

Capita Social, Inc.

Financial Statements

As of and for the Years Ended

December 31, 2023 and 2022

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Financial Statements
As of and for the Years Ended December 31, 2023 and 2022

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LYNNE D. JONES, CPA
Accounting · Auditing · Advisory Services

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Capita Social, Inc.
Greenville, South Carolina

Opinion

I have audited the accompanying financial statements of Capita Social, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capita Social, Inc. as of December 31, 2023, 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

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Capita Social, Inc. and to meet other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Capita Social, Inc.'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

My 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 my 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.

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

- 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 Capita Social, Inc.'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Capita Social Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Other Matters

The financial statements as of and for the year ended December 31, 2022 were reviewed by me, and my report thereon dated May 5, 2024 stated I am not aware of any material modifications that should be made to the statements for them to be in accordance with accounting principles generally accepted in the United States of America. The prior year summarized comparative information included in the statement of revenues, expenses and changes in net assets has been derived from the 2022 financial statements. A review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.



Greenville, South Carolina
March 22, 2024

Capita Social, Inc.
 Statements of Financial Position
 As of December 31,

Assets	2023	(Unaudited) 2022
Current assets		
Unrestricted cash	\$ 154,686	\$ 54,518
Restricted cash	3,431	273,835
Total cash, cash equivalents and restricted cash	158,117	328,353
Contributions receivable	75,000	110,000
Accounts receivable	6,429	-
Prepaid assets	3,518	-
Total current assets	243,064	438,353
Total assets	<u>\$ 243,064</u>	<u>\$ 438,353</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 22,371	\$ 1,898
Total current liabilities	22,371	1,898
Total liabilities	22,371	1,898
Net Assets		
Without donor restrictions	210,693	93,124
With donor restrictions	10,000	343,331
Total net assets	220,693	436,455
Total liabilities and net assets	<u>\$ 243,064</u>	<u>\$ 438,353</u>

The accompanying notes are an integral part of these financial statements

Capita Social, Inc.
Statement of Activities
For the Year Ended December 31, 2023
(with comparative totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	(Unaudited) Total 2022
Revenue and Support				
Contributions of cash and other financial assets				
Corporate and individual giving	\$ 27,889	\$ -	\$ 27,889	\$ 15,824
Knowledge development grants	-	-	-	19,330
Other grants and foundation gifts	650,500	154,394	804,894	927,351
Contributions of non-financial assets	-	32,400	32,400	-
Total contributions	<u>678,389</u>	<u>186,794</u>	<u>865,183</u>	<u>962,505</u>
Direct consultation income	58,572	-	58,572	92,504
Memberships	26,000	-	26,000	7,250
Sponsorships	10,000	-	10,000	-
Event fees	5,250	-	5,250	-
Speaking and writing fees	3,800	-	3,800	-
Net assets released from restriction:				
Satisfaction of purpose restrictions	487,725	(487,725)	-	-
Total revenue and support	<u>1,269,736</u>	<u>(300,931)</u>	<u>968,805</u>	<u>1,062,259</u>
Expenses				
Program services	924,234	-	924,234	547,605
Management and general	227,933	32,400	260,333	202,312
Fundraising	-	-	-	-
Total expenses	<u>1,152,167</u>	<u>32,400</u>	<u>1,184,567</u>	<u>749,917</u>
Excess (deficiency) of revenue and support over expenses	<u>117,569</u>	<u>(333,331)</u>	<u>(215,762)</u>	<u>312,342</u>
Net assets, beginning of year	<u>93,124</u>	<u>343,331</u>	<u>436,455</u>	<u>124,113</u>
Net assets, end of year	<u>\$ 210,693</u>	<u>\$ 10,000</u>	<u>\$ 220,693</u>	<u>\$ 436,455</u>

The accompanying notes are an integral part of these financial statements

Capita Social, Inc.

