

**CAPABILITIES PARTNERSHIP, INC. DBA  
EPILEPSY SOCIETY OF SOUTHERN NEW YORK**

Financial Statements

December 31, 2021 and 2020

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Capabilities Partnership, Inc.  
West Nyack, New York

**Opinion**

We have audited the financial statements of Capabilities Partnership, Inc. (a nonprofit organization), which comprise the balance sheet as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Capabilities Partnership, Inc. as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on 2020 Financial Statements**

The financial statements of Capabilities Partnership, Inc. as of December 31, 2020, were audited by other accountants and whose report dated May 14, 2021 states that in their opinion, the financial statements present fairly, in all material respects, the financial position of Capabilities Partnership, Inc. as of December 31, 2020 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Capabilities Partnership, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Capabilities Partnership, Inc.'s ability to continue as a going concern for the period of one year from the date the financial statements are available to be issued.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Capabilities Partnership, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Capabilities Partnership, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Romanzo & Company CPAs, LLC*

Romanzo & Company CPAs, LLC

Niskayuna, New York  
May 5, 2022

**CAPABILITIES PARTNERSHIP, INC. DBA  
EPILEPSY SOCIETY OF SOUTHERN NEW YORK**

**Statement of Financial Position**

**December 31, 2021 and 2020**

**ASSETS**

	<b>2021</b>	<b>2020</b>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 481,282	\$ 420,561
Restricted cash	36,275	46,456
Grants and contracts receivable	265,719	379,214
Due from related party	342	337
Prepaid expenses	<u>38,831</u>	<u>8,316</u>
Total Current Assets	822,449	854,884
<b>PROPERTY AND EQUIPMENT:</b>		
Property and equipment, net	6,698	4,254
Right-of-use leased assets, net	<u>148,311</u>	<u>206,303</u>
Total Property and Equipment	155,009	210,557
<b>SECURITY DEPOSITS</b>	<u>15,890</u>	<u>15,890</u>
Total Assets	<u>\$ 993,348</u>	<u>\$ 1,081,331</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 17,051	\$ 13,983
Current portion of long-term debt	--	894
Accrued expenses	117,501	116,032
Accrued pension expense	28,000	26,000
Current portion of operating lease obligations	<u>80,833</u>	<u>72,137</u>
Total Current Liabilities	243,385	229,046
<b>LONG-TERM LIABILITIES:</b>		
Long-term debt, net of current maturities	149,966	149,106
Long-term portion of operating lease obligations	<u>67,478</u>	<u>134,166</u>
Total Long-term Liabilities	<u>217,444</u>	<u>283,272</u>
<b>TOTAL LIABILITIES</b>	<u>460,829</u>	<u>512,318</u>
<b>NET ASSETS:</b>		
Without donor restrictions	441,756	469,563
With donor restrictions	<u>90,763</u>	<u>99,450</u>
Total Net Assets	<u>532,519</u>	<u>569,013</u>
Total Liabilities and Net Assets	<u>\$ 993,348</u>	<u>\$ 1,081,331</u>

**CAPABILITIES PARTNERSHIP, INC. DBA  
EPILEPSY SOCIETY OF SOUTHERN NEW YORK**

**Statement of Activities**

**Year Ended December 31, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUE AND SUPPORT:</b>			
Fees and grants from governmental and other agencies	\$ 1,930,301	\$ 54,845	\$ 1,985,146
Contributions and other support	2,942	--	2,942
Special events	--	980	980
Donated services	10,230	--	10,230
Interest income	126	--	126
Net assets released from restrictions:			
Restriction satisfied by donor authorization	9,288	(9,288)	--
Restriction satisfied by reporting requirements	55,224	(55,224)	--
Total Revenue and Support	<u>2,008,111</u>	<u>(8,687)</u>	<u>1,999,424</u>
<b>EXPENSES:</b>			
Program Services:			
Traumatic Brain Injury	424,441	--	424,441
Epilepsy Support Services	351,456	--	351,456
ACCES-VR Vocational Program	302,280	--	302,280
Clinical Information, Referral and Counseling	272,093	--	272,093
Supported Employment OPWDD Program	195,571	--	195,571
Family Support Services	166,131	--	166,131
Education Grant - Epilepsy Coalition	54,808	--	54,808
McCarthy Socialization/Other	14,576	--	14,576
Individual Service Support	12,678	--	12,678
Total Program Services	<u>1,794,034</u>	<u>--</u>	<u>1,794,034</u>
Support Services:			
Management and general	239,990	--	239,990
Fundraising	1,894	--	1,894
Total Support Services	<u>241,884</u>	<u>--</u>	<u>241,884</u>
Total Expenses	<u>2,035,918</u>	<u>--</u>	<u>2,035,918</u>
<b>CHANGE IN NET ASSETS</b>	(27,807)	(8,687)	(36,494)
<b>NET ASSETS</b> , beginning of year	<u>469,563</u>	<u>99,450</u>	<u>569,013</u>
<b>NET ASSETS</b> , end of year	<u>\$ 441,756</u>	<u>\$ 90,763</u>	<u>\$ 532,519</u>

