale Hype

The Institute continue to expose the true potential of the so-called “shale revolution” through analysis, writing, and public speaking. In 2014, we published *Drilling Deeper: A Reality Check on U.S. Government Forecasts for a Lasting Tight Oil & Shale Gas Boom*, the most comprehensive analysis of shale gas and tight oil production ever published. We also conducted public speaking in Sacramento, New York City, and online, along with creative media, investigative articles, and social media communication. Our work was covered in over 40 national and regional media outlets and the report has been viewed/downloaded more than 100,000 times to date.

Outreach and Engagement

The Institute is helping to “change the conversation” by delving beneath the surface of the existing debate to inform deeper thinking and provoke new ways of understanding. Through outreach (like our Speakers Bureau), communication (like our award-winning videos), and engagement (like the Energy Reality Campaign) we tell a different kind of story, grounded on solid research and backed by findings from our publications and those of our Fellows. In 2014, we delivered 34 in-person and online presentations, produced creative videos like the spoof-ad “Petrolify”, and engaged nearly 2 million unique visitors through our various websites.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Institute have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses as incurred.

Basis of Presentation

Net assets of the Institute and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Also, contributions that are restricted by the donor are reported 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.

METAFOUNDATION dba POST CARBON INSTITUTE
NOTES TO FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 2014 and 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Institute and/or passage of time. 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. The Institute had no temporarily restricted net assets at December 31, 2013.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Institute. Generally, the donors of these assets permit the Institute to use all or part of the income earned on any related investments for general or specific purposes. The Institute had no permanently restricted net assets at December 31, 2014 and 2013.

Revenue Recognition

The Institute recognizes services and other fee revenue in the period when the service has been provided.

Grants and Contributions

Grants and contributions, including unconditional promises to give, are recorded as made. All grants and contributions are available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Reclassification

Certain amounts in the 2013 financial statements have been reclassified to conform with the 2014 presentation with no effect on previously reported change in net assets.

METAFOUNDATION dba POST CARBON INSTITUTE
NOTES TO FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 2014 and 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation. Donated property and equipment are reported as increases in unrestricted net assets unless the donor has restricted the use of donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Institute reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Donated Services

Donated services are recognized as contributions, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would typically need to be purchased if not provided by donation.

There are volunteers who contribute their time to the Institute. No amounts have been recognized in the accompanying financial statements because the criteria for recognition of such volunteer effort have not been satisfied.

Income Tax Status

The Institute is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code and is exempt from Oregon state income taxes under Section 317.080 of Oregon Revised Statutes and California franchise taxes under Section 23701d of the Revenue and Taxation Code. It is the opinion of management that all income earned has been related to the Institute's tax-exempt status and there has been no unrelated business income.

The accounting standard requires that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. Based on the management's analysis of the Institute's tax positions, the accounting for any uncertainty in the Institute's tax positions is not expected to have a material impact on the financial statements.

Property and Equipment

Expenditures for property and equipment greater than or equal to \$500 are capitalized at cost and depreciated over their estimated useful lives using the straight-line method. The fair value of donated capital items is similarly capitalized.

METAFOUNDATION dba POST CARBON INSTITUTE
NOTES TO FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 2014 and 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Credit Risk

Financial instruments that potentially subject the Institute to concentrations of credit risk are primarily cash, investments and accounts receivable. The Institute places its cash in financial institutes that are insured in limited amounts by the U.S. government.

Subsequent Events

The Institute has evaluated subsequent events through March 18, 2015, which is the date the financial statements were available to be issued.

3. OPERATING LEASE

The Institute rented an office space in Santa Rosa, California, with a monthly payment of \$1,944, on a month to month basis.

Rent expenses for the years ended December 31, 2014 and 2013 were \$23,328 and \$23,328, respectively.

4. TEMPORARILY RESTRICTED NET ASSETS

Net assets were temporarily restricted for the following purposes at December 31, 2014:

Energy Reality Campaign	\$ 110,000
Community Resilience Initiative	13,000
General and Administrative	<u>46,000</u>
Total	\$ <u>169,000</u>

5. NET ASSETS RELEASED FROM RESTRICTIONS

For the year ended December 31, 2013, net assets were released from donor restrictions by incurring expenses satisfying the following restricted purpose:

Energy Reality Campaign	\$ <u>98,453</u>
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