

Captain Planet Foundation, Inc.

Audit of Financial Statements

June 30, 2021 & 2020

Independent Auditor's Report

To the Board of Directors of
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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2021, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Organization's financial statements for the year ended June 30, 2020 and in my report dated September 2, 2020, I expressed an unqualified opinion thereon.

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 audit. I conducted my audit 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 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 evaluation of 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, 2021 and 2020 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.

J. Lunsford CPA

January 23, 2022

Captain Planet Foundation, Inc.

Statement of Financial Position June 30, 2021 and 2020

The Accompanying Notes are an Integral Part of These Financial Statements

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 483,383	\$ 638,757
Cash restricted (fiscal sponsorship)	74,598	25,182
Grants and other receivables	115,000	55,600
Property and equipment - net of accumulated depreciation	<u>7,907</u>	<u>9,490</u>
Total Assets	<u>680,888</u>	<u>729,029</u>
<hr/>		
Liabilities		
Accrued expense	\$ 17,091	\$ 8,278
Unearned revenue	<u>-</u>	<u>-</u>
Total Liabilities	<u>17,091</u>	<u>8,278</u>
<hr/>		
Net Assets		
Without Donor Restrictions	663,797	624,651
With Donor Restrictions	<u>-</u>	<u>96,100</u>
Total Net Assets	<u>663,797</u>	<u>720,751</u>
Total Liabilities and Net Assets	<u>\$ 680,888</u>	<u>\$ 729,029</u>

Captain Planet Foundation, Inc.

Statement of Activity For the Year Ended June 30, 2021 with Comparative Information for June 30, 2020

The Accompanying Notes are an Integral Part of These Financial Statements

	Without Donor Restrictions	With Donor Restrictions	Total	2020
Revenues, Gains and Other Support				
Support				
Gifts - educational initiatives	\$ 401,947	\$ -	\$ 401,947	\$ 654,156
Gala & special events - net of \$5,652 in direct expense	103,791	-	103,791	328,300
Fiscal sponsor	-	855,442	855,442	50,000
Gifts and grants - foundations	276,711		276,711	63,020
Gifts and grants - corporations	33,451		33,451	12,360
Gifts and grants - individuals	40,340		40,340	16,810
Government financial assistance	-	106,538	106,538	117,080
Donations	7,794		7,794	9,688
Total Support	864,034	961,980	1,826,014	1,251,414
Donated services & materials	460,000	-	460,000	440,000
Investment income	20	-	20	169
Merchandise sales	865	-	865	522
Other Revenues and Gains	460,885	-	460,885	440,691
Support Provided by Expiring Time and Purpose Restrictions	961,980	(961,980)	-	-
Total Revenues, Gains and Other Support	2,286,899	-	2,286,899	1,692,105
Expenses				
Program Services	1,800,138	-	1,800,138	1,225,077
Total Program Services	1,800,138	-	1,800,138	1,225,077
Management and General	247,927	-	247,927	201,236
Fundraising	295,778	-	295,778	273,904
Total Expenses	2,343,843	-	2,343,843	1,700,217
Change in Net Assets	(56,944)	-	(56,944)	(8,112)

Captain Planet Foundation, Inc.

Statement of Functional Expense For the Year Ended June 30, 2021 with Comparative Information for June 30, 2020

The Accompanying Notes are an Integral Part of These Financial Statements

	Program Services	Management & General	Fundraising	Total	2020
Bank charges	\$ 79	\$ 228	\$ 1,693	\$ 2,000	\$ 17,658
Conferences & meetings	170	104	-	274	4,754
Depreciation	1,941	1,282	-	3,223	3,721
Donated services	243,800	92,000	124,200	460,000	440,000
Dues & subscriptions	705	110	5,590	6,405	2,580
Fiscal Sponsor	773,814	-	-	773,814	24,550
Grants to organizations	2,099	-	-	2,099	48,608
Educational Initiatives	297,588	-	-	297,588	401,384
Insurance	-	113,142	-	113,142	60,535
Meals & entertainment	-	-	-	-	945
Office maintenance & supplies	3,046	500	93	3,639	6,012
Postage & courier	90	-	1,254	1,344	429
Printing & duplicating	2,922	-	1,511	4,433	3,135
Professional fees	-	11,500	-	11,500	18,689
Promotion	14,996	-	-	14,996	20,517
Salaries and payroll tax	407,044	26,126	161,437	594,607	590,606
Technology fees	6,663	2,935	-	9,598	19,062
Temporary help	-	-	-	-	32,761
Travel & parking	181	-	-	181	4,271
Uncollectable donation	45,000	-	-	45,000	-
	\$ 1,800,138	\$ 247,927	\$ 295,778	\$ 2,343,843	\$ 1,700,217

Captain Planet Foundation, Inc.