**CAPABILITIES PARTNERSHIP, INC. DBA  
EPILEPSY SOCIETY OF SOUTHERN NEW YORK**

**Statement of Activities**

**Year Ended December 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT:</b>			
Fees and grants from governmental and other agencies	\$ 1,742,832	\$ 55,225	\$ 1,798,057
Forgiveness of paycheck protection program loan	324,600	--	324,600
Contributions and other support	4,817	--	4,817
Special events	--	4,088	4,088
Donated services and goods	2,507	--	2,507
Interest income	1,783	--	1,783
Net assets released from restrictions:			
Restriction satisfied by donor authorization	13,090	(13,090)	--
Restriction satisfied by reporting requirements	<u>62,010</u>	<u>(62,010)</u>	<u>--</u>
Total Revenue and Support	<u>2,151,639</u>	<u>(15,787)</u>	<u>2,135,852</u>
<b>EXPENSES:</b>			
Program Services:			
Traumatic Brain Injury	483,109	--	483,109
Epilepsy Support Services	336,654	--	336,654
ACCES-VR Vocational Program	300,381	--	300,381
Clinical Information, Referral and Counseling	265,968	--	265,968
Supported Employment OPWDD Program	191,883	--	191,883
Family Support Services	157,067	--	157,067
Education Grant - Epilepsy Coalition	54,988	--	54,988
McCarthy Socialization/Other	19,870	--	19,870
Individual Service Support	<u>12,678</u>	<u>--</u>	<u>12,678</u>
Total Program Services	<u>1,822,598</u>	<u>--</u>	<u>1,822,598</u>
Support Services:			
Management and general	216,396	--	216,396
Fundraising	<u>2,258</u>	<u>--</u>	<u>2,258</u>
Total Support Services	<u>218,654</u>	<u>--</u>	<u>218,654</u>
Total Expenses	<u>2,041,252</u>	<u>--</u>	<u>2,041,252</u>
<b>CHANGE IN NET ASSETS</b>	110,387	(15,787)	94,600
<b>NET ASSETS</b> , beginning of year	<u>359,176</u>	<u>115,237</u>	<u>474,413</u>
<b>NET ASSETS</b> , end of year	<u>\$ 469,563</u>	<u>\$ 99,450</u>	<u>\$ 569,013</u>

