1) Initial condition is that C is not charged. Therefore, when you apply power at V_{IN} the supply, the 5V supply will begin operating. This also starts charging C via resistor R. The logic domain circuitry need to quickly assert a 1 to keep the off/on input from reaching the Turn-off Threshold. When the system wants to turn off it pulls the mosfet gate low & R is allowed to charge C until shutdown occurs. Once 5V drops down C will discharge and the C_{IN} 5V supply will restart.