

# **JUST Capital Foundation, Inc.**

Financial Statements  
(Together With Independent Auditors' Report)

Year Ended December 31, 2014, and Six Month  
Period Ended December 31, 2013

**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 YEAR ENDED DECEMBER 31, 2014  
AND THE SIX MONTH PERIOD ENDED DECEMBER 31, 2013**

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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, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the year ended December 31, 2014, and the six month period ended December 31, 2013, 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, 2014 and 2013, and the changes in its net assets and its cash flows for the year ended December 31, 2014, and for the six month period ended December 31, 2013, in accordance with accounting principles generally accepted in the United States of America.

*Marks Paneth LLP*

New York, NY  
October 20, 2015



**JUST CAPITAL FOUNDATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2014 AND 2013**

<b>ASSETS</b>	<u>2014</u>	<u>2013</u>
Cash and cash equivalents (Notes 2C and 6)	\$ 544,225	\$ 52,179
Prepaid expenses and other assets	-	608
Property and equipment, net (Notes 2D and 3)	<u>6,806</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 551,031</u>	<u>\$ 52,787</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 14,129	\$ 10,455
Notes payable (Note 4)	<u>-</u>	<u>300,500</u>
<b>TOTAL LIABILITIES</b>	<u>14,129</u>	<u>310,955</u>
<b>COMMITMENTS AND CONTINGENCIES</b> (Note 5)		
<b>NET ASSETS</b> (Note 2B)		
Unrestricted	<u>536,902</u>	<u>(258,168)</u>
<b>TOTAL NET ASSETS</b>	<u>536,902</u>	<u>(258,168)</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u>\$ 551,031</u>	 <u>\$ 52,787</u>

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

**JUST CAPITAL FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014, AND**  
**THE SIX MONTH PERIOD ENDED DECEMBER 31, 2013**

	<b>2014</b>	<b>2013</b>
<b>SUPPORT AND REVENUE:</b>		
Contributions (Note 2E)	\$ 1,489,180	\$ -
In-kind contributions (Note 2F)	257,813	197,438
Investment activity	48	7
<b>TOTAL SUPPORT AND REVENUE</b>	<b>1,747,041</b>	<b>197,445</b>
<b>EXPENSES (Note 2G):</b>		
Program services	601,420	93,793
Management and administration	299,828	361,820
Fundraising	50,723	-
<b>TOTAL EXPENSES</b>	<b>951,971</b>	<b>455,613</b>
<b>CHANGE IN NET ASSETS</b>	<b>795,070</b>	<b>(258,168)</b>
<b>Net assets - unrestricted - beginning of year / period</b>	<b>(258,168)</b>	<b>-</b>
<b>NET ASSETS - UNRESTRICTED - END OF YEAR / PERIOD</b>	<b>\$ 536,902</b>	<b>\$ (258,168)</b>

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**  
**(With Comparative Totals for the Six Month Period Ended December 31, 2013)**

	<u>Program</u>	<u>Supporting Services</u>		<u>Total 2014</u>	<u>Total 2013</u>
		<u>Management &amp; Administration</u>	<u>Fundraising</u>		
Salaries	\$ 454,961	\$ 25,276	\$ 25,276	\$ 505,513	\$ 72,051
Payroll taxes and employee benefits	63,389	3,522	3,522	70,433	10,570
Occupancy	29,360	1,631	1,631	32,622	-
Legal fees (Note 2F)	1,600	257,893	-	259,493	197,438
Other professional fees	15,836	5,402	12,427	33,665	795
Travel and meetings	22,026	1,567	-	23,593	4,441
Recruiting and staff development	4,608	3,643	-	8,251	168,936
Information technology	7,860	437	6,437	14,734	-
Office expenses	1,606	447	1,420	3,473	1,382
Depreciation (Note 3)	174	10	10	194	-
	<u>\$ 601,420</u>	<u>\$ 299,828</u>	<u>\$ 50,723</u>	<u>\$ 951,971</u>	<u>\$ 455,613</u>