**CAPABILITIES PARTNERSHIP, INC. DBA  
EPILEPSY SOCIETY OF SOUTHERN NEW YORK**

**Statement of Functional Expenses**

**Program Services**

**Year Ended December 31, 2021**

	Traumatic Brain Injury	Epilepsy Support Services	ACCES-VR Vocational Program	Clinical Information, Referral & Counseling	Supported Empl. OPWDD Program	Family Support Services	Education Grant Epilepsy Coalition	McCarthy Socialization/ Other	Individual Service Support	Total Program Expenses
Functional Expenses										
Compensation										
Salary & wages	\$ 301,432	\$ 265,421	\$ 211,051	\$ 171,007	\$ 136,551	\$ 123,866	\$ 44,504	\$ 4,100	\$ --	\$ 1,257,932
Fringe benefits	<u>86,728</u>	<u>78,304</u>	<u>63,170</u>	<u>42,486</u>	<u>40,871</u>	<u>25,284</u>	<u>9,961</u>	<u>1,225</u>	<u>462</u>	<u>348,491</u>
Total compensation	<u>388,160</u>	<u>343,725</u>	<u>274,221</u>	<u>213,493</u>	<u>177,422</u>	<u>149,150</u>	<u>54,465</u>	<u>5,325</u>	<u>462</u>	<u>1,606,423</u>
Other expenses										
Rent	17,944	--	8,990	52,500	5,817	--	--	--	--	85,251
Travel	1,132	--	10,381	--	6,716	2,128	154	--	--	20,511
Telephone	3,518	3,304	3,411	1,610	2,207	459	164	--	--	14,673
Supplies and materials	3,126	--	229	27	144	63	25	--	--	3,614
Staff development	956	--	467	--	302	--	--	--	--	1,725
Insurance	3,791	2,432	1,900	2,237	1,230	1,117	--	--	--	12,707
Technology	731	1,995	367	--	237	--	--	--	--	3,330
Repairs and maintenance	--	--	--	460	--	--	--	--	--	460
Miscellaneous	256	--	100	--	64	--	--	200	--	620
Scholarships/consumer outings	--	--	--	--	--	--	--	9,051	--	9,051
Dues and subscriptions	224	--	--	--	--	--	--	--	--	224
Consumer support/reimbursement	--	--	--	--	--	13,214	--	--	12,216	25,430
Depreciation	170	--	--	--	--	--	--	--	--	170
Equipment rental	1,903	--	954	--	617	--	--	--	--	3,474
Expensed equipment	--	--	--	--	--	--	--	--	--	--
Utilities	2,515	--	1,260	1,766	815	--	--	--	--	6,356
Recruitment	<u>15</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>15</u>
Total other expenses	<u>36,281</u>	<u>7,731</u>	<u>28,059</u>	<u>58,600</u>	<u>18,149</u>	<u>16,981</u>	<u>343</u>	<u>9,251</u>	<u>12,216</u>	<u>187,611</u>
Total expenses	<u>\$ 424,441</u>	<u>\$ 351,456</u>	<u>\$ 302,280</u>	<u>\$ 272,093</u>	<u>\$ 195,571</u>	<u>\$ 166,131</u>	<u>\$ 54,808</u>	<u>\$ 14,576</u>	<u>\$ 12,678</u>	<u>\$ 1,794,034</u>

See Independent Auditor's Report and Notes to Financial Statements  
(continued on following page)



**CAPABILITIES PARTNERSHIP, INC. DBA  
EPILEPSY SOCIETY OF SOUTHERN NEW YORK**

**Statement of Functional Expenses  
(continued)**

**Support Services**

**Year Ended December 31, 2021**

	<b>Management and General</b>	<b>Fund Raising</b>	<b>Total Support Services</b>	<b>Total Program and Support Services</b>
Functional expenses				
Compensation				
Salaries and wages	\$ 106,269	\$ 1,558	\$ 107,827	\$ 1,365,759
Fringe benefits	22,040	336	22,376	370,867
Total compensation	<u>128,309</u>	<u>1,894</u>	<u>130,203</u>	<u>1,736,626</u>
Other expenses				
Rent	17,914	--	17,914	103,165
Travel	68	--	68	20,579
Telephone	1,661	--	1,661	16,334
Supplies and materials	1,714	--	1,714	5,328
Staff development	873	--	873	2,598
Insurance	2,998	--	2,998	15,705
Professional fees	37,672	--	37,672	37,672
Technology	25,883	--	25,883	29,213
Repairs and maintenance	4,144	--	4,144	4,604
Miscellaneous	3,003	--	3,003	3,623
Scholarships/consumer outings	--	--	--	9,051
Dues and subscriptions	--	--	--	224
Consumer support/reimbursement	--	--	--	25,430
Depreciation	2,656	--	2,656	2,826
Event cost	--	--	--	--
Interest	5,353	--	5,353	5,353
Equipment rental	1,158	--	1,158	4,632
Expensed equipment	4,785	--	4,785	4,785
MTA tax	1,093	--	1,093	1,093
Utilities	706	--	706	7,062
Recruitment	--	--	--	15
Total other expenses	<u>111,681</u>	<u>--</u>	<u>111,681</u>	<u>299,292</u>
Total expenses	<u>\$ 239,990</u>	<u>\$ 1,894</u>	<u>\$ 241,884</u>	<u>\$ 2,035,918</u>

