

Captain Planet Foundation, Inc.

Audit of Financial Statements

June 30, 2016 and 2015

Independent Auditor's Report

To the Board of Trustees
Captain Planet Foundation, Inc.

I have audited the accompanying financial statements of Captain Planet Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses and cash flows the years ended June 30, 2016 and 2015, 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 position of Captain Planet Foundation, Inc. as of June 30, 2016 and 2015 and the changes 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.

J. Lunsford CPA

November 2, 2016



Statement of Financial Position

At June 30, 2016 and 2015

The accompanying notes are an integral part of these financial statements

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ 726,054	\$ 713,651
Cash restricted (Fiscal Sponsorship)	54,434	-
Grants and other receivables	25,050	-
Property and equipment - net of accumulated depreciation	<u>8,027</u>	<u>22,100</u>
Total Assets	<u>\$ 813,565</u>	<u>\$ 735,751</u>
Liabilities and Net Assets		
Liabilities		
Accrued expense	\$ -	\$ 4,096
Unearned revenue	<u>147,250</u>	<u>68,000</u>
Total Liabilities	<u>147,250.00</u>	<u>72,096.00</u>
Net Assets		
Temporarily restricted	54,434.00	-
Unrestricted	<u>611,881</u>	<u>663,665</u>
Total Net Assets	<u>666,315</u>	<u>663,665</u>
Total Liabilities and Net Assets	<u>\$ 813,565</u>	<u>\$ 735,761</u>



Statement of Activities & Changes in Net Assets

For the Year Ended June 30, 2016 with
Comparative Information for June 30, 2015

The accompanying notes are an integral part of these financial statements

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>6/30/2015</u>
Revenues and Gains:				
Gifts - educational initiatives	\$ 632,973	\$ -	\$ 632,973	\$ 521,613
Gala & special events - net of \$150,569 in direct expens	334,715		334,715	384,898
Fiscal sponsor	-	126,718	126,718	-
Gifts and grants - foundations	109,000	-	109,000	271,000
Government financial assistance	91,000	-	91,000	-
Donations	48,938	-	48,938	15,711
Gifts and grants - corporations	18,600	-	18,600	13,500
Gifts and grants - individuals	14,200	-	14,200	2,917
Donated services & materials	578,650	-	578,650	12,625
Gain on sale of asset	1,082	-	1,082	-
Investment income	195	-	195	197
Merchandise sales	120	-	120	30
Net assets released from restrictions	72,284	(72,284)	-	
Total Revenues and Gains	1,901,757	54,434	1,956,191	1,222,491
Expenses:				
Program services	1,314,491	-	1,314,491	982,711
Management and general	500,546	-	500,546	115,702
Fundraising	138,494	-	138,494	122,496
Total Expenses	1,953,531	-	1,953,531	1,220,909
Changes in Net Assets	(51,774)	54,434	2,660	1,582
Net Assets at the Beginning of the Year	663,655	-	663,655	662,073
Net Assets at the End of the Year	\$ 611,881	\$ 54,434	\$ 666,315	\$ 663,655



Statement of Functional Expense

For the Year Ended June 30, 2016 with
Comparative Information for June 30, 2015

The accompanying notes are an integral part of these financial statements

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>	<u>6/30/2015</u>
Grants to organizations	\$ 638,798	\$ -	\$ -	\$ 638,798	\$ 676,260
Salaries and payroll tax	264,711	26,514	113,217	404,442	345,552
Insurance	-	59,290	-	59,290	46,248
Promotion	22,538	-	715	23,253	22,539
Travel & parking	2,878	7,413	1,545	11,836	19,601
Temporary help	67,745	1,200	150	69,095	19,066
Technology fees	31,169	350	600	32,119	17,822
Depreciation	5,199	5,119	-	10,318	13,221
Donated services	215,500	363,150	-	578,650	12,625
Conferences & meetings	13,136	2,442	4,925	20,503	11,693
Bank charges	147	-	5,924	6,071	10,412
Office maintenance & supplies	5,088	4,552	-	9,640	8,540
Professional fees	41	5,528	-	5,569	4,744
Meals & entertainment	1,019	253	1,106	2,378	3,602
Printing & duplicating	917	190	-	1,107	2,441
Utilities & telephone	300	2,900	-	3,200	2,305
Postage & courier	676	185	310	1,171	2,127
Training/development	-	449	-	449	851
Dues & subscriptions	2,500	486	-	2,986	722
General gifts	-	372	-	372	538
Fiscal sponsor expense	42,129	20,153	10,002	72,284	-
	<u>\$ 1,314,491</u>	<u>\$ 500,546</u>	<u>\$ 138,494</u>	<u>\$ 1,953,531</u>	<u>\$ 1,220,909</u>



