

JUST Capital Foundation, Inc.

Financial Statements
(Together With Independent Auditors' Report)

Years Ended December 31, 2015 and 2014

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

JUST CAPITAL FOUNDATION, INC.

**FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
JUST Capital Foundation, Inc.

We have audited the accompanying financial statements of JUST Capital Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, 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 Foundation as of December 31, 2015 and 2014, 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.

Marks Paneth LLP

New York, NY
August 22, 2016



JUST CAPITAL FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015 AND 2014

ASSETS	<u>2015</u>	<u>2014</u>
Cash and cash equivalents (Notes 2C and 5)	\$ 167,700	\$ 544,225
Prepaid expenses and other assets	136,169	-
Property and equipment, net (Notes 2D and 3)	<u>27,624</u>	<u>6,806</u>
TOTAL ASSETS	<u>\$ 331,493</u>	<u>\$ 551,031</u>
 LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 231,497</u>	<u>\$ 14,129</u>
TOTAL LIABILITIES	<u>231,497</u>	<u>14,129</u>
 COMMITMENTS AND CONTINGENCIES (Note 4)		
 NET ASSETS (Note 2B)		
Unrestricted	(200,004)	536,902
Temporarily restricted (Note 6)	<u>300,000</u>	<u>-</u>
TOTAL NET ASSETS	<u>99,996</u>	<u>536,902</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 331,493</u>	<u>\$ 551,031</u>

JUST CAPITAL FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2015</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2014</u>
SUPPORT AND REVENUE:						
Contributions (Notes 2E and 5B)	\$ 4,617,988	\$ 300,000	\$ 4,917,988	\$ 1,489,180	\$ -	\$ 1,489,180
In-kind contributions (Note 2F)	278,038	-	278,038	257,813	-	257,813
Interest	<u>321</u>	<u>-</u>	<u>321</u>	<u>48</u>	<u>-</u>	<u>48</u>
TOTAL SUPPORT AND REVENUE	<u>4,896,347</u>	<u>300,000</u>	<u>5,196,347</u>	<u>1,747,041</u>	<u>-</u>	<u>1,747,041</u>
EXPENSES (Note 2G):						
Program services	4,262,600	-	4,262,600	601,420	-	601,420
Management and administration	1,055,528	-	1,055,528	299,828	-	299,828
Fundraising	<u>315,125</u>	<u>-</u>	<u>315,125</u>	<u>50,723</u>	<u>-</u>	<u>50,723</u>
TOTAL EXPENSES	<u>5,633,253</u>	<u>-</u>	<u>5,633,253</u>	<u>951,971</u>	<u>-</u>	<u>951,971</u>
CHANGE IN NET ASSETS	(736,906)	300,000	(436,906)	795,070	-	795,070
Net assets - beginning of year	<u>536,902</u>	<u>-</u>	<u>536,902</u>	<u>(258,168)</u>	<u>-</u>	<u>(258,168)</u>
NET ASSETS - END OF YEAR	<u>\$ (200,004)</u>	<u>\$ 300,000</u>	<u>\$ 99,996</u>	<u>\$ 536,902</u>	<u>\$ -</u>	<u>\$ 536,902</u>

The accompanying notes are an integral part of these financial statements.

JUST CAPITAL FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

		<u>Supporting Services</u>			
	<u>Program</u>	<u>Management & Administration</u>	<u>Fundraising</u>	<u>Total 2015</u>	<u>Total 2014</u>
Salaries	\$ 1,166,670	\$ 548,225	\$ 157,339	\$ 1,872,234	\$ 505,513
Payroll taxes and fringe benefits	190,571	59,187	15,318	265,076	70,433
Marketing	366,665	-	-	366,665	-
Occupancy	83,408	38,003	6,910	128,321	32,622
Staff recruitment, training and development	50,301	53	53	50,407	8,251
Consultants	2,252,063	40,185	115,925	2,408,173	25,626
Accounting and auditing	-	65,089	-	65,089	8,039
Legal fees	-	282,853	-	282,853	259,493
Information technology	44,845	10,487	2,142	57,474	14,734
Travel and related expenses	55,661	3,092	3,092	61,845	23,593
Meetings and Conferences	41,112	2,284	2,284	45,680	-
Office expenses	4,638	2,996	378	8,012	3,473
Other	3,110	1,453	11,389	15,952	-
Depreciation (Note 3)	3,556	1,621	295	5,472	194
	<u>\$ 4,262,600</u>	<u>\$ 1,055,528</u>	<u>\$ 315,125</u>	<u>\$ 5,633,253</u>	<u>\$ 951,971</u>

The accompanying notes are an integral part of these financial statements.