**CAPABILITIES PARTNERSHIP, INC. DBA  
EPILEPSY SOCIETY OF SOUTHERN NEW YORK**

**Statement of Functional Expenses**

**Program Services**

**Year Ended December 31, 2020**

	Traumatic Brain Injury	Epilepsy Support Services	ACCES-VR Vocational Program	Clinical Information, Referral & Counseling	Supported Empl. OPWDD Program	Family Support Services	Education Grant Epilepsy Coalition	McCarthy Socialization/ Other	Individual Service Support	Total Program Expenses
<b>Functional Expenses</b>										
<b>Compensation</b>										
Salary & wages	\$ 337,457	\$ 257,826	\$ 210,881	\$ 171,367	\$ 133,273	\$ 116,617	\$ 46,367	\$ 5,216	\$ --	\$ 1,279,004
Fringe benefits	<u>99,000</u>	<u>73,002</u>	<u>59,024</u>	<u>38,683</u>	<u>38,776</u>	<u>23,403</u>	<u>8,125</u>	<u>1,565</u>	<u>462</u>	<u>342,040</u>
Total compensation	<u>436,457</u>	<u>330,828</u>	<u>269,905</u>	<u>210,050</u>	<u>172,049</u>	<u>140,020</u>	<u>54,492</u>	<u>6,781</u>	<u>462</u>	<u>1,621,044</u>
<b>Other expenses</b>										
Rent	18,079	--	8,627	50,000	5,614	--	--	--	--	82,320
Travel	4,942	72	12,668	138	8,244	2,373	298	--	--	28,735
Telephone	3,391	2,741	3,425	1,666	2,228	489	173	395	--	14,508
Supplies and materials	9,147	--	745	22	485	96	25	319	--	10,839
Staff development	1,601	--	587	--	382	--	--	--	--	2,570
Insurance	4,406	3,013	2,102	2,553	1,369	1,385	--	--	--	14,828
Technology	1,060	--	506	--	329	--	--	--	--	1,895
Repairs and maintenance	--	--	--	459	--	--	--	--	--	459
Miscellaneous	342	--	140	--	91	28	--	--	--	601
Scholarships/consumer outings	--	--	--	--	--	--	--	12,375	--	12,375
Dues and subscriptions	--	--	--	--	--	--	--	--	--	--
Consumer support/reimbursement	--	--	--	--	--	12,676	--	--	12,216	24,892
Depreciation	170	--	--	--	--	--	--	--	--	170
Equipment Rental	1,943	--	927	--	604	--	--	--	--	3,474
Utilities	1,571	--	749	1,080	488	--	--	--	--	3,888
Recruitment	--	--	--	--	--	--	--	--	--	--
Total other expenses	<u>46,652</u>	<u>5,826</u>	<u>30,476</u>	<u>55,918</u>	<u>19,834</u>	<u>17,047</u>	<u>496</u>	<u>13,089</u>	<u>12,216</u>	<u>201,554</u>
Total expenses	<u>\$ 483,109</u>	<u>\$ 336,654</u>	<u>\$ 300,381</u>	<u>\$ 265,968</u>	<u>\$ 191,883</u>	<u>\$ 157,067</u>	<u>\$ 54,988</u>	<u>\$ 19,870</u>	<u>\$ 12,678</u>	<u>\$ 1,822,598</u>

See Independent Auditor's Report and Notes to Financial Statements  
(continued on following page)

**CAPABILITIES PARTNERSHIP, INC.  
DBA EPILEPSY SOCIETY OF SOUTHERN NEW YORK**

**Statement of Functional Expenses  
(continued)**

**Support Services**

**Year Ended December 31, 2020**

	Management and General	Fund Raising	Total Support Services	Total Program and Support Services
Functional expenses				
Compensation				
Salaries and wages	\$ 116,773	\$ 1,866	\$ 118,639	\$ 1,397,643
Fringe benefits	<u>23,040</u>	<u>392</u>	<u>23,432</u>	<u>365,472</u>
Total compensation	<u>139,813</u>	<u>2,258</u>	<u>142,071</u>	<u>1,763,115</u>
Other expenses				
Rent	7,680	--	7,680	90,000
Travel	238	--	238	28,973
Telephone	1,625	--	1,625	16,133
Supplies and materials	4,307	--	4,307	15,146
Staff development	823	--	823	3,393
Insurance	3,539	--	3,539	18,367
Professional fees	28,772	--	28,772	28,772
Technology	20,168	--	20,168	22,063
Repairs and maintenance	4,122	--	4,122	4,581
Miscellaneous	1,389	--	1,389	1,990
Scholarships/consumer outings	--	--	--	12,375
Dues and subscriptions	125	--	125	125
Consumer support/reimbursement	--	--	--	24,892
Depreciation	1,000	--	1,000	1,170
Event cost	--	--	--	--
Interest	75	--	75	75
Equipment rental	1,158	--	1,158	4,632
Expensed equipment	--	--	--	--
MTA tax	1,130	--	1,130	1,130
Utilities	432	--	432	4,320
Recruitment	--	--	--	--
Total other expenses	<u>76,583</u>	<u>--</u>	<u>76,583</u>	<u>278,137</u>
Total expenses	<u>\$ 216,396</u>	<u>\$ 2,258</u>	<u>\$ 218,654</u>	<u>\$ 2,041,252</u>

