

POSSIBILITIES, INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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STONE,
RUDOLPH
& HENRY, PLC

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Possibilities, Inc.
dba The Onsite Foundation
Nashville, Tennessee

Opinion

We have audited the accompanying financial statements of Possibilities, Inc. dba The Onsite Foundation (the Organization) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position the Organization as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years 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. 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 the Organization 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 the Organization'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 generally accepted auditing standards, 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 the Organization'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 the Organization'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.

Stone Rudolph & Henry, PLC

Clarksville, Tennessee
March 15, 2021

POSSIBILITIES, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents		
Unrestricted	\$ 499,847	\$ 251,558
Restricted	16,150	-
Accounts receivable	18,200	135,546
Total current assets	<u>534,197</u>	<u>387,104</u>
<u>NON-CURRENT ASSETS</u>		
Securities - at fair value	<u>202,566</u>	<u>201,850</u>
Total non-current assets	<u>202,566</u>	<u>201,850</u>
Total assets	<u>\$ 736,763</u>	<u>\$ 588,954</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts payable	<u>\$ 7,814</u>	<u>\$ 3,473</u>
<u>NET ASSETS</u>		
Without donor restrictions - Undesignated	712,799	585,481
With donor restrictions - Program services	16,150	-
Total net assets	<u>728,949</u>	<u>585,481</u>
Total liabilities and net assets	<u>\$ 736,763</u>	<u>\$ 588,954</u>

The accompanying notes are an integral part of the financial statements.

POSSIBILITIES, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</u>		
Revenues:		
Special events	\$ 138,389	\$ 108,031
Registration for programs	1,617	3,871
Interest	1,714	3,101
Total revenues	<u>141,720</u>	<u>115,003</u>
Support:		
Contributions	441,996	514,878
In-kind donations	-	47,478
Net assets released from restrictions	13,850	38,363
Total support	<u>455,846</u>	<u>600,719</u>
Total revenues and support	<u>597,566</u>	<u>715,722</u>
Expenses:		
Program services	327,918	522,579
Management and general	89,813	133,011
Fundraising	68,142	80,960
Total expenses	<u>485,873</u>	<u>736,550</u>
Other income:		
Gain on extinguishment of debt	15,625	-
Net change in net assets without donor restrictions	<u>127,318</u>	<u>(20,828)</u>
<u>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</u>		
Triumph over Tragedy program donations	-	38,363
Tornado Relief program donations	30,000	-
Net assets released from restrictions	(13,850)	(38,363)
Net change in net assets with donor restrictions	<u>16,150</u>	<u>-</u>
Net change in net assets	143,468	(20,828)
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>585,481</u>	<u>606,309</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 728,949</u>	<u>\$ 585,481</u>

The accompanying notes are an integral part of the financial statements.

POSSIBILITIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising and promotion	\$ 50	\$ 22	\$ 479	\$ 551
Charitable contributions	1,950	199	-	2,149
Contract labor	9,000	6,825	5,975	21,800
Employee benefits	-	6,001	-	6,001
Fees	2,393	1,646	3,873	7,912
Insurance	-	9,555	-	9,555
Meals and entertainment	238	-	-	238
Other	300	2,396	902	3,598
Payroll taxes	-	6,330	-	6,330
Postage	307	230	105	642
Printing	178	1,764	2,887	4,829
Professional services	-	18,155	-	18,155
Research	12,365	-	-	12,365
Salaries and wages	28,904	35,096	11,000	75,000
Scholarships	264,021	-	-	264,021
Software	-	-	4,430	4,430
Special events	-	-	16,656	16,656
Supplies	850	998	18,465	20,313
Travel	2,765	-	20	2,785
Videography and photography	4,572	-	3,350	7,922
Website	25	596	-	621
Total expenses	<u>\$ 327,918</u>	<u>\$ 89,813</u>	<u>\$ 68,142</u>	<u>\$ 485,873</u>

The accompanying notes are an integral part of the financial statements.

POSSIBILITIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising and promotion	\$ 1,209	\$ 1,007	\$ 6,701	\$ 8,917
Charitable contributions	75,312	-	-	75,312
Employee benefits	-	2,604	-	2,604
Fees	5,748	1,212	6,136	13,096
Insurance	-	863	319	1,182
Litigation settlement	-	50,000	-	50,000
Meals and entertainment	138	205	3,119	3,462
Other	223	-	113	336
Payroll taxes	-	3,216	-	3,216
Postage	517	505	250	1,272
Printing	1,539	1,457	1,511	4,507
Professional services	-	34,502	-	34,502
Research	2,096	-	-	2,096
Salaries and wages	58,147	29,073	29,074	116,294
Scholarships	358,424	-	-	358,424
Software	2,092	1,652	1,309	5,053
Special events	-	-	30,008	30,008
Supplies	3,087	864	1,427	5,378
Travel	8,703	51	-	8,754
Videography and photography	1,644	-	993	2,637
Website	3,700	5,800	-	9,500
	<u>\$ 522,579</u>	<u>\$ 133,011</u>	<u>\$ 80,960</u>	<u>\$ 736,550</u>
Total expenses	<u>\$ 522,579</u>	<u>\$ 133,011</u>	<u>\$ 80,960</u>	<u>\$ 736,550</u>

The accompanying notes are an integral part of the financial statements.