Statement of Cash Flows

For the Years Ended June 30, 2016 and 2015

The accompanying notes are an integral part of these financial statements

	2016	2015
Cash Flows From Operating Activities		
Change in net assets	\$ 2,660	\$ 1,582
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	12,214	15,717
Gain on sale of asset	(1,082)	-
Change in grants and other receivables	(25,050)	-
Change in prepaid expense	-	20,000
Change in accrued expenses	(4,096)	4,094
Change in unearned revenue	(68,000)	(136,300)
Net Cash Provided by Operating Activities	\$ (83,354)	\$ (94,907)
Cash Flows From Investing Activities		
Purchase of property and equipment	\$ (1,659)	\$ (7,197)
Proceeds from sale of property and equipment	4,600	-
Net Cash Provided (Used) in Investing Activities	\$ 2,941	\$ (7,197)
Net Increase in Cash & Cash Equivalents	(80,413)	(102,104)
Cash & Cash Equivalents at Beginning of the Year	713,651	815,755
Cash & Cash Equivalents at End of the Year	\$ 633,238	\$ 713,651



Notes to the Financial Statements

For the Years Ended June 30, 2016 and 2015

Organization and Nature of Activities

The mission of the Captain Planet Foundation, Inc. is to fund and support hands-on, environmental projects for children and youth. Their objective is to encourage innovative programs that empower children and youth around the world to work individually and collectively to solve environmental problems in their neighborhoods and communities. Through environmental education, Captain Planet Foundation, Inc. believes that children can achieve a better understanding and appreciation for the world in which they live.

Summary of Significant Accounting Policies

Revenue Recognition

The Foundation considers all gifts of cash and other assets to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary 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 Foundation had no permanently restricted net assets for the years ended June 30, 2016 & 2015.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America. The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with CPF's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Functional Expenses

The costs of providing the various programs and events are shown on the statement of activities under expenses. Accordingly, certain costs, as shown on the statement of functional expenses have been allocated among the programs and events benefited. Management charges costs related directly to programs conducted by The Foundation directly to those programs. Management reviews other indirect costs required to run the programs or events and allocates the appropriate share of these costs accordingly.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



Notes to the Financial Statements

For the Years Ended June 30, 2016 and 2015

Summary of Significant Accounting Policies - continued

Cash and Cash Equivalents

For purposes of the financial statements, the Foundation considers all highly liquid investments in marketable equity securities and fixed income funds to be cash equivalents.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under section 501(C)(3) of the Internal Revenue Code.

Public Support and Revenue

CPF depends heavily on contributions and grants for its public support. The ability of some of CPF's contributors and grantors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions and the continued deductibility for income tax purposes of contributions and grants to CPF.

Contributions of donated noncash assets are recorded at their estimated fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. These services are recorded at their estimated fair values in the period received.

Property and Equipment

CPF capitalizes all expenditures for property and equipment. Property and equipment are recorded at cost or fair value for contributed property and equipment and depreciated over the estimated useful lives of three to seven using the straight-line method. Depreciation expense for the years ended June 30, 2016 and 2015 amounted to \$12,214 and \$15,717, respectively.

