

**METAFOUNDATION
dba POST CARBON INSTITUTE**

FINANCIAL STATEMENTS

Year Ended December 31, 2022

**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

Opinion

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, 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Metafoundation dba Post Carbon Institute as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Metafoundation dba Post Carbon Institute and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Metafoundation dba Post Carbon Institute's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Member of American Institute of Certified Public Accountants

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Metafoundation dba Post Carbon Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Metafoundation dba Post Carbon Institute's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Anderson Group CPAs, LLC

October 31, 2023

METAFOUNDATION dba POST CARBON INSTITUTE
Statement of Financial Position
As of December 31, 2022

ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 602,127
Contributions Receivable	29,469
Grants Receivable	100,000
Prepaid Expenses	8,490
	740,086
Property and Equipment	
Computers	34,617
Furniture and Equipment	9,736
	44,353
Less: Accumulated Depreciation	(43,353)
	1,000
Net Property and Equipment	
	1,000
Other Assets	
Deposits	1,000
	1,000
Total Other Assets	
	1,000
	\$ 742,086
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 6,805
Accrued Vacation	22,712
	29,517
Total Current Liabilities	
	29,517
TOTAL LIABILITIES	
	\$ 29,517
NET ASSETS	
Without Donor Restrictions	\$ 586,703
With Donor Restrictions	
Purpose Restrictions	25,866
Time-Restricted For Future Periods	100,000
	125,866
Total Net Assets With Donor Restrictions	
	125,866
TOTAL NET ASSETS	
	712,569
TOTAL LIABILITIES AND NET ASSETS	
	\$ 742,086

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, 2022

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE			
Foundation and Community Grants	\$ 304,200	\$ 100,000	\$ 404,200
Contributions	244,272	-	244,272
Publication Revenue	10,252	-	10,252
Fees and Other Income	3,941	-	3,941
Investment Income	1,139	-	1,139
Net Assets Released from Restrictions	124,134	(124,134)	-
Total Support and Revenue	687,938	(24,134)	663,804
EXPENSES			
Program Services			
Awareness	538,518	-	538,518
Understanding	119,052	-	119,052
Action	88,265	-	88,265
Total Program Services	745,835	-	745,835
General and Administrative	105,351	-	105,351
Fundraising	52,952	-	52,952
Total Supporting Services	158,303	-	158,303
Total Expenses	904,138	-	904,138
Change in Net Assets	(216,200)	(24,134)	(240,334)
Net Assets, Beginning of the Year	802,903	150,000	952,903
Net Assets, End of the Year	\$ 586,703	\$ 125,866	\$ 712,569

See accompanying notes to financial statements.

METAFOUNDATION dba POST CARBON INSTITUTE
Statement of Functional Expenses
For the Year Ended December 31, 2022

	<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	\$ 374,655	\$ 45,355	\$ 67,584	\$ 487,594	\$ 73,985	\$ 44,302	\$ 118,287	\$ 605,881
Employee Benefits	21,083	3,381	3,643	28,107	3,703	1,843	5,546	33,653
Payroll Taxes	30,407	3,615	5,373	39,395	5,746	3,478	9,224	48,619
Total Personnel Costs	426,145	52,351	76,600	555,096	83,434	49,623	133,057	688,153
Contract Services	86,894	58,145	6,175	151,214	12,050	1,008	13,058	164,272
Advertising	1,599	-	2,000	3,599	-	-	-	3,599
Office Expenses	374	54	62	490	6,376	90	6,466	6,956
Occupancy	6,005	938	1,050	7,993	1,041	521	1,562	9,555
Travel and Entertainment	1,800	1,465	34	3,299	32	404	436	3,735
Conferences and Meetings	263	-	-	263	-	-	-	263
Insurance	3,152	534	545	4,231	564	279	843	5,074
Telephone and Internet	2,944	484	501	3,929	445	220	665	4,594
Supplies	9,022	5,012	1,244	15,278	1,350	776	2,126	17,404
Depreciation	320	69	54	443	59	31	90	533
Total	<u>\$ 538,518</u>	<u>\$ 119,052</u>	<u>\$ 88,265</u>	<u>\$ 745,835</u>	<u>\$ 105,351</u>	<u>\$ 52,952</u>	<u>\$ 158,303</u>	<u>\$ 904,138</u>

See accompanying notes to financial statements.

METAFOUNDATION dba POST CARBON INSTITUTE
Statement of Cash Flows
For the Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$	(240,334)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation		533
Increase in Contributions Receivable		(7,282)
Decrease in Grants Receivable		50,000
Increase in Prepaid Expenses		(593)
Decrease in Accounts Payable		(762)
Increase in Accrued Vacation		502
		42,398
Total Adjustments		42,398
		(197,936)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment		(1,200)
		(1,200)
Net Cash Used by Investing Activities		(1,200)
Net Decrease in Cash and Cash Equivalents		(199,136)
Cash and Cash Equivalents at Beginning of Year		801,263
		\$ 602,127

See accompanying notes to financial statements.

METAFOUNDATION dba POST CARBON INSTITUTE
Notes to Financial Statements
December 31, 2022

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, equity, 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.

