



Capable

Financial Statements
Year Ended December 31, 2019



Capable

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Year Ended December 31, 2019

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TORREY PINES

ADVISORS &
ACCOUNTANTS

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Independent Accountant's Review Report

To the Board of Directors
Capable

We have reviewed the accompanying financial statements of Capable (the Organization), which comprise the statement of financial position as of December 31, 2019, 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.

Torrey Pines Advisors & Accountants

July 29, 2020

Capable

Statement of Financial Position

December 31, 2019

(Unaudited)

ASSETS

Current Assets

Cash	\$ 164,471
Receivables and other current assets	<u>143,330</u>
Total current assets	<u>307,801</u>

Total assets	\$ <u><u>307,801</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities	\$
Accounts payable and accrued expenses	<u>6,956</u>
Total current liabilities	<u>6,956</u>

Net Assets without Donor Restriction	<u>300,844</u>
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Total liabilities and net assets	\$ <u><u>307,801</u></u>
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Capable

Statement of Activities

Year Ended December 31, 2019

(Unaudited)

SUPPORT AND REVENUES	\$ 595,980
OPERATING EXPENSES	
Fundraising	24,643
General and Administrative	49,038
Program	<u>409,012</u>
Total operating expenses	<u>482,693</u>
CHANGE IN NET ASSETS	113,287
NET ASSETS	
Beginning of Year - without donor restrictions	<u>187,557</u>
End of Year - without donor restrictions	\$ <u><u>300,844</u></u>

Capable

Statement of Cash Flows

Year Ended December 31, 2019

(Unaudited)

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 113,287
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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	(142,010)
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Increase (decrease) in:

Accounts payable and accrued expenses	350
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Net cash provided by operating activities	<u>(28,372)</u>
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NET INCREASE IN CASH	(28,372)
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CASH – beginning of year	<u>192,843</u>
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CASH – end of year	<u>\$ 164,471</u>
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Capable

Notes to financial statements

Year Ended December 31, 2019

(Unaudited)

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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.

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, 2019.

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. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.
- Grants are received from various organization and private foundations. The majority of grant funds are unrestricted and typically used for program related purposes. Grantor restricted grants whose restrictions are met in the same reporting period are reported as unrestricted support.

Capable

Notes to financial statements

Year Ended December 31, 2019

(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, 2019.

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, 2019, 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.

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.

Capable

Notes to financial statements

Year Ended December 31, 2019

(Unaudited)

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS, continued

At December 31, 2019, 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	\$	<u>164,471</u>
Total Financial Assets		<u>164,471</u>
Financial Assets available to meet general expenditures within one year	\$	<u>164,471</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, 2019:

	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Program</u>	<u>Total</u>
Program expenses - Uganda	\$ -	\$ -	\$ 306,663	\$ 306,663
Payroll and employee benefits	21,709	22,328	102,349	146,386
Fundraising	2,934	-	-	2,934
General and administrative	<u>-</u>	<u>26,710</u>	<u>-</u>	<u>26,710</u>
Total operating expenses	\$ <u>24,643</u>	\$ <u>49,038</u>	\$ <u>409,012</u>	\$ <u>482,693</u>

5. SUBSEQUENT EVENTS

The Organization evaluated subsequent events for their potential impact on the financial statements and disclosures through July 29, 2020, which is the date the financial statements were issued.