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

**JUST CAPITAL FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2013**

	<u>Supporting Services</u>			<b>Total 2013</b>
	<u>Program</u>	<u>Management &amp; Administration</u>	<u>Fundraising</u>	
Salaries	\$ 72,051	\$ -	\$ -	\$ 72,051
Payroll taxes and employee benefits	10,570	-	-	10,570
Legal fees (Note 2F)	-	197,438	-	197,438
Other professional fees	795	-	-	795
Travel and meetings	4,441	-	-	4,441
Recruiting and staff development	5,936	163,000	-	168,936
Office expenses	-	1,382	-	1,382
	<u>\$ 93,793</u>	<u>\$ 361,820</u>	<u>\$ -</u>	<u>\$ 455,613</u>

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

**JUST CAPITAL FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014, AND**  
**THE SIX MONTH PERIOD ENDED DECEMBER 31, 2013**

	<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 795,070	\$ (258,168)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Forgiveness of notes payable	(300,500)	-
Depreciation	194	-
	494,764	(258,168)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Prepaid expenses and other assets	608	(608)
Increase in liabilities:		
Accounts payable and accrued expenses	3,674	10,455
<b>Net Cash Provided (Used) By Operating Activities</b>	499,046	(248,321)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment	(7,000)	-
<b>Net Cash Used by Investing Activities</b>	(7,000)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Receipt of notes payable	-	300,500
<b>Net Cash Provided by Financing Activities</b>	-	300,500
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	492,046	52,179
Cash and Cash Equivalents - Beginning of Year / Period	52,179	-
<b>CASH AND CASH EQUIVALENTS - END OF YEAR / PERIOD</b>	<b>\$ 544,225</b>	<b>\$ 52,179</b>

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



**JUST CAPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
AND THE SIX MONTH PERIOD ENDED DECEMBER 31, 2013**

**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 \$1,000 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.

**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.

**JUST CAPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
AND THE SIX MONTH PERIOD ENDED DECEMBER 31, 2013**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. *In-kind Contributions***

The Foundation records contributed services at their fair value provided they meet the criteria for recognition. Donated legal services of \$257,813 and \$197,438, respectively, for the year ended December 31, 2014, and the six month period ended December 31, 2013, 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, 2014 and 2013:

	<u>2014</u>	<u>2013</u>	<u>Estimated Useful Life</u>
Website	\$ 7,000	\$ -	15 years
Less: accumulated depreciation	<u>(194)</u>	<u>-</u>	
Net book value	<u>\$ 6,806</u>	<u>\$ -</u>	

Depreciation expense amounted to \$194 for the year ended December 31, 2014.

**NOTE 4 – NOTES PAYABLE**

During the Foundation's inception, a member of the Foundation's Board issued interest-free promissory notes to the Foundation in order to fund operations. Such notes amounted to \$300,500 as of December 31, 2013. In 2014, these notes were forgiven by the donor and the Foundation recognized the proceeds as revenue in the accompanying statements of activities.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

A. The Foundation leases office space in New York. The minimum lease commitments are as follows for the year ended after December 31, 2014:

2015	<u>21,000</u>
Total	<u>\$ 21,000</u>

Rent expense for the year ended December 31, 2014, amounted to \$32,622 and is included in occupancy expense in the accompanying statement of functional expenses.

**JUST CAPITAL FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
AND THE SIX MONTH PERIOD ENDED DECEMBER 31, 2013**

**NOTE 5 – COMMITMENTS AND CONTINGENCIES (Continued)**

B. The Foundation had no uncertain tax positions as of December 31, 2014, 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. All periods since inception are subject to federal or state and local income tax examinations by tax authorities.

**NOTE 6 – CONCENTRATIONS**

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, 2014, there was approximately \$306,000 of cash held by banks that exceeded FDIC limits. Such excess includes outstanding checks.

**NOTE 7 – SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure, events subsequent to the statement of financial position dated through October 20, 2015, the date the financial statements were available to be issued.