

**CAPABILITIES PARTNERSHIP, INC.**  
**DBA EPILEPSY SOCIETY OF SOUTHERN NEW YORK**  
**(A Nonprofit Organization)**

**WEST NYACK, NEW YORK**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**

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**INDEPENDENT AUDITORS' REPORT**

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

**Opinion**

We have audited the accompanying financial statements of Capabilities Partnership, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statement 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, 2022, 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 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 relating 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 within one year after the date that 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 generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment 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 judgment, 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.

### **Report on 2021 Financial Statements**

The financial statements of Capabilities Partnership, Inc. as of December 31, 2021, were audited by other accountants whose report dated May 5, 2022, stated that in their opinion, the financial statements present fairly, in all material respects, the financial position of Capabilities Partnership, Inc., as of December 31, 2021, and all 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.

*Rafael Selig & Zeronda, CPAs, C.C.P.*

Latham, New York  
May 2, 2023



**CAPABILITIES PARTNERSHIP, INC.**

(A Nonprofit Organization)

**STATEMENTS OF FINANCIAL POSITION**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**ASSETS**

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash and cash equivalents (Note 1)	\$ 377,449	\$ 481,532
Restricted cash (Notes 1 and 2)	25,272	36,275
Grants and contracts receivable (Notes 1 and 3)	295,503	265,719
Due from related party (Note 12)	-	342
Prepaid expenses	<u>31,451</u>	<u>38,831</u>
Total current assets	\$ 729,675	\$ 822,699
PROPERTY AND EQUIPMENT, NET (Notes 1 and 4)	3,721	6,698
RIGHT OF USE ASSETS (Notes 1 and 9)	123,727	148,311
SECURITY DEPOSITS	<u>14,100</u>	<u>15,890</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 871,223</u></b>	<b><u>\$ 993,598</u></b>

**LIABILITIES AND NET ASSETS**

CURRENT LIABILITIES:		
Current portion of long-term debt (Note 6)	\$ 2,995	\$ -
Current portion of operating lease obligations (Notes 1 and 9)	97,670	80,833
Accounts payable	31,901	17,301
Accrued expenses	64,713	117,501
Accrued pension expense (Note 11)	<u>28,000</u>	<u>28,000</u>
Total current liabilities	<u>\$ 225,279</u>	<u>\$ 243,635</u>
LONG TERM LIABILITIES:		
Long-term debt, net of current maturities (Note 6)	\$ 146,971	\$ 149,966
Long-term operating lease obligations, net of current maturities (Notes 1 and 9)	<u>26,057</u>	<u>67,478</u>
Total long term liabilities	<u>\$ 173,028</u>	<u>\$ 217,444</u>
NET ASSETS:		
Without donor restrictions (Note 1)	\$ 397,939	\$ 441,756
With donor restrictions (Notes 1 and 10)	<u>74,977</u>	<u>90,763</u>
Total net assets	<u>\$ 472,916</u>	<u>\$ 532,519</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 871,223</u></b>	<b><u>\$ 993,598</u></b>

See notes to financial statements.

**CAPABILITIES PARTNERSHIP, INC.**

(A Nonprofit Organization)