**CAPABILITIES PARTNERSHIP, INC.  
DBA EPILEPSY SOCIETY OF SOUTHERN NEW YORK**

**Statement of Cash Flows**

**Years Ended December 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (36,494)	\$ 94,600
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities		
Paycheck protection program loan forgiveness	--	(324,600)
Depreciation and amortization	2,826	1,170
Changes in:		
Grants, contracts, and contribution receivable	113,495	(15,630)
Due from related parties	(5)	(96)
Prepaid expenses	(30,515)	163
Accounts payable and accrued expenses	<u>6,537</u>	<u>(15,601)</u>
<b>NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES</b>	<b>55,844</b>	<b>(259,994)</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES:</b>		
Leasehold improvements	<u>(5,270)</u>	<u>--</u>
<b>CASH FLOWS (USED) FROM FINANCING ACTIVITIES:</b>		
Paycheck protection program loan	--	324,600
Economic injury disaster loan	<u>(34)</u>	<u>150,000</u>
<b>NET CASH FLOWS (USED) PROVIDED FROM FINANCING ACTIVITIES</b>	<b><u>(34)</u></b>	<b><u>474,600</u></b>
<b>NET CHANGE IN CASH</b>	<b>50,540</b>	<b>214,606</b>
<b>CASH AND CASH EQUIVALENTS, <i>beginning of year</i></b>	<b><u>467,017</u></b>	<b><u>252,411</u></b>
<b>CASH AND CASH EQUIVALENTS, <i>end of year</i></b>	<b><u>\$ 517,557</u></b>	<b><u>\$ 467,017</u></b>
<b>Supplemental disclosures of cash flow information:</b>		
Interest paid	<u>\$ 5,353</u>	<u>\$ 75</u>
Right-of-use leased assets acquired	\$ 26,759	\$ --
Less: associated obligation	<u>(26,759)</u>	<u>--</u>
	<u>\$ --</u>	<u>\$ --</u>

**CAPABILITIES PARTNERSHIP, INC. DBA  
EPILEPSY SOCIETY OF SOUTHERN NEW YORK**

**Notes to Financial Statements**

**Years Ended December 31, 2021 and 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***General***

Capabilities Partnership, Inc. (hereafter referred to as CPI or the Organization) is an exempt organization for federal and state income tax purposes under Section 501(c)(3) of the Internal Revenue Code. Established in 2006, CPI assists persons with epilepsy, traumatic brain injury and other neurological impairments through various programs it administers. CPI was formed to administer certain programs previously managed by the Epilepsy Society of Southern New York, Inc. (Society) formerly a related nonprofit organization.

The origins of CPI; however, date back to 1977 when Epilepsy Society of Southern New York, Inc. (name changed several times) was incorporated as a 501(c)(3) entity in New York State. In 2006, CPI took over certain programs previously administered by Society. In 2014, the two Agencies merged and became one 501(c)(3) Agency operating under the name, Capabilities Partnership Inc. dba Epilepsy Society of Southern New York.

***Basis of Accounting***

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.

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts are maintained in accordance with the principles of fund accounting. Accordingly, CPI is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

***Cash and Cash Equivalents***

For purposes of the statement of cash flows, CPI considers all cash and other highly liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2021 and 2020, cash and cash equivalents consist of bank deposits, certificates of deposits and money market funds.

CPI maintained its cash at one financial institution which, at times exceeded the federally-insured limits. At December 31, 2021 uninsured cash deposits were \$299,895. The Organization believes it is not exposed to any significant credit risk related to its cash and cash equivalents.

***Property, Equipment and Depreciation***

Property and equipment are stated at cost when purchased or fair value at the date of donation. Expenditures for additions, renewals and betterments are capitalized; expenditures for maintenance and repairs are charged to expense as incurred.

**CAPABILITIES PARTNERSHIP, INC. DBA  
EPILEPSY SOCIETY OF SOUTHERN NEW YORK**

**Notes to Financial Statements**

**Years Ended December 31, 2021 and 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in income. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets. Depreciation expense for the years ended December 31, 2021 and 2020 was \$2,826 and \$1,170, respectively.

***Revenue Recognition***

Funding includes resources without donor restrictions and with donor restrictions. While revenue received from government contracts are expendable for specified purposes, they are generally considered to be without donor restrictions. These contracts are in substance exchange transactions. An exchange transaction occurs when funds are received in exchange for the performance of specified services.

Contributions received are recorded as with donor restrictions or without donor restrictions.

Restricted funds are established to account for those resources available for use, but expendable only for the purposes specified by the government agency or donor. All support that is restricted by the donor is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

***Functional Allocation of Expenses and Allocation of Supporting Service Expenditures***

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. In 2021 and 2020, due to the COVID pandemic, CPI did not engage in any significant fundraising activities.