Statement of Functional Expenses

For the Year Ended December 31, 2023

Expenses	Supporting Services			Total
	Program Services	Management and General	Fundraising	
A More Just Child Care Economy	\$ 23,777	\$ -	\$ -	\$ 23,777
Climate Change	413,328	-	-	413,328
Early Years Climate Action Task Force	112,272	-	-	112,272
Fostering Long-Term Responsibility	18,467	-	-	18,467
Stretched Social Fabric	57,540	-	-	57,540
Salaries	261,355	33,750	-	295,105
Payroll taxes	9,597	1,239	-	10,836
Employee benefits	4,453	-	-	4,453
Travel and meals	2,816	8,450	-	11,266
Contract labor	20,629	50,833	-	71,462
Charitable contributions	-	35	-	35
Accounting and audit fees	-	13,481	-	13,481
Legal fees	-	5,700	-	5,700
In-person board of directors meeting	-	31,295	-	31,295
Equity action plan	-	18,535	-	18,535
Employee technology	-	3,801	-	3,801
Printing and office	-	6,240	-	6,240
Professional development	-	3,254	-	3,254
Software	-	17,330	-	17,330
Subscriptions	-	482	-	482
Occupancy	-	4,837	-	4,837
Development expenses	-	4,678	-	4,678
Insurance	-	3,280	-	3,280
Website maintenance and design	-	4,866	-	4,866
Strategic consulting	-	15,000	-	15,000
Interest	-	847	-	847
Convening curation and planning	-	32,400	-	32,400
	<u>\$ 924,234</u>	<u>\$ 260,333</u>	<u>\$ -</u>	<u>\$ 1,184,567</u>

The accompanying notes are an integral part of these financial statements

Capita Social, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2022

Expenses	Supporting Services			(Unaudited) Total
	Program Services	Management and General	Fundraising	
A More Just Child Care Economy	\$ 56,526	\$ -	\$ -	\$ 56,526
Climate Change	90,832	-	-	90,832
Communications and Audience Development	2,500	-	-	2,500
Fostering Long-Term Responsibility	53,162	-	-	53,162
Stretched Social Fabric	72,306	-	-	72,306
Salaries	200,606	33,074	-	233,680
Payroll taxes	10,719	1,781	-	12,500
Employee benefits	3,000	-	-	3,000
Travel and meals	4,002	12,007	-	16,009
Contract labor	53,952	55,681	-	109,633
Capita Revival	-	39,786	-	39,786
Charitable contributions	-	20	-	20
Accounting fees	-	11,695	-	11,695
Legal fees	-	17,663	-	17,663
Printing and office	-	4,574	-	4,574
Professional development	-	1,250	-	1,250
Software	-	6,690	-	6,690
Subscriptions	-	538	-	538
Work from home expenses	-	2,668	-	2,668
Development expenses	-	1,809	-	1,809
Insurance	-	5,957	-	5,957
Other reimbursable expenses, net	-	3,689	-	3,689
Net realized and unrealized losses on investments	-	3,430	-	3,430
	<u>\$ 547,605</u>	<u>\$ 202,312</u>	<u>\$ -</u>	<u>\$ 749,917</u>

The accompanying notes are an integral part of these financial statements

Capita Social, Inc.
 Statements of Cash Flows
 For the Year Ended December 31,

	2023	(Unaudited) 2022
Cash flows from Operating Activities		
Increase (decrease) in net assets	\$ (215,762)	\$ 312,342
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Net realized and unrealized loss on investments	-	3,430
Net changes in operating assets and liabilities:		
Contributions receivable	35,000	(110,000)
Accounts receivable	(6,429)	42,075
Prepaid assets	(3,518)	820
Accounts payable and accrued expenses	20,473	(2,902)
Net cash provided by (used in) operating activities	<u>(170,236)</u>	<u>245,765</u>
Investing Activities		
Proceeds from sales of investments	-	60,489
Net cash provided by investing activities	<u>-</u>	<u>60,489</u>
Net increase (decrease) in cash and cash equivalents	(170,236)	306,254
Cash, cash equivalents and restricted cash, beginning of year	<u>328,353</u>	<u>22,099</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 158,117</u>	<u>\$ 328,353</u>
Unrestricted cash	\$ 3,431	\$ 54,518
Restricted cash	<u>154,686</u>	<u>273,835</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 158,117</u>	<u>\$ 328,353</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest during the year	\$ 847	\$ -

The accompanying notes are an integral part of these financial statements

NOTE 1 - NATURE OF ORGANIZATION

Capita Social, Inc. (the “Organization”) is an independent, nonpartisan think tank with a global focus. Its purpose is to build a future in which all children and families flourish. The Organization strives to find new and innovative solutions to some of the most challenging issues faced by society. The Organization does this through engaging in and facilitating research, published analysis and commentary, seminars, workshops, meetings, and direct consultation.