Statement of Cash Flows For the Years Ended June 30, 2021 and 2020

The Accompanying Notes are an Integral Part of These Financial Statements

	<u>2021</u>	<u>2020</u>
Operating Activities:		
Cash Inflows for Operations:		
Support	\$ 1,766,614	\$ 1,381,931
Investment income	20	169
Merchandise sales	865	522
Cash Outflows for Operations:		
Payments for Salaries, Benefits, and Payroll Taxes	(594,607)	(590,606)
Payments to Vendors	(1,277,210)	(691,815)
Net Cash Provided by Operating Activities	(104,318)	100,201
Investing Activities:		
Purchase of Fixed Assets	(1,640)	(7,419)
Net Cash Used by Investing Activities	(1,640)	(7,419)
Change in Cash and Cash Equivalents	(105,958)	92,782
Cash and Cash Equivalents at Beginning of Year	663,939	571,157
Cash and Cash Equivalents at End of Year	\$ 557,981	\$ 663,939
Cash and cash equivalents	\$ 483,383	\$ 638,757
Cash restricted (fiscal sponsorship)	74,598	25,182
	<u>\$ 557,981</u>	<u>\$ 663,939</u>

Captain Planet Foundation, Inc.

Notes to Financial Statements June 30, 2021 and 2020

Note 1: Description of Organization

Mission

The mission of the Captain Planet Foundation, Inc. (CPF) 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, CPF believes that children can achieve a better understanding and appreciation for the world in which they live.

Note 2: Summary of Significant Accounting Policies

The organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the organization are described subsequently to enhance the usefulness and understandability of the financial statements.

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, 2020, from which the summarized information was derived.

Revenue Recognition and Expenses

CPF recognizes revenues in accordance with Accounting Standards Update (ASU) 2018-8, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which provides a framework for evaluating whether the transfer of assets constitutes a contribution or an exchange transaction. The ASU also provides additional clarification as to whether or not a contribution is conditional.

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 CPF 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.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Captain Planet Foundation, Inc.

Notes to Financial Statements June 30, 2021 and 2020

Note 2: Summary of Significant Accounting Policies - continued

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments that are readily convertible into cash and have a maturity of ninety days or less when purchased. At times, cash and cash equivalents may exceed federally insured amounts. CPF believes that it mitigates risks by depositing cash and investing in cash equivalents with major financial institutions.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use, that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

The organization's unspent contributions are included in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Captain Planet Foundation, Inc.

Notes to Financial Statements June 30, 2021 and 2020

Note 2: Summary of Significant Accounting Policies - continued

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.

Grants and Other Receivables

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

Donated Services

CPF has numerous unpaid volunteers. The value of the services provided by these volunteers has not been determined or recognized in these financial statements since the criteria for recognition under ASC No. 958 have not been met.

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, 2021 and 2020 amounted to \$3,223 and \$3,271, respectively.

Property and equipment consists of the following:

	<u>2021</u>	<u>2020</u>
Furniture, Fixtures & Equipment	\$ 46,561	\$ 46,561
Computer Hardware	46,014	44,374
Computer Software	25,561	25,561
Total	118,136	116,496
Less Accumulated Depreciation	(110,229)	(107,006)
Net Property and Equipment	\$ 7,907	\$ 9,490

Commitments and Contingencies

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.

Captain Planet Foundation, Inc.

Notes to Financial Statements June 30, 2021 and 2020

Note 2: Summary of Significant Accounting Policies - continued

Income Taxes

CPF is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code (the Code). CPF had no significant unrelated business taxable income during 2021. Accordingly, no provision or benefit for income taxes has been recorded in the accompanying consolidated financial statements

CPF applies the provisions of accounting standards for income taxes. These standards require that a tax position be recognized or derecognized based on a 'more-likely-than-not' threshold. This applies to positions taken or expected to be taken in a tax return. CPF does not believe its financial statements include any material uncertain tax positions. CPF is no longer subject to Federal or State income tax examination by tax authorities for years prior to 2017.

