

**METAFOUNDATION
dba POST CARBON INSTITUTE**

FINANCIAL STATEMENTS

Year Ended December 31, 2019

**ANDERSON GROUP
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**METAFOUNDATION
dba POST CARBON INSTITUTE**

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Partners
Kristen P. Gose, CPA
Alyce Chapman, CPA

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Metafoundation dba Post Carbon Institute
Corvallis, Oregon

We have audited the accompanying financial statements of Metafoundation dba Post Carbon Institute (the "Institute"), an Oregon not-for-profit corporation, which are comprised of the statement of financial position as of December 31, 2019, 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 the 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 of 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 entity'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 entity'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Institute as of December 31, 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Anderson Group CPAs, LLC

May 6, 2020

Member of American Institute of Certified Public Accountants

METAFOUNDATION dba POST CARBON INSTITUTE
Statement of Financial Position
As of December 31, 2019

ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 549,404
Certificates of Deposit	50,571
Contributions Receivable	20,826
Grants Receivable	220,000
Prepaid Expenses	7,825
Total Current Assets	848,626
Property and Equipment	
Computers	33,417
Furniture and Equipment	9,736
Total Property and Equipment	43,153
Less: Accumulated Depreciation	(37,956)
Net Property and Equipment	5,197
Other Assets	
Deposits	1,000
Total Other Assets	1,000
TOTAL ASSETS	\$ 854,823
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 6,772
Accrued Vacation	14,943
Total Current Liabilities	21,715
TOTAL LIABILITIES	\$ 21,715
NET ASSETS	
Without Donor Restrictions	\$ 418,690
With Donor Restrictions	
Purpose Restrictions	344,418
Time-Restricted For Future Periods	70,000
Total Net Assets With Donor Restrictions	414,418
TOTAL NET ASSETS	833,108
TOTAL LIABILITIES AND NET ASSETS	\$ 854,823

See accompanying notes to financial statements.

METAFOUNDATION dba POST CARBON INSTITUTE
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2019

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE			
Foundation and Community Grants	\$ 371,080	\$ 370,000	\$ 741,080
Contributions	97,711	-	97,711
Publication Revenue	8,291	-	8,291
Fees and Other Income	14,927	-	14,927
Investment Income	2,074	-	2,074
Net Assets Released from Restrictions	165,582	(165,582)	-
Total Support and Revenue	659,665	204,418	864,083
EXPENSES			
Program Services			
Awareness	450,560	-	450,560
Understanding	71,123	-	71,123
Action	9,702	-	9,702
Total Program Services	531,385	-	531,385
General and Administrative	93,351	-	93,351
Fundraising	93,701	-	93,701
Total Supporting Services	187,052	-	187,052
Total Expenses	718,437	-	718,437
Change in Net Assets	(58,772)	204,418	145,646
Net Assets, Beginning of the Year	477,462	210,000	687,462
Net Assets, End of the Year	\$ 418,690	\$ 414,418	\$ 833,108

See accompanying notes to financial statements.

METAFOUNDATION dba POST CARBON INSTITUTE
Statement of Functional Expenses
For the Year Ended December 31, 2019

	<u>Program Services</u>			Total Program Services	<u>Supporting Services</u>		Total Supporting Services	Total Expenses
	<u>Awareness</u>	<u>Understanding</u>	<u>Action</u>		<u>General and Administrative</u>	<u>Fund- Raising</u>		
Compensation	\$ 301,466	\$ 52,161	\$ 2,100	\$ 355,727	\$ 61,512	\$ 70,179	\$ 131,691	\$ 487,418
Employee benefits	28,659	4,231	-	32,890	5,566	5,409	10,975	43,865
Payroll taxes	24,460	4,114	176	28,750	5,115	5,599	10,714	39,464
Total Personnel Costs	354,585	60,506	2,276	417,367	72,193	81,187	153,380	570,747
Awards and Grants	-	-	4,925	4,925	-	-	-	4,925
Contract Services	57,076	6,119	2,500	65,695	10,417	4,524	14,941	80,636
Advertising	3,533	-	-	3,533	-	-	-	3,533
Office Expenses	557	167	-	724	5,791	86	5,877	6,601
Occupancy	8,898	1,323	-	10,221	1,730	1,675	3,405	13,626
Travel and Entertainment	9,148	415	-	9,563	682	3,730	4,412	13,975
Conferences and Meetings	1,005	-	-	1,005	-	-	-	1,005
Insurance	3,188	467	1	3,656	633	605	1,238	4,894
Telephone and Internet	3,856	593	-	4,449	607	591	1,198	5,647
Supplies	5,705	1,325	-	7,030	961	966	1,927	8,957
Charitable Donations	1,000	-	-	1,000	-	-	-	1,000
Depreciation	2,009	208	-	2,217	337	337	674	2,891
Total	<u>\$ 450,560</u>	<u>\$ 71,123</u>	<u>\$ 9,702</u>	<u>\$ 531,385</u>	<u>\$ 93,351</u>	<u>\$ 93,701</u>	<u>\$ 187,052</u>	<u>\$ 718,437</u>

See accompanying notes and accountant's report.