POSSIBILITIES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 143,468	\$ (20,828)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Gain on extinguishment of debt	(15,625)	-
Changes in:		
Accounts payable	4,341	3,473
Accounts receivable	117,346	(135,546)
Net cash provided by (used in) operating activities	<u>249,530</u>	<u>(152,901)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of investments	(716)	(201,850)
Net cash used in investing activities	<u>(716)</u>	<u>(201,850)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from notes payable	15,625	-
Net cash provided by financing activities	<u>15,625</u>	<u>-</u>
<u>NET CHANGE IN CASH AND CASH EQUIVALENTS</u>	264,439	(354,751)
<u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	<u>251,558</u>	<u>606,309</u>
<u>CASH AND CASH EQUIVALENTS - ENDING</u>	<u>\$ 515,997</u>	<u>\$ 251,558</u>
<u>Supplemental Disclosure on Non-Cash Activity</u>		
Paycheck Protection Program loan forgiveness	\$ 15,625	\$ -

The accompanying notes are an integral part of the financial statements.

POSSIBILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies

Description of Organization

Possibilities, Inc. dba The Onsite Foundation (the Organization) was incorporated in 1991 as a tax-exempt, not-for-profit corporation. The Organization provides funding for individuals to attend workshops designed to help vulnerable populations including veterans, first responders, low income individuals and front-line helping professionals. The majority of scholarships paid are to cover the cost of individual participants to attend workshops held by Onsite Partners, Inc., a for-profit corporation. Through August 2019, the Organization reimbursed Onsite Partners, Inc. for the services of the Director of Philanthropic Outreach who fostered relationships between the Organization and eligible treatment resources as well as sponsors and donors. This practice ended in August 2019, when the Director became an employee of the Organization. During the years ended December 31, 2020 and 2019, the Organization paid Onsite Partners, Inc. \$226,270 and \$345,650, respectively, for scholarships, and \$-0- and \$30,814, respectively, for director services. During the years ended December 31, 2020 and 2019, 85 and 116 scholarships were awarded, respectively.

The Organization is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is classified as a public charity, not a private foundation. Accordingly, no provision for income taxes has been made. However, the Organization does file informational returns required by the Internal Revenue Service (IRS). The Organization is no longer subject to federal or state income tax examinations by tax authorities for fiscal years ended before December 31, 2017.

Use of Estimates

The Organization's financial statements are presented in accordance with accounting principles generally accepted in the United States of America which require the use of management's estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from estimates in the near term and variations could have a material effect on the financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The Organization utilizes the accrual basis of accounting which recognizes revenues when earned and expenses when incurred. Operating revenues and expenses include those items that increase or decrease net assets without donor restrictions.

The Financial Accounting Standards Board (FASB) has established standards concerning contributions and financial statement presentation applicable to non-governmental not-for-profit organizations such as the Organization. These standards require that unconditional promises to give (pledges) be recorded as receivables and revenues and require the Organization to distinguish among contributions received for each net asset category in accordance with donor-imposed restrictions. A description of the two net asset categories follows.

POSSIBILITIES, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies (Cont'd)

Basis of Accounting (Cont'd)

Net Assets Without Donor Restrictions

Net assets without donor restrictions are free of donor-imposed restrictions. All revenues, gains and losses that are not restricted by grants or donors are included in this classification. All expenditures are reported in the net assets without donor restrictions class of net assets since the use of restricted contributions in accordance with the grantors' or donors' stipulations results in the release of the restriction.

Net Assets With Donor Restrictions

Net assets with donor restrictions are limited as to use by donor- or grantor-imposed restrictions. Some restrictions expire with the passage of time or may be satisfied by use for the specific purpose. Other donor-imposed restrictions are perpetual in nature, whether the donor stipulates that resources be maintained in perpetuity. The Organization's net assets with donor restrictions consisted of funds received for program services at December 31, 2020. The Organization had no net assets with donor restrictions at December 31, 2019.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist principally of cash and accounts receivable. The Organization places its cash with federally-insured financial institutions. With respect to accounts receivable, credit risk is dispersed across donors who are geographically concentrated in the Middle Tennessee service area. Consequently, the Organization's ability to collect the accounts due from contributors is affected by economic and other conditions in this geographic area. The Organization does not obtain collateral for accounts receivable.

Uncertainties

In early March 2020, the COVID-19 virus was declared a global pandemic and it began to significantly impact many individuals and businesses worldwide. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, to include any estimate of loss or impairment of assets that may result. Such changes may occur rapidly and be substantial.