**STATEMENTS OF ACTIVITIES AND NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Totals</u>
<b>REVENUE AND SUPPORT:</b>			
Fees and grants from governmental and other agencies	\$ 1,957,288	\$ 49,646	\$ 2,006,934
Contributions and other support	5,787	-	5,787
Special events	-	270	270
Donated services	1,160	-	1,160
Interest income	95	3	98
Net assets released from restrictions:			
Restriction satisfied by donor authorization	10,861	(10,861)	-
Restriction satisfied by reporting requirements	54,844	(54,844)	-
Total revenue and support	<u>\$ 2,030,035</u>	<u>\$ (15,786)</u>	<u>\$ 2,014,249</u>
<b>EXPENSES:</b>			
Program services:			
Traumatic brain injury	\$ 388,722	\$ -	\$ 388,722
Epilepsy support services	394,214	-	394,214
ACCES-VR vocational program	291,233	-	291,233
Clinical information, referral and counseling	283,267	-	283,267
Supported employment OPWDD program	239,547	-	239,547
Family support services	161,912	-	161,912
Education grant - Epilepsy Coalition	58,525	-	58,525
McCarthy socialization/other	12,351	-	12,351
Individual service support	12,678	-	12,678
Total program services	<u>\$ 1,842,449</u>	<u>\$ -</u>	<u>\$ 1,842,449</u>
Support services:			
Management and general	\$ 231,403	\$ -	\$ 231,403
Fundraising	-	-	-
Total support services	<u>\$ 231,403</u>	<u>\$ -</u>	<u>\$ 231,403</u>
Total expenses	<u>\$ 2,073,852</u>	<u>\$ -</u>	<u>\$ 2,073,852</u>
<b>DECREASE IN NET ASSETS</b>	<b>\$ (43,817)</b>	<b>\$ (15,786)</b>	<b>\$ (59,603)</b>
NET ASSETS - BEGINNING	<u>441,756</u>	<u>90,763</u>	<u>532,519</u>
<b>NET ASSETS - END</b>	<b><u>\$ 397,939</u></b>	<b><u>\$ 74,977</u></b>	<b><u>\$ 472,916</u></b>

See notes to financial statements.

**CAPABILITIES PARTNERSHIP, INC.**

(A Nonprofit Organization)

**STATEMENTS OF ACTIVITIES AND NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2021**

	<b><u>Without Donor</u></b>	<b><u>With Donor</u></b>	<b><u>Totals</u></b>
	<b><u>Restrictions</u></b>	<b><u>Restrictions</u></b>	
REVENUE AND SUPPORT:			
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>
EXPENSES:			
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>
DECREASE IN NET ASSETS	<u>\$ (27,807)</u>	<u>\$ (8,687)</u>	<u>\$ (36,494)</u>
NET ASSETS - BEGINNING	<u>469,563</u>	<u>99,450</u>	<u>569,013</u>
NET ASSETS - END	<u>\$ 441,756</u>	<u>\$ 90,763</u>	<u>\$ 532,519</u>

See notes to financial statements.

**CAPABILITIES PARTNERSHIP, INC.**

(A Nonprofit Organization)