METAFOUNDATION dba POST CARBON INSTITUTE
Statement of Cash Flows
For the Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$	145,646
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation		2,892
Interest earned on Certificate of Deposit		(1,387)
Increase in Contributions Receivable		19,216
Increase in Grants Receivable		(20,000)
Decrease in Prepaid Expenses		2,131
Decrease in Accounts Payable		765
Increase in Accrued Vacation		(1,361)
		2,256
Total Adjustments		2,256
Net Cash Provided by Operating Activities		147,902

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Property and Equipment		(1,999)
Proceeds from the sale of Certificate of Deposit		52,425
		50,426
Net Cash Provided by Investing Activities		50,426
Net Increase in Cash and Cash Equivalents		198,328
Cash and Cash Equivalents at Beginning of Year		351,076
Cash and Cash Equivalents at End of Year	\$	549,404

See accompanying notes to financial statements.

METAFOUNDATION dba POST CARBON INSTITUTE
Notes to Financial Statements
December 31, 2019

NOTE 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.

In 2019 the Institute reconfigured their programs into three categories that reflect their strategy for engaging the public in the sustainability issues of the 21st century. They are striving to help people gain (1) **awareness** of the E⁴ crises (energy, environment, economy, equity) and potential responses, then gain deeper (2) **understanding** through immersive educational experiences, and then take (3) **action** to build resilience in their households and communities.

Awareness

The Awareness Program Area is intended to reach a broad audience and to deliver fundamental information people need in order to recognize and respond to the interrelated energy, environmental, economic, and equity crises of modern times. This program area contains the largest concentration of the Institute’s projects:

- **Resilience.org** is the leading online hub for the community resilience movement.
- **Publications** is a project for reaching audiences with written material in formal, in-depth formats, such as books and reports.
- **General Communications** is the project that helps deliver their content to their audience through distribution of newsletters, social media posts, media outreach, and responses to public inquiries.
- **Podcasts** is their project for reaching our audience with content developed for listeners.
- **Events** consist of preparation for and delivery of live speaking events and online webinars.
- **Musings** is their project to produce and promote articles that express the Institute’s views on energy, community resilience, and current events.

Highlights of the Awareness program area in 2019 include:

- Publication of ~30 articles per week on Resilience.org
- Publication of 122 original articles on Resilience.org
- Publication of the 2019 *Shale Reality Check*
- Publication of the report *How Long Will the Shale Revolution Last?: Technology versus Geology and the Lifecycle of Shale Plays*
- Publication of the report *The Future Is Rural: Food System Adaptations to the Great Simplification*
- Successful launch of the Crazy Town podcast with 13 original episodes, a 5-star rating on iTunes, and ~1,500 listens within the first 30 days of release of each episode.
- Delivery of three keynote presentations by Richard Heinberg
- Production of an original idea-generating conference, “Navigating the Great Unraveling”
- Publication of 34 total articles by PCI staff, including 3 placed in external media outlets
- Production of 3 webinars, each with a larger audience than the previous, about taking action in politics, the food system, and climate communication.

METAFOUNDATION dba POST CARBON INSTITUTE
Notes to Financial Statements
December 31, 2019

NOTE 1 – ORGANIZATION (continued)

Understanding

The Understanding Program Area is intended to help those who have gained awareness of sustainability issues to attain more depth of knowledge and more confidence in what they know. Projects included in this program area:

- **Think Resilience** is the Institute's online course and flagship resource for deep-dive education.
- **Uncertain Future Forum** is a project that gathers a set of experts to analyze and discuss timely, controversial, under-exposed topics related to energy and community resilience.

Highlights of the Understanding program area in 2019 include:

- Production of a guided version of the Think Resilience course with weekly webinars in partnership with Transition US
- Registration of 15 Think Resilience discussion groups
- 141 completions of the self-directed course
- Successful pilot of the Uncertain Future Forum with ten original essays and four authors' perspectives on the question, "IF collapse is imminent, how do we respond?"