JUST CAPITAL FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Program	Supporting Services		Total 2014
		Management & Administration	Fundraising	
Salaries	\$ 454,961	\$ 25,276	\$ 25,276	\$ 505,513
Payroll taxes and employee benefits	63,389	3,522	3,522	70,433
Occupancy	29,360	1,631	1,631	32,622
Staff recruitment, training, and development	4,608	3,643	-	8,251
Consultants	8,601	5,000	12,025	25,626
Accounting and auditing	7,235	402	402	8,039
Legal fees (Note 2F)	1,600	257,893	-	259,493
Information technology	7,860	437	6,437	14,734
Travel and meetings	22,026	1,567	-	23,593
Office expenses	1,606	447	1,420	3,473
Depreciation (Note 3)	174	10	10	194
	<u>\$ 601,420</u>	<u>\$ 299,828</u>	<u>\$ 50,723</u>	<u>\$ 951,971</u>

The accompanying notes are an integral part of these financial statements.

JUST CAPITAL FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (436,906)	\$ 795,070
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Forgiveness of notes payable	-	(300,500)
Depreciation	<u>5,472</u>	<u>194</u>
	(431,434)	494,764
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Prepaid expenses and other assets	(136,169)	608
Increase in liabilities:		
Accounts payable and accrued expenses	<u>217,368</u>	<u>3,674</u>
Net Cash (Used) Provided By Operating Activities	(350,235)	499,046
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	<u>(26,290)</u>	<u>(7,000)</u>
Net Cash Used in Investing Activities	<u>(26,290)</u>	<u>(7,000)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(376,525)	492,046
Cash and cash equivalents - beginning of year	<u>544,225</u>	<u>52,179</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 167,700</u>	<u>\$ 544,225</u>

JUST CAPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

JUST Capital Foundation, Inc. (the “Foundation”) is a not-for-profit corporation established in 2013 for charitable purposes and is exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. The Foundation promotes greater corporate responsibility by providing research and ratings about the social and environmental performance of the largest publicly-traded companies in the United States.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Presentation*

The Foundation's financial statements have been prepared on the accrual basis of accounting. The Foundation adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).

B. *Net Assets*

The Foundation's net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

- Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation or the passage of time.
- Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled, the stipulated time period has elapsed) are reported as net assets released from restrictions.

C. *Cash and Cash Equivalents*

The Foundation considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

D. *Property and Equipment*

Property and equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. The Foundation capitalizes acquisitions that have a cost of \$3,000 or more and a useful life of greater than one year. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

JUST CAPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Contributions

Contributions and donated goods, including pledges receivable, are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

F. In-kind Contributions

The Foundation records contributed services at their fair value provided they meet the criteria for recognition. Donated legal services of \$278,038 and \$257,813, respectively, for the years ended December 31, 2015 and 2014, are reflected as both income and expense in the accompanying financial statements.

G. Functional Allocation of Expenses

The cost of providing the various program and supporting services has been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

H. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>	<u>Estimated Useful Lives</u>
Website	\$ 17,085	\$ 7,000	15 years
Computers and networking equipment	<u>16,205</u>	<u>-</u>	5 years
Total costs	33,290	7,000	
Less: accumulated depreciation	<u>(5,666)</u>	<u>(194)</u>	
Net book value	<u>\$ 27,624</u>	<u>\$ 6,806</u>	

Depreciation expense amounted to \$5,472 and \$194 for the years ended December 31, 2015 and 2014, respectively.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

- A. The Foundation leases office space in New York. As of December 31, 2015 the Foundation had a short term lease for office space:

Rent expense for the years ended December 31, 2015 and 2014, amounted to \$128,320 and \$32,622, respectively and is included in occupancy expense in the accompanying statements of functional expenses.

JUST CAPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 4 – COMMITMENTS AND CONTINGENCIES (Continued)

In January 2016, the Foundation signed a lease for new office space that ends in 2027. This lease is guaranteed by a Board member of the Foundation.

The rental payments subsequent to December 31, 2015 for each of the next five years and thereafter are as follows:

<u>Year ending December 31,</u>	<u>Principal Payment</u>
2016	\$ 280,710
2017	466,260
2018	476,751
2019	487,478
2020	498,446
Thereafter	<u>2,208,871</u>
	<u><u>\$ 4,418,516</u></u>

- B. The Foundation believes it had no uncertain tax positions as of December 31, 2015, in accordance with Accounting Standards Codification (“ASC”) Topic 740, “Income Taxes,” which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 5 – CONCENTRATIONS

- A. Cash and cash equivalents that potentially subject the Foundation to a concentration of credit risk includes cash accounts with banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Interest bearing accounts are insured up to \$250,000 per depositor. As of December 31, 2015 and 2014, there was approximately \$0 and \$306,000, respectively, of cash held by banks that exceeded FDIC limits. Such excess includes outstanding checks.
- B. For the years ended December 31, 2015 and 2014, contributions from a Board member of the Foundation made up approximately 85% and 100%, respectively, of total contributions.

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets amounted to \$300,000 and \$0 as of December 31, 2015 and 2014, respectively. These net assets are restricted for use in 2016.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of the statements of financial position through August 22, 2016, the date the financial statements were available to be issued.