**STATEMENT OF FUNCTIONAL EXPENSES**

**PROGRAM SERVICES**

**YEAR ENDED DECEMBER 31, 2022**

	<b><u>Traumatic Brain Injury</u></b>	<b><u>Epilepsy Support Services</u></b>	<b><u>ACCES-VR Vocational Program</u></b>	<b><u>Clinical Counseling &amp; Education</u></b>	<b><u>OPWDD Supported Employment</u></b>	<b><u>Family Support Services</u></b>	<b><u>Epilepsy Coalition Grant</u></b>	<b><u>McCarthy Socialization/ Other</u></b>	<b><u>Individual Service Support</u></b>	<b><u>Total Program Expenses</u></b>
Functional expenses:										
Compensation										
Salaries & wages	\$ 268,788	\$ 304,668	\$ 203,283	\$ 177,127	\$ 176,526	\$ 125,856	\$ 47,337	\$ 1,229	\$ -	\$ 1,304,814
Fringe benefits	<u>80,723</u>	<u>83,200</u>	<u>53,972</u>	<u>44,000</u>	<u>46,106</u>	<u>25,496</u>	<u>10,785</u>	<u>261</u>	<u>462</u>	<u>345,005</u>
Total compensation	<u>\$ 349,511</u>	<u>\$ 387,868</u>	<u>\$ 257,255</u>	<u>\$ 221,127</u>	<u>\$ 222,632</u>	<u>\$ 151,352</u>	<u>\$ 58,122</u>	<u>\$ 1,490</u>	<u>\$ 462</u>	<u>\$ 1,649,819</u>
Other expenses:										
Rent	\$ 18,076	\$ -	\$ 9,628	\$ 53,000	\$ 4,622	\$ -	\$ -	\$ -	\$ -	\$ 85,326
Travel	2,013	-	14,753	-	7,082	2,279	184	-	-	26,311
Telephone	3,077	3,101	4,371	1,615	2,099	467	168	-	-	14,898
Supplies and materials	5,003	-	310	6	137	93	41	450	-	6,040
Staff development	2,163	-	536	-	257	-	-	-	-	2,956
Insurance	3,905	2,831	2,081	2,250	999	1,250	-	-	-	13,316
Professional fees	-	-	-	-	616	-	-	-	-	616
Technology	700	414	373	-	179	-	-	-	-	1,666
Repairs and maintenance	126	-	86	3,892	41	-	-	-	-	4,145
Miscellaneous	100	-	96	-	46	46	10	-	-	298
Scholarships/consumer outings	-	-	-	-	-	-	-	10,411	-	10,411
Dues and subscriptions	448	-	-	-	-	-	-	-	-	448
Consumer support/reimbursement	-	-	-	-	-	6,425	-	-	12,216	18,641
Depreciation	170	-	-	-	-	-	-	-	-	170
Equipment rental	1,273	-	678	-	325	-	-	-	-	2,276
Utilities	2,002	-	1,066	1,377	512	-	-	-	-	4,957
Recruitment	<u>155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155</u>
Total other expenses	<u>\$ 39,211</u>	<u>\$ 6,346</u>	<u>\$ 33,978</u>	<u>\$ 62,140</u>	<u>\$ 16,915</u>	<u>\$ 10,560</u>	<u>\$ 403</u>	<u>\$ 10,861</u>	<u>\$ 12,216</u>	<u>\$ 192,630</u>
<b>TOTAL EXPENSES</b>	<b><u>\$ 388,722</u></b>	<b><u>\$ 394,214</u></b>	<b><u>\$ 291,233</u></b>	<b><u>\$ 283,267</u></b>	<b><u>\$ 239,547</u></b>	<b><u>\$ 161,912</u></b>	<b><u>\$ 58,525</u></b>	<b><u>\$ 12,351</u></b>	<b><u>\$ 12,678</u></b>	<b><u>\$ 1,842,449</u></b>

See notes to financial statements.



**CAPABILITIES PARTNERSHIP, INC.**

(A Nonprofit Organization)

**STATEMENT OF FUNCTIONAL EXPENSES**

**PROGRAM SERVICES**

**YEAR ENDED DECEMBER 31, 2021**

	<b><u>Traumatic Brain Injury</u></b>	<b><u>Epilepsy Support Services</u></b>	<b><u>ACCES-VR Vocational Program</u></b>	<b><u>Clinical Counseling &amp; Education</u></b>	<b><u>OPWDD Supported Employment</u></b>	<b><u>Family Support Services</u></b>	<b><u>Epilepsy Coalition Grant</u></b>	<b><u>McCarthy Socialization/ Other</u></b>	<b><u>Individual Service Support</u></b>	<b><u>Total Program Expenses</u></b>
Functional expenses:										
Compensation										
Salaries & wages	\$ 301,432	\$ 265,421	\$ 211,051	\$ 171,007	\$ 136,551	\$ 123,866	\$ 44,504	\$ 4,100	\$ -	\$ 1,257,932
Fringe benefits	86,728	78,304	63,170	42,486	40,871	25,284	9,961	1,225	462	348,491
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
Utilities	2,515	-	1,260	1,766	815	-	-	-	-	6,356
Recruitment	15	-	-	-	-	-	-	-	-	15
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>
<b>TOTAL EXPENSES</b>	<u><b>\$ 424,441</b></u>	<u><b>\$ 351,456</b></u>	<u><b>\$ 302,280</b></u>	<u><b>\$ 272,093</b></u>	<u><b>\$ 195,571</b></u>	<u><b>\$ 166,131</b></u>	<u><b>\$ 54,808</b></u>	<u><b>\$ 14,576</b></u>	<u><b>\$ 12,678</b></u>	<u><b>\$ 1,794,034</b></u>

See notes to financial statements.