We organize our projects and programs into three categories that reflect our strategy for engaging the public in the sustainability issues of the 21st century. We 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 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 collection of PCI’s projects:

- **Resilience.org** is the leading online hub for the community resilience movement.
- **General Communications** is our project that helps deliver our content to our audience through online events, speaking engagements, distribution of newsletters, social media posts, media outreach, and responses to public inquiries.
- **Research, Reflection, and Reporting (3R)** is our project to produce and promote articles that express PCI’s views on sustainability topics, energy, community resilience, and current events. It also includes keeping ourselves informed of emerging concepts.
- **Podcasts** is our project for delivering content developed for listeners. We currently have two ongoing podcasts: *Crazy Town* and *What Could Possibly Go Right?*.
- **Energy Bulletin** offers analysis of energy trends in daily and weekly formats, archived on a website and emailed to subscribers.

Highlights of the Awareness Program Area in 2022 include:

- Publication of ~30 articles per week on Resilience.org.
- Publication of more than 200 original articles on Resilience.org.
- Release of the fourth season (16 full episodes and 10 bonus episodes) of the *Crazy Town* podcast, with over 288,000 total downloads of all episodes since the launch in 2019, and a 22% increase in the average number of episode downloads over the third season.
- Release of 33 episodes of the *What Could Possibly Go Right?* podcast, with over 181,000 total downloads since its release in 2020, and a 49% increase in average number of episode downloads 2021 to 2022.
- Delivery of 28 presentations/interviews by PCI staff.
- Publication of 27 total articles by PCI staff, with 15 placed in external media outlets.

METAFOUNDATION dba POST CARBON INSTITUTE
Notes to Financial Statements
December 31, 2022

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:

- **Navigating the Great Unraveling** is a project that networks world sustainability experts to explore how humanity can navigate the interrelated social and ecological crises driven by accelerating environmental and social breakdown over the coming decades.
- **Power: Limits and Prospects for Human Survival** is Richard Heinberg's book about humanity's relationship to power – power over nature and the power of some people over others.
- **Publications** is our project for providing written material in formal, in-depth formats, such as books and reports.
- **Think Resilience** is PCI's online course and flagship resource for deep-dive education.

Highlights of the Understanding Program Area in 2022 include:

- Launch of the Liminality Network – a global, diverse network of thinkers, practitioners, and influencers (including NGO and grassroots leaders, and civil service, government, and academic professionals) to more deeply explore how humanity can navigate the social and ecological crises driven by our unsustainable, ruinous, and unjust economic and socio-cultural systems.
- Release of the limited-run (8 episodes) *Power* podcast, with over 11,800 episode downloads since its release in September 2022.
- Development and launch of a new website to house all PCI books and major reports.
- Registration of more than 900 participants in Think Resilience.

Action

The Action Program Area is about encouraging our constituents to move from thinking and learning to doing. We currently have one project in this program area:

- The **Take Action Series** is our webinar project which provides inspiring examples and conversations about meaningful actions that can be taken to address the E⁴ crises.

Highlights of the Action Program Area in 2022 include:

- Production of four webinars about (1) creating and using art to inspire action, (2) and (3) on maintaining healthy soil, and (4) engaging in mutual aid to strengthen communities.
- Average of more than 650 registrants per webinar.

METAFOUNDATION dba POST CARBON INSTITUTE
Notes to Financial Statements
December 31, 2022

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.

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.

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

The Institute recognizes grants and contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Contributions received are recorded as with or without donor restrictions depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized.

Donations are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. .

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, 2022

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 at 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.

METAFOUNDATION dba POST CARBON INSTITUTE
Notes to Financial Statements
December 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases - Recently Adopted Accounting Standard

During the year ended December 31, 2022, the Institute adopted Accounting Standards Update (ASU) No. 2016-02, Leases, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements.

The Institute determines if an arrangement is, or contains, a lease at inception.

Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The Institute does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less).

The Institute elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, The Institute did not recognize right-of-use assets or lease liabilities in its statement of financial position as of December 31, 2022, as there were no leases that qualified for restatement.

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 financial statements.

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 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.

METAFOUNDATION dba POST CARBON INSTITUTE
Notes to Financial Statements
December 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 institutes 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.

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, occupancy and other foundation expenses, which are allocated on the basis of time and effort.

METAFOUNDATION dba POST CARBON INSTITUTE
Notes to Financial Statements
December 31, 2022

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, 2022:

Financial assets, at year end	\$ 712,569
Less those unavailable for general expenditure within one year:	
Net Assets with Purpose Restriction	(25,866)
Net Assets with Time and Purpose Restriction	(100,000)
Net Investment in Property and Equipment	(1,000)
Deposits	<u>(1,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 584,703</u>

NOTE 4 – OPERATING LEASE

The Institute leased an office space in Corvallis, Oregon for \$1,000 per month on a month-to-month basis through August 2022, at which time the rent was renegotiated to \$500 per month through February 2023.

In February 2023, the Institute entered into a one year agreement for \$150 per month for office space at a new location in Corvallis, Oregon ending February 26, 2024. This lease includes a \$200 per month in-kind donation - the difference between the paid rent and total fair market value of the space.

Rent expense was \$9,000 for the year ended December 31, 2022.

NOTE 5– NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31, 2022:

<u>Purpose Restrictions</u>	
Liminality Network	\$ 25,866
<u>Time-Restricted for Future Periods</u>	
Liminality Network	<u>100,000</u>
Total Net Assets With Donor Restrictions	<u>\$ 125,866</u>

METAFOUNDATION dba POST CARBON INSTITUTE
Notes to Financial Statements
December 31, 2022

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, 2022:

General Support	\$ 50,000
Liminality Network	<u>74,134</u>
Total	<u>\$ 124,134</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 October 31, 2023 which is the date the financial statements were available to be issued.