Cash and Cash Equivalents

The Organization considers all highly-liquid debt instruments purchased with maturities of 90 days or less to be cash equivalents. Assets restricted for program services on the statements of financial position include restricted cash received with restrictions imposed by donors but not yet spent for those projects.

POSSIBILITIES, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies (Cont'd)

Cash and Cash Equivalents (Cont'd)

The table below provides a reconciliation of cash and restricted cash reported within the statements of financial position that sum to the totals of the same such amounts in the statements of cash flows:

	<u>2020</u>	<u>2019</u>
Cash	\$ 499,847	\$ 251,558
Restricted cash – Program services	<u>16,150</u>	<u>-</u>
Total	<u>\$ 515,997</u>	<u>\$ 251,558</u>

Accounts Receivable

Accounts receivable represent donations received after year-end that were postmarked before year-end. The donors' contributions were made during the years ended December 31, 2020 and 2019, but were not received by the Organization until after those dates.

Uncollectible Accounts

Bad debts are recorded using the direct write-off method which is not materially different from the allowance for bad debt method. Accounts are charged off when, in management's opinion, the accounts are no longer considered collectible.

Investments

Investments consist of government bonds and are carried at fair value, which approximates cost.

Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management.

Donated Services

A number of unpaid volunteers have made significant contributions time toward the mission of the Organization. No amounts have been recognized in the statement of activities because the criteria for recognition under FASB ASC Codification 958-605-50-1 have not been satisfied. During the year ended December 31, 2020, the Organization received volunteer services valued at approximately \$229,950.

POSSIBILITIES, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies (Cont'd)

Advertising Costs

Advertising costs are expensed as incurred. The Organization incurred and expensed \$551 and \$8,917 for advertising costs during the years ended December 31, 2020 and 2019, respectively.

Change in Presentation

Certain items from the prior year may have been reclassified to conform to current year presentation.

Date of Management's Review

Subsequent events have been evaluated through March 15, 2021, which is the date the financial statements were available to be issued.

2. Cash and Cash Equivalents

Cash and cash equivalents were represented by deposits in a financial institution totaling \$516,197 and \$329,547 at December 31, 2020 and 2019, respectively, of which \$250,200 and \$250,350 was federally insured by the Federal Deposit Insurance Corporation and \$265,997 and \$79,197, respectively, was uninsured. Restricted cash on the statements of financial position include cash received with restrictions imposed by donors (but not yet spent) for specific projects.

3. Liquidity and Availability

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of the balance sheet date is comprised of unrestricted cash of \$499,847 and \$251,558 as of December 31, 2020 and 2019, respectively.

4. Investments

The following tables reflects the amortized cost, estimated fair values and gross realized gains and losses of securities as follows:

December 31, 2020			
Amortized Cost	Gross Realized Gains	Gross Realized Losses	Fair Value
Money market – Government	\$ 202,566	\$ -	\$ 202,566
December 31, 2019			
Amortized Cost	Gross Realized Gains	Gross Realized Losses	Fair Value
Money market – Government	\$ 201,850	\$ -	\$ 201,850

POSSIBILITIES, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2020 AND 2019

4. Investments (Cont'd)

There were no sales or maturities of securities during the years ended December 31, 2020 and 2019.

5. Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

Level 1 Fair Value Measurements: The fair value of mutual funds is based on quoted net asset values of the shares held by the Organization at December 31, 2020 and 2019.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

POSSIBILITIES, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2020 AND 2019

5. Fair Value Measurements (Cont'd)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2020:

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Securities – Money market fund	\$ 202,566	-	-	\$ 202,566

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2019:

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Securities – Money market fund	\$ 201,850	-	-	\$ 201,850

6. Sources of Revenue

The following is total revenue disaggregated by type:

	2020	2019
Without donor restrictions:		
Special events:		
Hope dinner	\$ 15,463	\$ -
Golf event	122,926	96,849
Jazz café event	-	6,681
Other fundraising efforts	-	4,501
Contributions	441,996	514,878
Registration income	1,617	3,871
Interest	1,714	3,101
Released from restrictions	13,850	38,363
In-kind:		
Payroll	-	47,478
	597,566	715,722
Other income:		
Gain on extinguishment of debt	15,625	-
Total without donor restrictions	613,191	715,722
With donor restrictions:		
Tornado Relief	30,000	-
Triumph over Tragedy	-	38,363
Released from restrictions	(13,850)	(38,363)
Total with donor restrictions	16,150	-
Total revenues	\$ 629,341	\$ 715,722

POSSIBILITIES, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2020 AND 2019

7. Related Party Transactions

During the years ended December 31, 2020 and 2019, the Organization recognized revenue and related expenses of \$-0- and \$47,478 for contributed services received from personnel of Onsite Partners, Inc. for management functions.