***Contributed Goods and Services***

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills and are provided by individuals possessing those skills, would typically need to be purchased if not provided by donation. Such contributions are recorded at their fair value in the period received.

Contributed legal services amounted to \$10,230 and \$1,350 in 2021 and 2020, respectively. Contributed office supplies amounted to \$1,157 at December 31, 2020.

***Operating Leases***

In 2019, CPI adopted Financial Accounting Standard Board (FASB)'s Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). Although FASB extended the implementation date by a year, earlier adoption is allowed and CPI chose to adopt the standard in 2019. See Note 5 regarding the balance sheet presentation of the operating leases and Note 9 regarding commitments under the lease and lease costs. In accordance with this standard, the present value of the lease payments is determined using a discount rate of 5% which is the approximate borrowing rate of the Organization. The present value of the leased assets are reported on the balance sheet as "right-of-use leased assets" totaling \$380,655 before amortization, and amortized over the life of the respective leases. The liability under these leases are also reported on the balance sheet, which at December 31, 2021 and 2020 was \$148,311 and \$206,303, respectively.

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**Notes to Financial Statements**

**Years Ended December 31, 2021 and 2020**

**NOTE 2. PROGRAMS ADMINISTERED BY CPI**

- Traumatic Brain Injury
- Epilepsy Support Services
- ACCES-VR Vocational Program
- Clinical Information, Referral and Counseling
- Supported Employment OPWDD Program
- Family Support Services
- Education Grant - Epilepsy Coalition
- McCarthy Socialization/Other
- Individual Service Support

**NOTE 3. RESTRICTED CASH**

A restricted cash account was established for contributions received for the Chris McCarthy Socialization Fund. The fund was established to honor the memory of Chris McCarthy, a long-time consumer of CPI. Contributions to the fund are reported as an increase to net assets with donor restrictions. The use of the fund is directed by the family of Chris McCarthy. As the family directs the use of the funds, they are reclassified to net assets without donor restrictions.

**NOTE 4. GRANTS AND CONTRACTS RECEIVABLE**

	<b>2021</b>	<b>2020</b>
ACCES-VR Vocational Program	\$ 76,577	\$ 128,160
Traumatic Brain Injury	75,297	72,313
Epilepsy Support Services	40,465	56,367
Rockland County	757	40,689
Supported Employment OPWDD Program	34,307	29,116
Family Support Services	18,594	23,151
Epilepsy Coalition	15,800	18,700
Orange County	331	7,093
Individual Service Support	1,209	2,419
Westchester County	29	1,142
Miscellaneous	2,353	64
	<u>\$ 265,719</u>	<u>\$ 379,214</u>

CPI uses the allowance method to account for uncollectible grants and contracts receivable. The allowance for doubtful accounts is based on management's identification and evaluation of past due receivables, which includes an assessment of the individual factors that have contributed to the delinquency. Based on such evaluation, CPI considers any uncollectable receivables to be immaterial. Accordingly, no allowance for doubtful accounts is considered necessary.

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**Notes to Financial Statements**

**Years Ended December 31, 2021 and 2020**

**NOTE 5. PROPERTY AND EQUIPMENT**

Depreciation of property and equipment is calculated on the straight-line method over the following estimated useful lives:

Furniture and fixtures	5-10 years
Computer equipment	5 years
Telephone equipment	5 years
Leasehold improvements	Life of the lease

Property and equipment and related accumulated depreciation and amortization at December 31, are summarized as follows:

	<b>2021</b>	<b>2020</b>
Furniture and fixtures	\$ 63,735	\$ 91,565
Computer equipment	2,778	2,778
Telephone equipment	5,000	5,000
Leasehold improvements	<u>97,853</u>	<u>169,552</u>
	169,366	268,895
Less: accumulated depreciation	<u>(162,668)</u>	<u>(264,641)</u>
	<u>\$ 6,698</u>	<u>\$ 4,254</u>
Right-of-use leased assets	\$ 380,655	\$ 379,046
Less: accumulated amortization	<u>(232,344)</u>	<u>(172,743)</u>
	<u>\$ 148,311</u>	<u>\$ 206,303</u>

**NOTE 6. LINE OF CREDIT**

CPI has a \$100,000 working capital revolving credit agreement with a bank. The interest rate floor is 3% and the interest rate was 3.75% at December 31, 2021. The line is collateralized by all assets of CPI. The original credit facility terminated June 30, 2014 and has been extended and modified. The extension modification agreement includes an extended draw period to expire July 10, 2027, which is the maturity date. The line was fully available at December 31, 2021.

