



Certified Public Accountants
and Financial Advisors

Krochet Kids International NFP
dba Capable
Financial Statements
December 31, 2018

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Krochet Kids International NFP

We have reviewed the accompanying financial statements of Krochet Kids International NFP dba Capable (the Organization), which comprise the statement of financial position as of December 31, 2018, the related statements of activities and changes in unrestricted net assets and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Irvine, California
August 30, 2019

KROCHET KIDS INTERNATIONAL NFP
dba Capable
STATEMENT OF FINANCIAL POSITION
December 31, 2018
(Unaudited)

ASSETS

Current Assets

Cash	\$ 192,843
Receivables and other current assets	<u>4,220</u>
Total current assets	<u>197,063</u>
 Total assets	 <u><u>\$ 197,063</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued expenses	\$ <u>9,507</u>
Total current liabilities	9,507

Net Assets without Donor Restriction	<u>187,556</u>
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Total liabilities and net assets	<u><u>\$ 197,063</u></u>
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KROCHET KIDS INTERNATIONAL NFP
dba Capable
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018
(Unaudited)

SUPPORT AND REVENUES	\$ 569,261
OPERATING EXPENSES	
Fundraising	26,136
General and administrative	53,658
Program	402,263
Total operating expenses	<u>482,057</u>
CHANGE IN NET ASSETS	87,204
NET ASSETS	
Beginning of Year – without donor restriction	<u>100,352</u>
End of Year – without donor restriction	<u><u>\$ 187,556</u></u>

KROCHET KIDS INTERNATIONAL NFP
dba Capable
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018
(Unaudited)

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 87,204
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in working capital components:	
(Increase) decrease in:	
Receivables and other current assets	7,553
Increase (decrease) in:	
Accounts payable and accrued expenses	(3,889)
Net cash provided by operating activities	<u>90,868</u>
NET INCREASE IN CASH	90,868
CASH – beginning of year	<u>101,975</u>
CASH – end of year	<u><u>\$ 192,843</u></u>

KROCHET KIDS INTERNATIONAL NFP
dba Capable
NOTES TO FINANCIAL STATEMENTS
December 31, 2018
(Unaudited)

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Krochet Kids International NFP dba Capable (the “Organization” or “Capable”) is a not-for-profit organization. Capable’s mission is to increase income for people living in extreme poverty. The Organization’s primary programs are located in Northern Uganda. The Organization ceased operations in Peru during the year ended December 31, 2018.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Accordingly, actual results could differ from these estimates. Significant estimates include the useful lives of long-lived assets and the allowance for doubtful accounts.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

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

- *Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expendable for any purpose in performing the primary objectives of the Organization.
- *Net assets with donor restrictions* – Net assets subject to donor-imposed restrictions that may or will be met either by actions of the Organization and/or the passage of time. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. There were no donor restrictions on the Organization’s Net assets as of December 31, 2018.

Support and Revenue

Support and revenues primarily comprised of contributions and grants:

- Contributions are recognized upon notification of a donor’s unconditional promise to give to the Organization. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.
- Grants are received from various organization and private foundations. The majority of grant funds are unrestricted and typically used for program related purposes.

KROCHET KIDS INTERNATIONAL NFP
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NOTES TO FINANCIAL STATEMENTS
December 31, 2018
(Unaudited)

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents and Concentration of Credit Risk

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less when purchased. The Organization had no cash equivalents at December 31, 2018.

The Organization has concentrated its credit risk for cash by maintaining deposits in one financial institution and, at times, deposits exceed the Federal Deposit Insurance Corporation's insurance limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks beyond those of a normal commercial banking relationship.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state codes. It is subject to income taxes for unrelated business income realized in connection with its unrelated business activities, of which presently there is none.

The Organization's income tax returns may be subject to examination by federal and state taxing authorities. Because application of tax laws and regulations for many types of transactions is susceptible to varying interpretations, amounts reported in the Organization's financial statements could be changed at a later date upon final determination by taxing authorities. Management believes that appropriate provisions for all outstanding issues have been made for all years under examination and does not believe it has any uncertain income tax positions that could materially affect its financial statements at the federal and state jurisdiction levels.

The Organization recognizes interest and penalties related to unrecognized tax benefits as income tax expense. As of December 31, 2018, the Organization has not recognized income tax expense for penalty and interest as the Organization does not have liability for unrecognized tax benefits. The Organization's federal and state income tax returns remain open to agency examination for the standard statutory length of time after filing.

Significant Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2016-14, an accounting standard, which changed the presentation and disclosure requirements for not-for profit entities. These changes include qualitative and quantitative requirements in net asset classes, investment return, expenses, liquidity and availability of resources, and presentation of operating cash flows. These amendments provide more relevant information about the entity's resources and the changes in those resources to donors, grantors, creditors, and other users. The Organization has adopted this update as of January 1, 2018 and has reflected the change within its consolidated financial statements and the related footnote disclosures.

KROCHET KIDS INTERNATIONAL NFP
dba Capable
NOTES TO FINANCIAL STATEMENTS
December 31, 2018
(Unaudited)

2. COMMITMENTS AND CONTINGENCIES

The Organization may, from time to time, be involved in various other claims and legal actions arising in the ordinary course of business. Claims and associated litigation are subject to inherent uncertainties and unfavorable outcomes could occur. The occurrence of an unfavorable outcome in any specific period could have a material adverse effect on the result of operations for that period or future periods. The Organization is not presently a party to any pending or threatened legal proceedings.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

In general, the Organization operates with a balanced budget and anticipates sufficient revenue to cover general expenditures, including ongoing program and administrative activities.

At December 31, 2018, the following table shows the total financial assets held by the Organization and the amounts of those financial assets that could be readily made available within one year of the statement of financial position date to meet general expenditures:

Cash	\$ 192,843
Total Financial Assets	<u>192,843</u>
Financial Assets available to meet general expenditures within one year	<u><u>\$ 192,843</u></u>

4. EXPENSES BY NATURE AND FUNCTION

The table below presents expenses by both their nature and their function for the year ended December 31, 2018:

	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Program</u>	<u>Total</u>
Program expenses – Uganda and Peru	\$ –	\$ –	\$ 301,852	\$ 301,852
Payroll and employee benefits	21,929	22,235	100,411	144,575
Fundraising	4,207	–	–	4,207
General and administrative	<u>–</u>	<u>31,423</u>	<u>–</u>	<u>31,423</u>
Total operating expenses	<u><u>\$ 26,136</u></u>	<u><u>\$ 53,658</u></u>	<u><u>\$ 402,263</u></u>	<u><u>\$ 482,057</u></u>

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5. SUBSEQUENT EVENTS

The Organization evaluated subsequent events for their potential impact on the financial statements and disclosures through August 30, 2019, which is the date the financial statements were issued.