Major sources of revenue include grants from other global nonprofits, corporate and individual giving, consulting, and sponsorship fees. The Organization targets its efforts on certain theme areas, including but not limited to childcare, climate change, and social fabric.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The books and accounts of the Organization are maintained, and the accompanying financial statements are prepared, on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). Income is recognized when earned and costs and expenses are recognized when the obligations are incurred. Accordingly, all significant receivables, payables, and other assets and liabilities are reflected in the accompanying Statements of Financial Position.

Comparative Financial Information

The accompanying 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 accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the financial statements as of and for the year ended December 31, 2022, from which the summarized information was derived.

Revenue Recognition

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, through the accomplishment of a specific purpose or the passage of time, or both, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from

restrictions. Restricted contributions received for which the restrictions are met in the year of receipt are reported as net assets without donor restriction support.

The Organization follows the guidance prescribed in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic No. 606, *Revenue from Contracts with Customers*. Revenues generated under contracts with customers consist of consulting services, sponsorships, and event fees, and are recognized at the point in time at which services are performed. As such, the Organization does not report contract assets or liabilities, nor is there a significant financing component to the Organization’s operations.

Further, the Organization recognizes contributions in accordance with FASB ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This guidance clarifies the definition of a conditional contribution, and states that these contributions should not be recognized as revenue until such time as the conditions are substantially met. The Organization received no conditional contributions during the years ended December 31, 2023 or 2022.

Net Assets

The Organization presents information regarding its financial position and activities according to two classes of net assets described as follows:

Net assets without donor restrictions - These net assets generally result from contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Net assets with donor restrictions - These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the stipulated time restriction ends, or the purpose of the restriction is accomplished.

Cash, Cash Equivalents and Restricted Cash

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted for use in the Organization’s climate change focus area are excluded from this definition.

Contributions Receivable

Contributions receivable at December 31, 2023 and 2022 consist principally of restricted grants that were in transit at year end.

Accounts Receivable

Accounts receivable at December 31, 2023 consist of amounts due from consulting services performed by the Organization during the calendar year for which payment was due but not yet received at that date. Management identifies potential uncollectible accounts by the specific identification method and records an allowance for doubtful accounts when collection is unlikely. Management charges off the related receivable and allowance when all collection methods are exhausted. No allowance was considered necessary at December 31, 2023.

Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional Expenses

Management considers all expenses incurred in the Organization's focus areas to be program related.

Salaries and related expenses are allocated to program services and management and general expenses based on the best estimates of management. Expenses other than salaries and related expenses, which are not directly identifiable as program services, are also allocated to supporting services based on the best estimates of management.

Compensated Absences

The Organization has not recorded a liability for employees' vested rights to receive compensation for future absences as such amounts cannot be reasonably estimated.

Contributions of Non-Financial Assets

Support arising from donated goods, property, materials and services are recognized in the financial statements at fair value. Such donations are reported in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Income Taxes

The Organization is a nonprofit organization that has been granted exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from South Carolina state income taxes. Accordingly, no provision for income taxes has been provided in these financial statements.

The Organization accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. The Organization has identified its tax status as a tax-exempt entity as its only significant tax position; however, the Organization has determined that such tax position does not result in an uncertainty requiring recognition in the financial statements. The Organization is not currently under examination by any taxing jurisdiction. The Organization files IRS Form 990 annually with the Federal government. The Organization's federal tax returns are generally open for examination for the three years ended December 31, 2023.

New Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and corresponding lease liability on the Statement of Financial Position at the date of the lease commencement. Leases are classified as either finance or operating, and this distinction is relevant for the pattern of expense recognition in the Statement of Activities. The Organization adopted this standard as of January 1, 2022. It did not have a material effect on the Organization's financial statements.