**CAPABILITIES PARTNERSHIP, INC.**  
(A Nonprofit Organization)

**STATEMENT OF FUNCTIONAL EXPENSES**  
**SUPPORT SERVICES**  
**YEAR ENDED DECEMBER 31, 2022**

	<b><u>Management and General</u></b>	<b><u>Fundraising</u></b>	<b><u>Total Support Services</u></b>	<b><u>Total Program and Support Services</u></b>
Functional expenses:				
Compensation:				
Salaries & wages	\$ 83,768	\$ -	\$ 83,768	\$ 1,388,582
Fringe benefits	16,854	-	16,854	361,859
Total compensation	<u>\$ 100,622</u>	<u>\$ -</u>	<u>\$ 100,622</u>	<u>\$ 1,750,441</u>
Other expenses:				
Rent	\$ 7,914	\$ -	\$ 7,914	\$ 93,240
Travel	56	-	56	26,367
Telephone	1,752	-	1,752	16,650
Supplies and materials	2,012	-	2,012	8,052
Staff development	30	-	30	2,986
Insurance	3,193	-	3,193	16,509
Professional fees	42,634	-	42,634	43,250
Technology	24,759	-	24,759	26,425
Repairs and maintenance	36,799	-	36,799	40,944
Miscellaneous	833	-	833	1,131
Scholarships/consumer outings	-	-	-	10,411
Dues and subscriptions	25	-	25	473
Consumer support/reimbursement	-	-	-	18,641
Depreciation	2,807	-	2,807	2,977
Interest	4,255	-	4,255	4,255
Equipment rental	758	-	758	3,034
Expensed equipment	1,259	-	1,259	1,259
MTA tax	1,144	-	1,144	1,144
Utilities	551	-	551	5,508
Recruitment	-	-	-	155
Total other expenses	<u>\$ 130,781</u>	<u>\$ -</u>	<u>\$ 130,781</u>	<u>\$ 323,411</u>
<b>TOTAL EXPENSES</b>	<b><u>\$ 231,403</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 231,403</u></b>	<b><u>\$ 2,073,852</u></b>

See notes to financial statements.

**CAPABILITIES PARTNERSHIP, INC.**

(A Nonprofit Organization)

**STATEMENT OF FUNCTIONAL EXPENSES**

**SUPPORT SERVICES**

**YEAR ENDED DECEMBER 31, 2021**

	<b><u>Management and General</u></b>	<b><u>Fundraising</u></b>	<b><u>Total Support Services</u></b>	<b><u>Total Program and Support Services</u></b>
Functional expenses:				
Compensation:				
Salaries & 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
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>
<b>TOTAL EXPENSES</b>	<b><u>\$ 239,990</u></b>	<b><u>\$ 1,894</u></b>	<b><u>\$ 241,884</u></b>	<b><u>\$ 2,035,918</u></b>

See notes to financial statements.

**CAPABILITIES PARTNERSHIP, INC.**

(A Nonprofit Organization)