Property and equipment consists of the following:

	<u>2016</u>	<u>2015</u>
Furniture, Fixtures & Equipment	\$ 43,670	\$ 49,688
Computer Hardware	32,178	30,519
Computer Software	<u>25,561</u>	<u>25,561</u>
Total	101,409	105,768
Less Accumulated Depreciation	<u>(93,382)</u>	<u>(83,668)</u>
Net Property and Equipment	<u>\$ 8,027</u>	<u>\$ 22,100</u>



Notes to the Financial Statements

For the Years Ended June 30, 2016 and 2015

Concentration of Credit Risk for Cash

From time to time during the years ended June 30, 2016 and 2015 CPF held cash balances in FDIC insured banks and money market accounts with brokerage houses that exceeded those institutions FDIC insurance limits. CPF has not experienced any losses in such accounts and does not believe that it is exposed to any significant credit risk on cash

Fair Value Measurements

The Foundation reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used are

Level 1 - Quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2 - Inputs other than quoted market prices that are observable either directly or indirectly.

Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets in markets that are not active
- observable inputs other than quoted prices such as interest rates and yield curves; and
- inputs derived or corroborated by observable market data by correlation or by other means.

Level 3 - Unobservable inputs. Used to the extent that observable inputs are unavailable.

When available, The Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. However, Level 1 inputs are not available for all of the assets and liabilities that the Foundation may be required to measure (for example, in-kind contributions). The primary use of fair value measures in these financial statements are in the recurring measurement of donated services.

Related Party Transactions

Certain Foundation board members were also board members of grantor organizations for the period presented. During the years ended June 30, 2016 and 2015 the Foundation received \$449,123 and \$344,250, respectively in grants from these organizations.

Grants and Other Receivables

CPF considers all grant and accounts receivable to be collectible and, accordingly, has not recorded a reserve for uncollectible accounts.

Commitments, Contingencies and Subsequent Events

Certain grants and contracts often require the fulfillment of certain conditions as set forth in the instrument or agreement. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the return of funds is a possibility, management of CPF deems the contingency to be unlikely. The grants and contracts are subject to audit by the grantor and the grantor has the authority to determine liabilities or limits or suspend participation in the various programs.



Notes to the Financial Statements

For the Years Ended June 30, 2016 and 2015

Commitments, Contingencies and Subsequent Events - continued

CPF has evaluated subsequent events through August 24, 2016 which is the date the financial statements were prepared. No subsequent events were identified that required adjustment to or disclosure within the financial statements.

Uncertain Tax Positions

CPF has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-than-likely-than-not be sustained upon examination by taxing authorities. CPF has analyzed tax positions taken for filing with the Internal Revenue Service and all state tax jurisdictions where it operates. CPF believes that the income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the CPF's financial condition, results of operations or cash flows. Accordingly, CPF has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2016.

Fiscal Sponsorships

On February 1, 2015 CPF entered into two Fiscal Sponsor Agreements with Seed Life Skills and I am EcoWarrior Foundation (Fiscal Partners) both of which are unincorporated nonprofits. The purpose of the agreements was for CPF to act as the fiscal agent for both Fiscal Partners by receiving assets and incurring liabilities identified for the purposes of the Fiscal Partners and administrating them to pursue those purposes, which will further CPF's charitable and educational goals. The Fiscal Partners agreed to operate its charitable and educational activities, program activities, and grant-making subject to CPF's administration, discretion and control.

The Fiscal Partners have agreed to work with their legal representatives to prepare an application for 501(c)(3) tax exemption. CPF agrees to serve as fiscal sponsor for the Fiscal Partners for a period of up to two years, or until such time that the Fiscal Partners receive 501(c)(3) tax exempt status, whichever occurs earlier. In the event that the parties desire to extend the fiscal sponsorship beyond two years from February 1, 2015, a additional agreement shall be required.

Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at June 30, 2016 and 2015:

Purpose	2016	2015
Seed Life Skills	\$ 39,211	\$ -
I am EcoWarrior Foundation	15,223	-
Total	\$ 54,434	\$ -

END OF FOOTNOTES