**NOTE 7. LONG-TERM DEBT**

Long term debt at December 31, 2021, consists of:

Note payable Small Business Administration (SBA) Economic Injury Disaster Loan; due September 2051, bearing interest at 2.75%; monthly installments of \$641 starting April 1, 2023 includes principal and interest. The loan is collateralized by all tangible and intangible personal property presently owned and acquired in the future. The obligation of \$149,966 is reported as a long-term liability.



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**Notes to Financial Statements**

**Years Ended December 31, 2021 and 2020**

**NOTE 7. LONG-TERM DEBT (continued)**

Maturities of long-term debt for the years ending December 31 are as follows:

2022	\$	--
2023		2,686
2024		3,632
2025		3,788
2026		3,894
thereafter		<u>135,966</u>
		<u>\$ 149,966</u>

**NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes:

	<b>2021</b>	<b>2020</b>
Socialization - Chris McCarthy	\$ 35,678	\$ 44,226
Epilepsy Support Services	37,579	37,578
Family Support Services	17,266	17,265
Food Pantry	240	--
Westchester County Contract	--	381
	<u>\$ 90,763</u>	<u>\$ 99,450</u>

Net assets were released from restrictions by fulfilling the stipulations specified by government agencies and donors as follows:

	<b>2021</b>	<b>2020</b>
Socialization - Chris McCarthy	\$ 9,051	\$ 13,090
Epilepsy Support Services	37,578	37,578
Family Support Services	17,265	17,267
Food Pantry	237	6,784
Westchester County Contract	381	381
	<u>\$ 64,512</u>	<u>\$ 75,100</u>

**NOTE 9. COMMITMENTS**

The Organization entered into a new lease agreement for its West Nyack office for five years beginning January 1, 2019 and ending December 31, 2023. Monthly lease payments in 2020 were \$6,500; increasing to \$6,695 in 2021 and 2022, and increasing to \$6,896 in 2023.

CPI entered into a two year lease for its Chester, Orange County NY office in 2019. The lease commenced February 1, 2019 and ended January 31, 2021. The lease includes an option to renew for two years; this option was exercised and the lease ends January 31, 2023 with monthly lease payments of \$1,175.

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**Notes to Financial Statements**

**Years Ended December 31, 2021 and 2020**

**NOTE 9. COMMITMENTS (continued)**

The following provides the lease costs for the Organization's right-of-use assets consisting of its lease of administrative offices in West Nyack and of office space in Chester.

	Year Ended December 31, 2021		Year Ended December 31, 2020	
	West Nyack	Chester	West Nyack	Chester
Lease Cost				
Amortization of right-of-use asset	\$ 71,115	\$ 26,759	\$ 72,495	\$ 12,320
Interest expense	<u>9,225</u>	<u>311</u>	<u>5,505</u>	<u>880</u>
Operating Lease Cost	<u>\$ 80,340</u>	<u>\$ 27,070</u>	<u>\$ 78,000</u>	<u>\$ 13,200</u>

Weighted Average Remaining Term and Discount Rates

	West Nyack	Chester	West Nyack	Chester
Weighted - average term (years)	2	1	3	--
Weighted -average discount rate	5%	5%	5%	5%

Included in security deposits on the balance sheet is a deposit on the lease for West Nyack of \$13,000 and Chester of \$1,100 and a security deposit on behalf of a consumer of \$1,790 for the consumer's lease which is refundable to CPI upon the expiration of the lease.

CPI has two non-cancelable equipment operating leases with lease terms ranging between 24 and 29 months. The leases are immaterial and have not been accounted for under ASU 2016-02; Topic 842 (see note 1)

Future minimum payments for the leases are as follows:

2022	\$ 95,925
2023	87,156
2024	4,431
2025	4,431
2026	4,431
Thereafter	<u>1,907</u>
	<u>\$ 198,281</u>

**NOTE 10. PENSION PLAN**

CPI maintains a 401(k) salary deferral and profit sharing plan. CPI may make matching contributions, non-elective discretionary contributions and required minimum contributions, subject to the top-heavy rules or other legal requirements. The plan covers all employees who have attained age 21, have completed one year of service and have worked over 1,000 hours. The plan includes a vesting schedule for employer contributions that provides for 50% vesting after one year of service and 100% after two years of service. CPI's contribution to the plan for the years ended December 31, 2021 and 2020 was \$28,000 and \$26,000, respectively.