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

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Decrease in net assets	\$ (59,603)	\$ (36,494)
Adjustments to reconcile decrease in net assets to net cash provided by (applied to) operating activities:		
Depreciation and amortization	2,977	2,826
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Grants and contracts receivable	(29,784)	113,495
Due from related parties	342	(5)
Prepaid expenses	7,380	(30,515)
Security deposits	1,790	-
Increase (decrease) in:		
Accounts payable	14,600	3,318
Accrued expenses	(52,788)	3,469
Net cash provided by (applied to) operating activities	<u>\$ (115,086)</u>	<u>\$ 56,094</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY:</b>		
Leasehold improvements	\$ -	\$ (5,270)
Net cash applied to investing activity	<u>\$ -</u>	<u>\$ (5,270)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY:</b>		
Economic injury disaster loan	\$ -	\$ (34)
Net cash applied to financing activity	<u>\$ -</u>	<u>\$ (34)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>\$ (115,086)</b>	<b>\$ 50,790</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<u>517,807</u>	<u>467,017</u>
<b>CASH AND CASH EQUIVALENTS - END</b>	<u><u>\$ 402,721</u></u>	<u><u>\$ 517,807</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH INFORMATION:</b>		
Cash paid during the year:		
Interest	\$ 4,255	\$ 5,353

See notes to financial statements.

**CAPABILITIES PARTNERSHIP, INC.**

(A Nonprofit Organization)

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Capabilities Partnership, Inc. (CPI or the Organization), is presented to assist in understanding CPI's financial statements. The financial statements and notes are representation of CPI's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

**a) Nature of Operations**

Capabilities Partnership, Inc. is a not-for-profit corporation established in 2006 that 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 not-for-profit organization.

The origins of CPI however, date back to 1977 when Epilepsy Society of Southern New York, Inc. was incorporated as a 501(c)(3) entity in New York State. In 2006, CPI took over certain programs previously administer 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.

**b) Basis of Accounting**

The accompanying financial statements were prepared on the accrual basis of accounting in accordance with ASU 2016-14, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements for Not-for-Profit Entities*.

**c) Basis of Presentation**

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. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets without Donor Restrictions* – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions. These net assets may be used at the discretion of CPI's management and the board of directors.

*Net Assets with Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Certain donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. CPI donor restricted net assets were \$74,977 and \$90,763 at December 31, 2022 and 2021.

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**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**d) Management's Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Due to the prospective nature, actual results could differ from those estimates.

**e) 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 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.

**f) Cash and Cash Equivalents**

CPI maintained its cash at one financial institution which, at times, exceeded the federally insured limits. At December 31, 2022, the Organization believes it is not exposed to any significant credit risk related to its 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, 2022 and 2021, cash equivalents consist of bank deposits, certificates of deposits and money market funds.

**g) Pledges and Grants Receivables**

Pledge receivables consist of donations pledged by various local businesses and individuals. Pledge receivables are initially recorded at the pledged amount. Generally, grants and contracts receivable are collected between 10 to 30 days of billing. For pledges to be received over a period of years, pledge amounts are subsequently adjusted to their net present value. The pledge receivable amounts are also stated net of an allowance for uncollectible amounts.

Grant receivables consist of balances due from the New York State Adult Career and Continuing Education Services (ACCES) under its Vocational Program, and the New York State Office for People with Developmental Disabilities (OPWDD) under its Supported Employment Program, as well as other governmental grants.

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**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**h) Allowance for Doubtful Accounts**

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 delinquency. Based on such an evaluation, CPI considers grants and contracts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is considered necessary.

**i) Property and Equipment**

Purchased property and equipment is carried at cost. If donated, the asset is carried at fair value as of the date of donation. Expenditures for additions, renewals and betterments that extend the useful lives of property are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives vary from 3 to 10 years.

**j) Contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**k) Contributed Goods and Services**

CPI receives donated services from unpaid volunteers, including directors, who assist in the advancement of CPI's programs. CPI recognizes contributions of services received if such services: (a) create or enhance nonfinancial assets, (b) require specialized skills, (c) are provided by individuals possessing those skills, and (d) would typically need to be purchased if not contributed. Contributed legal services amounted to \$1,160 and \$10,230 at December 31, 2022 and 2021.

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**NOTES TO FINANCIAL STATEMENTS**  
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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**l) Income Taxes**

CPI is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code; therefore, no provision is made for the current or deferred tax expense. CPI uses the same accounting methods for income tax and financial reporting.