Reclassification and Correction of Error

Certain amounts in the prior year financial statements have been reclassified to conform with current year presentations. During the year ended December 31, 2023, management made certain adjustments to accounts payable to properly state that account. Accordingly, net assets, results of operations and cash flows were retroactively adjusted as of and for the year end December 31, 2022 to reflect the correction. Net assets as previously reported at December 31, 2022 were \$431,655. Net assets as restated at December 31, 2022 are \$436,455.

NOTE 3 – LIQUIDITY AND AVAILABILITY

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations become due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities, to be general expenditures. The Organization's financial health is monitored through monthly reporting to the Board of Directors.

The table below presents financial assets available for general expenditures within one year at December 31, 2023:

Financial assets at year-end:

Cash, cash equivalents and restricted cash	\$	158,117
Accounts receivable		81,429

Less amounts not available to be used within one year:

Restricted cash		<u>(3,431)</u>
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Financial assets available to meet general expenditures within one year:

	\$	<u>236,115</u>
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The table below presents financial assets available for general expenditures within one year at December 31, 2022:

Financial assets at year-end:

Cash, cash equivalents and restricted cash	\$	328,353
Accounts receivable		110,000

Less amounts not available to be used within one year:

Restricted cash		<u>(273,835)</u>
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Financial assets available to meet general expenditures within one year:

	\$	<u>164,518</u>
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NOTE 4 - CONCENTRATION OF CREDIT RISK

The Organization maintains its operating bank account at one financial institution. The account is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Amounts on deposit may have exceeded the federally insured limit at times during the year. The Organization believes that there is no significant credit risk with respect to these deposits.

The Organization receives a substantial amount of support from a small number of grantor agencies for its programs. For the year ended December 31, 2023, one agency provided 62% of total support. For the year ended December 31, 2022, two agencies provided 28% and 19% of total support. A significant change in the level of this support, if it were to occur, would have an adverse effect on the Organization's programs and activities. It is reasonably possible that benefactors, grantors, or contributors might be lost in the near term.

NOTE 5 - INVESTMENTS

During the year ended December 31, 2022, investments with a cost basis of \$67,271 were sold for proceeds of \$60,128, resulting in realized losses of \$7,143. The organization liquidated its portfolio of Investments during the year ended December 31, 2022. Investments at December 31, 2023 and 2022 are \$0.

NOTE 6 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Organization in estimating the fair value of its financial instruments not measured at fair value: cash, accounts receivable, and accounts payable and accrued expenses – these assets and liabilities are recorded at historical cost, or amounts receivable or payable. The carrying amounts reported in the Statement of Financial Position approximates fair value because of the short-term nature of these instruments.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets were released from donor restrictions by the passage of time or by the satisfaction of intended purpose as specified by the donor as follows for the years ended December 31,

	<u>2023</u>	<u>2022</u>
Satisfaction of time restrictions:		
Biweekly newsletter	\$ -	\$ 2,500
Satisfaction of purpose restrictions (Climate Change):		
General – 7.5% of climate funding	\$ 9,705	\$ 37,751
Employee benefits	12,000	3,000
General content	15,766	1,630
Childcare air quality pilot	9,500	3,935
Early years climate action task force	10,000	1,825
Feasibility study and consulting	90,325	325
Focus groups and survey	25,412	68,025
Senior fellow	76,350	8,400
Travel	37,031	3,442
Fund branding	1,525	-
Staffing	189,232	63,087
Payroll taxes	10,268	2,159
Contract services	611	6,441
	<u>487,725</u>	<u>200,020</u>
Total net assets released from restriction	<u>\$ 487,725</u>	<u>\$ 202,250</u>

The remaining \$10,000 in restricted net assets at December 31, 2023 pertains to funds given by the Storer Foundation for the Climate Senior Fellow to author a book.

NOTE 8 – CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets recognized withing the Statement of Activities consisted of the following for the years ended December 31,

	<u>2023</u>	<u>2022</u>
Travel services	\$ 32,400	\$ -

Services recognized are comprised of convening, curation and planning provided by a governmental organization to enable certain key employees to participate in a climate change industry conference in Dubai, UAE. Funds are restricted to this purpose only and have been expended for such by December 31, 2023. These services are valued at the estimated fair value based on current rates as of the date of purchase.

NOTE 9 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 22, 2024, which is the date the financial statements were available to be issued. There were no events noted that required adjustments to or disclosure in these financial statements.