

CAPABLE

FINANCIAL STATEMENTS

AND

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

DECEMBER 31, 2022 AND 2021

CAPABLE
TABLE OF CONTENTS

	Page
INDEPENDENT ACCOUNTANT’S REVIEW REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities.....	3
Statements of Cash Flows	4
Notes to the Financial Statements	5



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Independent Accountant's Review Report

To the Board of Directors
Capable
Mammoth Lakes, California

We have reviewed the accompanying financial statements of Capable (a non-profit organization), which comprise the statements of financial position as of December 31, 2022 and December 31, 2021 and the related statements of activities and cash flows for the years 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 Organization 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 the 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 AICPA. 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.

We are required to be independent of Capable and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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.

Ontario, California
June 14, 2023

Genske, Mulder & Co., LLP
GENSKE, MULDER & CO., LLP
Certified Public Accountants

CAPABLE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash	\$ 505,277	\$ 550,750
Accounts receivable	<u>35,000</u>	<u>25,000</u>
Total current assets	<u>540,277</u>	<u>575,750</u>
Total assets	\$ <u><u>540,277</u></u>	\$ <u><u>575,750</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 14,147	\$ 8,109
NET ASSETS:		
Net assets without donor restrictions	<u>526,130</u>	<u>567,641</u>
Total liabilities and net assets	\$ <u><u>540,277</u></u>	\$ <u><u>575,750</u></u>

See accompanying notes and independent accountant's review report.

CAPABLE

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Support and revenues	\$ 1,071,778	\$ 1,134,572
Paycheck Protection Program	<u>-</u>	<u>27,229</u>
Total revenues and other support without donor restrictions	1,071,778	1,161,801
Functional expenses:		
Program	984,804	700,726
General and administrative	81,966	75,560
Fundraising	<u>46,519</u>	<u>32,974</u>
Total functional expenses	<u>1,113,289</u>	<u>809,260</u>
Increase (decrease) in net assets without donor restrictions	(41,511)	352,541
NET ASSETS, BEGINNING OF YEAR	<u>567,641</u>	<u>215,100</u>
NET ASSETS, END OF YEAR	\$ <u><u>526,130</u></u>	\$ <u><u>567,641</u></u>

See accompanying notes and independent accountant's review report.

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STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (41,511)	\$ 352,541
Adjustments to reconcile changes in net assets:		
Change in operating assets and liabilities:		
Increase in accounts receivable	(10,000)	(9,920)
Increase in accounts payable and accrued expenses	<u>6,038</u>	<u>170</u>
Net cash provided by (used in) operating activities	(45,473)	342,791
 CASH FLOWS FROM INVESTING ACTIVITIES	 NONE	 NONE
 CASH FLOWS FROM FINANCING ACTIVITIES	 <u>NONE</u>	 <u>NONE</u>
 Net (decrease) increase in cash	 (45,473)	 342,791
 Cash, beginning	 <u>550,750</u>	 <u>207,959</u>
 Cash, ending	 \$ <u>505,277</u>	 \$ <u>550,750</u>

See accompanying notes and independent accountant's review report.

CAPABLE

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

1. Nature of activities

Capable (the “Organization”) is located in Mammoth Lakes, California. The Organization’s mission is to increase income for people living in extreme poverty and it’s primary programs are located in Northern Uganda. The Organization is a non-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, it is also exempt from state income taxes and contributions by the public are deductible for income tax purposes. The Organization has been classified as a publicly supported organization, which is not a private foundation under Section 509(a) of the Internal Revenue Code.

2. Summary of significant accounting policies

Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Income tax status

The Organization is a non-profit corporation and, therefore, is not liable for any income taxes associated with its non-profit activities under Section 501(c)(3) of the Internal Revenue Code.

Financial statement presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets. Net assets with donor restrictions and net assets without donor restrictions. In addition, the Organization is also required to present a statement of cash flows.

Classification of net assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets With Donor Restrictions – Assets subject to usage limitations based on donor-imposed restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

Cash

For the purposes of these financial statements cash includes cash on deposit. The Organization occasionally, in the ordinary course of business, maintains deposits in excess of federally insured limits. The Organization does not anticipate any losses thereon. The risk is managed by maintaining all deposits in highly qualified institutions.

Accounts receivable

The Organization reviews its accounts receivable periodically for collectability and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of past due accounts including historical collection information and existing economic conditions. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The Organization’s valuation allowance as of each of the years ended December 31, 2022 and 2021 is \$0.

CAPABLE

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

2. Summary of significant accounting policies (continued)

Fair value of measurements

The Organization's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable. The recorded value of each instrument approximate their fair values base on their short-term nature.

Support and revenue

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.

Functional allocation of expenses

Expenses are allocated on a functional basis among the various programs and support services benefited. Expenses that can be identified with a specific program or support service are charged directly to that program or service. Expenses that are common to several programs or services are allocated based on methods relevant to the function. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Allocated expenses are calculated on a percentage of total revenue basis or on estimates of time and resources, depending on the type of expense.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization to make certain estimates and assumptions that directly affect the results of reported amounts and disclosures. Actual results may differ from these estimates.

Paycheck Protection Program

The Organization has elected to account for PPP loan as a grant that is expected to be forgiven. As such, the funds are recognized as a deferred income liability until they are expensed. As it becomes probable that conditions attached to the assistance are met the Organization will reduce the liability and recognize income on a systematic basis over the period in which the Organization recognizes the payroll costs for which the PPP loan is intended to compensate. As of December 31, 2021, all of the conditions have been met and the entire balance of the PPP loan is included in total revenues and other support without donor restrictions.

CAPABLE

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

3. Liquidity and availability of funds

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	2022	2021
Liquid financial assets:		
Cash	\$ 505,277	\$ 550,750

None of the financial assets are subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the cash needs of the Organization in the next 12 months.

4. Functional allocation of expenses

The following is an allocation of the Organization's expenses by function as of December 31, 2022:

	Program	General and Administrative	Fundraising	2022 Total
Program expenses - Uganda	\$ 842,027	\$ -	\$ -	\$ 842,027
Payroll and employee benefits	142,777	58,328	32,204	233,309
Fundraising	-	-	14,315	14,315
General and administrative	-	23,638	-	23,638
Total operating expenses	\$ <u>984,804</u>	\$ <u>81,966</u>	\$ <u>46,519</u>	\$ <u>1,113,289</u>

The following is an allocation of the Organization's expenses by function as of December 31, 2021:

	Program	General and Administrative	Fundraising	2021 Total
Program expenses - Uganda	\$ 572,998	\$ -	\$ -	\$ 572,998
Payroll and employee benefits	127,728	52,048	25,705	205,481
Fundraising	-	-	7,269	7,269
General and administrative	-	23,512	-	23,512
Total operating expenses	\$ <u>700,726</u>	\$ <u>75,560</u>	\$ <u>32,974</u>	\$ <u>809,260</u>

5. Subsequent events

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation's impact on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

Management has evaluated subsequent events through June 14, 2023, the date on which the financial statements were available to be issued.