Accounting standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken on a tax return. These standards also provide guidance on de-recognition of tax benefits, classification on the statement of financial position, interest and penalties, accounting in interim periods, disclosure, and transition.

CPI has evaluated any uncertain tax positions, related to income tax contingencies, and determined uncertain positions, if any, are not material to the financial statements. Penalties and interest assessed by income tax authorities are included in operating expense, if incurred. CPI is no longer subject to examination by federal and state taxing authorities for years prior to December 31, 2019.

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

The costs of providing programs and other activities have been presented on a functional basis on the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These amounts are based upon allocation criteria, specific identification, and management estimates.

**n) Reclassification**

Certain amounts from the prior year have been reclassified to conform to the current year's presentation.

**o) Subsequent Events**

CPI has evaluated subsequent events through May 2, 2023, which is the date the financial statements were available to be issued and has determined that there are no subsequent events that require recognition or disclosure.

**(2) 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.



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**(3) GRANTS AND CONTRACTS RECEIVABLE**

The grants and contracts receivable related to individual and business contribution support and governmental grants consisted of the following as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
ACCES-VR Vocational Program	\$ 93,499	\$ 76,577
Traumatic Brain Injury	77,955	75,297
Epilepsy Support Services	54,619	40,465
Rockland County	7,517	757
Supported Employment OPWDD Program	18,707	34,307
Family Support Services	17,722	18,594
Epilepsy Coalition	17,925	15,800
Orange County	1,808	331
Individual Service Support	1,209	1,209
Westchester County	-	29
Miscellaneous	4,542	2,353
<b>TOTAL GRANTS AND CONTRACTS RECEIVABLE</b>	<b><u>\$ 295,503</u></b>	<b><u>\$ 265,719</u></b>

**(4) PROPERTY AND EQUIPMENT**

A schedule of property and equipment is as follows:

	<u>2022</u>	<u>2021</u>
Furniture and fixtures	\$ 63,735	\$ 63,735
Computer equipment	2,778	2,778
Telephone equipment	5,000	5,000
Leasehold improvements	97,853	97,853
	169,366	169,366
Less: accumulated depreciation	(165,645)	(162,668)
Total property and equipment, net	<b><u>\$ 3,721</u></b>	<b><u>\$ 6,698</u></b>

Depreciation expense was \$2,977 and \$2,826 for the years ended December 31, 2022 and 2021.

**(5) LINE OF CREDIT**

CPI has a \$100,000 working capital revolving line of credit agreement with a bank. The interest rate is subject to change from time to time at a rate of 0.50 percentage points over the Wall Street Journal Prime Rate amounting to 8.0% at December 31, 2022. The line is collateralized by all assets of CPI. The maturity date of the line of credit is July 2027. The line was fully available at December 31, 2022 and 2021.

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**NOTES TO FINANCIAL STATEMENTS**  
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**(6) LONG-TERM DEBT**

Long-term debt consists of the following:

	<b>2022</b>	<b>2021</b>
Small Business Administrative (SBA) Economic Injury 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 owned and acquired in the future.	\$ 149,966	\$ 149,966
Less current maturities of long-term debt	2,995	-
<b>TOTAL</b>	<b>\$ 146,971</b>	<b>\$ 149,966</b>

Maturities of long-term debt are as follows:

2023	\$ 2,995
2024	3,632
2025	3,788
2026	3,894
2027	4,002
Thereafter	131,655
	<b>\$ 149,966</b>

**(7) CONCENTRATION OF CREDIT RISK**

The Organization maintains deposits consisting of cash and cash equivalents in excess of federally insured limits. ASC section 825, *Financial Instruments*, identifies these items as a concentration of credit risk requiring disclosure, regardless of degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions. Management believes CPI is not exposed to any significant credit risk related to cash and cash equivalents.