Note 3: Subsequent Events

CPF has evaluated subsequent events through January 23, 2022, which is the date the financial statements were prepared. In response to the COVID 19 pandemic, which commenced in Spring 2020 and continues, the CPF has had to curtail certain of its programs and fund raising activities that typically have large groups of people participating or in proximity. However, the organization can continue many of its programs and fund raising activities through on-line participation and practicing appropriate safety protocol.

To provide financial support during the pandemic, in 2021 and 2020 CPF filed for and received \$106,538 and \$117,080 from the federal government's Paycheck Protection Program (PPP). For these funds to be treated as a grant, rather than a loan, CPF was required to use the funds for eligible program costs. Based on the organization having used the funds for their intended purpose, in 2021 and 2020 the CPF applied for and received PPP loan forgiveness from the federal government.

Through the date of these financial statements the CPF has not recorded any material write downs or impairments of its assets subsequent to June 30, 2021. However, given the nature of and uncertainty surrounding the pandemic CPF cannot predict when it will be able to resume its programs and activities at full capacity or the impact, if any, of this contingency on its financial condition or results of operations in the future. No other material subsequent events were identified that required adjustment to or disclosure in the financial statements.

Note 4: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2021 and 2020 are:

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 557,981	\$ 663,939
Accounts receivable	115,000	55,600
Total financial assets	672,981	719,539
Less financial assets held to meet donor-imposed restrictions	-	(96,100)
Amount available for general expenditures within one year	\$ 672,981	\$ 623,439

Captain Planet Foundation, Inc.

Notes to Financial Statements June 30, 2021 and 2020

Note 5: Net Assets With Donor Restrictions

Purpose/Donor	2021	2020
Project Learning Garden	\$ 45,000	\$ 45,000
Salaries	25,918	25,918
Young Heroes	25,182	25,182
	\$ 96,100	\$ 96,100

Note 6: Fair Value Measurements

CPF 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 to which the organization has access at the measurement date.

Level 2 - Inputs other than quoted market prices included in level 1 that are observable for the asset or liability, 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 for the asset or liability (for example, interest rates and yield curves); and
- inputs derived principally from, or corroborated by, observable market data by correlation or by other means

Level 3 - Unobservable inputs for the asset or liability. These should be used to measure the fair value to the extent that observable inputs are unavailable.

When available, CPF 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 CPF may be required to measure fair value (for example, in-kind contributions). The primary use of fair value measures in these financial statements are in the determination of the Fair Market Value of in-kind contributions.

Note 7: Fiscal Sponsorships/Young Heroes LLC

On February 25, 2019 CPF entered into a Fiscal Sponsorship agreement with Goshay Productions, LLC (Grantee). The purpose of the agreement is for CPF to act as the fiscal agent for Grantee by receiving assets and disbursing those assets to Grantee in furtherance of Grantee's development and production of an independent educational documentary project about climate change. CPF has determined that the support for Grantee will further CPF's tax-exempt purpose.

Young Heroes, LLC was created on January 10, 2020 to house Ocean Heroes Bootcamp & Network (OHBC), a program that was co-founded by Captain Planet Foundation and Lonely Whale in 2018. This program partnership exists to empower existing and emerging youth leaders to create their own campaigns to take action against ocean plastic pollution and towards clean seas. Because the program is co-founded and co-owned, it was determined by our legal representatives that the program should be housed in a disregarded entity owned by one of the founding organizations, but co-managed by both organizations. CPF was selected to own Young Heroes, LLC because CPF is a 501(c)3 organization and Lonely Whale is a fiscally-sponsored LLC of Only One/Blue Sphere.

Captain Planet Foundation, Inc.

Notes to Financial Statements June 30, 2021 and 2020

Note 7: Fiscal Sponsorships/Young Heroes LLC - continued

Having OHBC housed in a fiscally-sponsored disregarded entity allows for two things: 1) It ensures that all funds raised and spent for the Ocean Heroes Bootcamp & Network stay in a restricted account and separated from either organizations' regular operating account; and 2) Should CPF ever choose to no longer partner on OHBC, it would allow all the assets of the program to be easily transferred to Lonely Whale or any other organization that chooses to take on ownership of the project.

Note 8: Related Party Transactions

CPF board members were also board members of grantor organizations for the period presented. During the years ended June 30, 2021 and 2020 the Foundation received \$125,000 and \$220,750, respectively in grants from these organizations.

A board member is the founder of Goshay Productions, LLC, the Grantee noted in the Fiscal Sponsor agreement entered into during FYE June 30, 2019

End of Footnotes