Action

The Action Program Area is an area of growth in which they encourage their constituents to move from thinking and learning to doing. Projects included in this program area:

- **Action Routes** is their project, along with partner organizations, for directing Think Resilience participants and other Institute constituents to take specified actions in their communities.
- **Grassroots Mini-Grants** consists of awarding small grants to transition and anti-fracking groups that take on-the-ground actions.

Highlights of the Action program area in 2019 include:

- Successful development of a process for accepting proposals for and awarding mini-grants.
- Disbursement of mini-grant funds and reporting on project accomplishments

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

The accompanying financial statements have been prepared on the accrual basis of accounting. The accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

METAFOUNDATION dba POST CARBON INSTITUTE
Notes to Financial Statements
December 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

The change in accounting principle was adopted on a modified prospective basis in 2019. As a result, there was no cumulative-effect adjustment to beginning net assets without donor restrictions or beginning net assets with donor restrictions as of January 1, 2019.

Cash and Cash Equivalents

Cash consists primarily of checking accounts held with a financial institution. The Institute restricts its cash deposits to financial institutions which are members of the FDIC.

Certificates of Deposit

Certificates of deposit are carried at market value.

Property and Equipment

Property and equipment are stated at cost and are depreciated using straight-line methods over the estimated useful lives of the related assets. Major expenditures in excess of \$500, and those which substantially increase lives, are capitalized. Maintenance, repairs and minor renewals are expensed when incurred. The fair value of donated capital items is similarly capitalized.

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.

METAFOUNDATION dba POST CARBON INSTITUTE
Notes to Financial Statements
December 31, 2019

NOTE 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 estimated fair value at the date of donation. Donated property and equipment are reported as increases in net assets without donor restriction 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 contributions with donor restrictions. 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.

Net Assets

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

- Without Donor Restriction – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for growth endowment and certain program uses.
- With Donor Restriction – Net assets subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Income Taxes

The Institute is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes. The Institute has also been classified as an entity that is not a private foundation within the meaning of the Internal Revenue Code. The Institute is also 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. Accordingly, no provision has been made for income taxes in the consolidated financial statements.

METAFOUNDATION dba POST CARBON INSTITUTE
Notes to Financial Statements
December 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)

The Institute has adopted the provision of FASB Accounting Standards Codification (ASC) 740-10, *Income Taxes*, relating to accounting for uncertain tax provisions. The Institute recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Institute did not have any uncertain tax positions in connection with these financial statements.

Generally, the Organization is subject to examination by U.S. federal, state, and local income tax authorities for three years from filing of a tax return.

Fair Value of Financial Instruments

The Organization has adopted FASB authoritative guidance that defines fair value, establishes a framework for measuring the fair value, and expands disclosures about fair value measurements. Fair value is 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. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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 institutions that are insured in limited amounts by the U.S government.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

METAFOUNDATION dba POST CARBON INSTITUTE
Notes to Financial Statements
December 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs of program and supporting services activities have been reported in the statement of activities by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and foundation expenses, which are allocated on the basis of time and effort.

NOTE 3—LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of December 31, 2019:

Financial assets, at year end	\$ 854,823
Less those unavailable for general expenditure within one year:	
Net Assets with Purpose Restriction	(344,418)
Net Investment in Property and Equipment	(5,197)
Deposits	<u>(1,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 504,208</u>

NOTE 4 – OPERATING LEASE

In June 2017, the Institute moved their office to Corvallis, Oregon and entered into a six month lease ending December 15, 2017. The lease was renewed for two successive 6 month terms until December 2018, at which time the lease became a month-to-month lease. The monthly payments on the Oregon lease are \$1,000 per month.

Rent expense was \$13,000 for the year ended December 31, 2019.

METAFOUNDATION dba POST CARBON INSTITUTE
Notes to Financial Statements
December 31, 2019

NOTE 5– NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31, 2019:

<u>Purpose Restrictions</u>	
Grassroots Activism	\$ 5,075
VKRF Conference	339,343
<u>Time-Restricted for Future Periods</u>	
General Support	<u>70,000</u>
Total Net Assets With Donor Restrictions	<u>\$ 414,418</u>

NOTE 6 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were 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, 2019:

General Support	\$ 150,000
VKRF Conference	10,657
Grassroots Activism	<u>4,925</u>
Total	<u>\$ 165,582</u>

NOTE 7– SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. The Institute recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing financial statements. The Institute’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued.

The Institute has evaluated subsequent events through May 6, 2020, which is the date the financial statements were available to be issued.