# CAPABILITIES PARTNERSHIP, INC. DBA EPILEPSY SOCIETY OF SOUTHERN NEW YORK

## Notes to Financial Statements

Years Ended December 31, 2021 and 2020

### NOTE 11. RELATED PARTIES

In 2021 and 2020 the Executive Director of Administration at CPI was a Board member of Epilepsy Coalition of New York, Inc. (Coalition). CPI received grants in the amount of \$61,700 and \$61,200 from the Coalition in 2021 and 2020, respectively.

CPI advanced funds on behalf of the Coalition for its operating expenses. At December 31, 2021 and 2020, CPI was due \$342 and \$337 from the Coalition for these advances. CPI also has a contract receivable from the Coalition of \$15,800 and \$18,700 at December 31, 2021 and 2020, respectively (see Note 4).

The Coalition and CPI entered into a Facilities and Expense Agreement in which the Coalition agreed to pay CPI \$100 per month towards facilities and operating expenses.

### NOTE 12. SIGNIFICANT CONCENTRATIONS OF CREDIT RISK AND ECONOMIC DEPENDENCE

CPI receives a substantial part of its revenue from Medicaid and from the State of New York through programs sponsored by three government agencies: The Office for People with Developmental Disabilities (OPWDD), the New York State Department of Health (DOH) and Adult Career and Continuing Education Services – Vocational Rehabilitation (ACCES-VR). Changes in funding arrangements and methodologies of these agencies could significantly impact CPI.

### NOTE 13. INCOME TAXES

As a nonprofit organization under Section 501(c)(3), CPI is generally exempt from paying income taxes unless it receives unrelated business income which could be subject to income tax. Management believes that all revenue and support relate exclusively to CPI's tax exempt purpose and is not subject to federal or state income tax.

CPI's tax returns are subject to examination by the applicable taxing authorities. As of December 31, 2021, CPI's federal tax returns generally remain open for examination for the last three years.

### NOTE 14. PAYROLL PROTECTION PROGRAM LOAN

To help mitigate the financial impact caused by the COVID-19 outbreak, CPI received a \$324,600 loan in 2020, under the Payroll Protection Program Loan (PPP). CPI used the proceeds in accordance with the PPP in 2020 and submitted an application for forgiveness. On May 10, 2021, CPI received notice that the loan was forgiven in full.

CPI has accounted for the loan forgiveness using the guidance in *FASB ASC 958-605, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This FASB is specific to Not-for-Profit Entities. Because CPI received and used the PPP funds in 2020, in accordance with the terms of the SBA program, the actual forgiveness by the SBA is an administrative function, the timing of which is beyond the control of CPI. CPI complied with the terms of the program in 2020. Therefore, it recognized the loan forgiveness in 2020, because the conditions for forgiveness of the loan were satisfied in 2020, although the administrative function of formal forgiveness was received in 2021.

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**Notes to Financial Statements**

**Years Ended December 31, 2021 and 2020**

**NOTE 15. LIQUIDITY**

The Organization maintains liquid assets to meet its current and anticipated financial obligations; including unrestricted cash deposits, and grant and contract receivables without donor restrictions which, at December 31, 2021 consist of:

Unrestricted cash	\$ 481,282
Grants and contract receivables	<u>265,719</u>
	<u>\$ 747,001</u>

Generally, grants and contracts receivable are collected between 10 days and 30 days of billing.

With funding primarily from government grants and contracts, there is uncertainty with the level of funding due to government budget deficits and the impact of COVID-19. In addition, though receivable collection has historically been timely, the funding sources, could for reasons out of the control of management, either slow-down payment or reduce contracts and grants. Thus, the Organization needs to maintain sufficient liquidity to meet its obligations in the event of funding changes or a slow-down in collection of receivables. Management believes liquidity levels are adequate to meet obligations as they become due, and sufficient to sustain the Organization if receivable collection times slow or funding is reduced, based on its knowledge of the present funding environment. CPI has an ongoing budget review process throughout the year to monitor revenue, general expenditures, and receivable collections, which enables it to react to unexpected changes in a timely manner.

**NOTE 16. SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated subsequent events and transactions for potential recognition or disclosure through May 17, 2022, the date the financial statements were available to be issued. Based on such evaluation, there were no subsequent events that require adjustment to the financial statements; however, further disclosure of a material uncertainty caused by the COVID-19 outbreak is discussed below.

The COVID-19 outbreak in the United States has caused significant disruption throughout the country. While this disruption is currently expected to be temporary, there is considerable uncertainty about the duration and long-term impact. CPI could be negatively impacted because its funding sources, primarily government grants and contracts, might be reduced in the future because of budget deficits. The size of such impacts is currently not determinable.