**(8) CONCENTRATION OF REVENUE SOURCES**

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 the funding arrangements and methodologies of these agencies could significantly impact CPI.

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**NOTES TO FINANCIAL STATEMENTS**  
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**(9) OPERATING LEASES**

In accordance with ASC 842, Leases, the Organization's leases with terms longer than twelve months are recorded on the balance sheet. The Organization leases two of its facilities under non-cancellable operating leases with terms varying from two to five years. In addition, the Organization leases office equipment under non-cancellable operating leases with terms of five years. The lease liability is discounted to the present value of the lease payments using the Organization's incremental borrowing rate.

Lease commitments are as follows:

	<u>Real Estate</u>	<u>Equipment</u>	<u>Total</u>
2023	\$ 98,225	\$ 4,431	\$ 102,656
2024	15,600	4,431	20,031
2025	1,300	4,431	5,731
2026	-	4,431	4,431
2027	-	1,927	1,927
TOTALS	<u>\$ 115,125</u>	<u>\$ 19,651</u>	<u>\$ 134,776</u>
Discount to PV	7,577	3,472	11,049
Variable lease cost	-	-	-
Net Lease Liability	<u><b>\$ 107,548</b></u>	<u><b>\$ 16,179</b></u>	<u><b>\$ 123,727</b></u>

Weighted average remaining lease term	1.5 years
Weighted average discount rate	5.75%

Real estate operating lease expense for the years ended December 31, 2022 and 2021 was \$93,240 and \$103,165, respectively. Equipment operating lease expense for the year ended December 31, 2022 was \$3,034.

The Organization is obligated under a five-year non-cancellable operating lease for its Rockland County office located at 450 West Nyack Road, West Nyack, NY, expiring December 2023; a two-year non-cancellable operating lease agreement for its Orange County office located at 1108 Kings Highway, Chester, NY, expiring January 2023. The Organization signed a new Orange County office lease agreement for an additional two-year term with an expiration date of January 2025.

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**NOTES TO FINANCIAL STATEMENTS**

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**(10) NET ASSETS WITH DONOR RESTRICTIONS**

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

	<b><u>2022</u></b>	<b><u>2021</u></b>
Socialization - Chris McCarthy	\$ 25,271	\$ 35,678
Epilepsy Support Services	38,875	37,579
Family Support Services	10,772	17,266
Food Pantry	59	240
	<b><u>\$ 74,977</u></b>	<b><u>\$ 90,763</u></b>

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

	<b><u>2022</u></b>	<b><u>2021</u></b>
Socialization - Chris McCarthy	\$ 10,411	\$ 9,051
Epilepsy Support Services	37,579	37,578
Family Support Services	17,265	17,265
Food Pantry	450	237
Westchester County Contract	-	381
	<b><u>\$ 65,705</u></b>	<b><u>\$ 64,512</u></b>

**(11) 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 was \$28,000 for each of the years ended December 31, 2022 and 2021.

**(12) RELATED PARTIES**

In 2022 and 2021 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 \$64,200 and \$61,700 from the Coalition in 2022 and 2021, respectively.

CPI advanced funds on behalf of the Coalition for its operating expenses. At December 31, 2021, CPI was due \$342 from the Coalition for these advances. CPI also has a contract receivable from the Coalition of \$17,925 and \$15,800 at December 31, 2022 and 2021, respectively (see Note 3).

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.

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**(13) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

Financial assets available for general expenditures, that, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

	<b><u>2022</u></b>	<b><u>2021</u></b>
Financial assets at year end:		
Unrestricted cash and cash equivalents	\$ 377,449	\$ 481,532
Grants and contracts receivable	295,503	265,719
Total financial assets at year end	<u>\$ 672,952</u>	<u>\$ 747,251</u>
Financial assets available to meet cash needs for general expenditures within one year	 <b><u>\$ 672,952</u></b>	 <b><u>\$ 747,251</u></b>

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.