

POSSIBILITIES, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

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

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, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the financial position of Possibilities, Inc. dba The Onsite Foundation as of December 31, 2019 and 2018, 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.

Stone Rudolph & Henry, PLC

Clarksville, Tennessee

April 30, 2020

POSSIBILITIES, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 251,558	\$ 606,309
Accounts receivable	<u>135,546</u>	<u>-</u>
Total current assets	<u>387,104</u>	<u>606,309</u>
<u>NON-CURRENT ASSETS</u>		
Securities - at fair value	<u>201,850</u>	<u>-</u>
Total non-current assets	<u>201,850</u>	<u>-</u>
Total assets	<u><u>\$ 588,954</u></u>	<u><u>\$ 606,309</u></u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts payable	<u>\$ 3,473</u>	<u>\$ -</u>
<u>NET ASSETS</u>		
Without donor restrictions - Undesignated	<u>585,481</u>	<u>606,309</u>
Total net assets	<u>585,481</u>	<u>606,309</u>
Total liabilities and net assets	<u><u>\$ 588,954</u></u>	<u><u>\$ 606,309</u></u>

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

POSSIBILITIES, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</u>		
Revenues:		
Special events	\$ 111,902	\$ 486,758
Interest	3,101	-
Total revenues	<u>115,003</u>	<u>486,758</u>
Support:		
Contributions	514,878	247,739
In-kind donations	47,478	-
Net assets released from restrictions	38,363	-
Total support	<u>600,719</u>	<u>247,739</u>
Total revenues and support	<u>715,722</u>	<u>734,497</u>
Expenses:		
Program services	522,579	411,525
Management and general	133,011	84,689
Fundraising	80,960	132,910
Total expenses	<u>736,550</u>	<u>629,124</u>
Net change in net assets without donor restrictions	<u>(20,828)</u>	<u>105,373</u>
<u>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</u>		
Triumph over Tragedy program donations	38,363	-
Net assets released from restrictions	(38,363)	-
Net change in net assets with donor restrictions	<u>-</u>	<u>-</u>
Net change in net assets	<u>(20,828)</u>	<u>105,373</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>606,309</u>	<u>500,936</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 585,481</u>	<u>\$ 606,309</u>

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

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

	Program	Management and General	Fundraising	Total
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
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.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising and promotion	\$ -	\$ 3,723	\$ -	\$ 3,723
Charitable contributions	28,000	-	-	28,000
Management	-	45,454	-	45,454
Fees	-	10,247	-	10,247
Other	-	2,725	-	2,725
Postage	-	289	-	289
Printing	-	90	-	90
Professional services	-	9,198	-	9,198
Insurance	-	996	-	996
Scholarships	383,525	-	-	383,525
Special events	-	-	132,910	132,910
Supplies	-	8,979	-	8,979
Technology	-	2,988	-	2,988
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 411,525</u>	<u>\$ 84,689</u>	<u>\$ 132,910</u>	<u>\$ 629,124</u>

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

POSSIBILITIES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (20,828)	\$ 105,373
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Changes in:		
Accounts receivable	(135,546)	-
Accounts payable	3,473	-
Net cash provided by (used in) operating activities	<u>(152,901)</u>	<u>105,373</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of investments	<u>(201,850)</u>	<u>-</u>
Net cash used in investing activities	<u>(201,850)</u>	<u>-</u>
<u>NET CHANGE IN CASH AND CASH EQUIVALENTS</u>	(354,751)	105,373
<u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	<u>606,309</u>	<u>500,936</u>
<u>CASH AND CASH EQUIVALENTS - ENDING</u>	<u>\$ 251,558</u>	<u>\$ 606,309</u>

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

POSSIBILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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. The Organization also reimburses Onsite Partners, Inc. for the services of the Director of Philanthropic Outreach who fosters relationships between the Organization and eligible treatment resources as well as sponsors and donors. During the years ended December 31, 2019 and 2018, the Organization paid Onsite Partners, Inc. \$345,650 and \$383,525, respectively, for scholarships, and \$30,814 and \$14,829, respectively, for director services. During the years ended December 31, 2019 and 2018, 116 and 136 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, 2016.

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, 2019 AND 2018

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 had no net assets with donor restrictions at December 31, 2019 and 2018.

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.

Cash and Cash Equivalents

The Organization considers all highly-liquid debt instruments purchased with maturities of 90 days or less to be cash equivalents.

Accounts Receivable

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

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.

POSSIBILITIES, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2019 AND 2018

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

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.

Advertising Costs

Advertising costs are expensed as incurred. The Organization incurred and expensed \$8,917 and \$3,723 for advertising costs during the years ended December 31, 2019 and 2018, respectively.

Change in Presentation

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

Change in Accounting Principle

In April 2016, FASB issued Accounting Standards Update (AUS) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The Organization implemented this standard during the year ended December 31, 2019 and has applied it retrospectively. The implementation of this new revenue recognition standard had no impact on the Organization's revenue reporting but required the addition of Note 6.

Date of Management's Review

Subsequent events have been evaluated through April 30, 2020, 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 \$329,547 and \$467,012 at December 31, 2019 and 2018, respectively, of which \$250,000 and \$250,000 was federally insured by the Federal Deposit Insurance Corporation and \$79,197 and \$217,012, respectively, was uninsured.

POSSIBILITIES, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2019 AND 2018

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 \$251,558 as of December 31, 2019.

4. Investments

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

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

There were no sales or maturities of securities during the years ended December 31, 2019 and 2018.

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 Company 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.

POSSIBILITIES, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2019 AND 2018

5. Fair Value Measurements (Cont'd)

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 Company at December 31, 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 Company 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.

The following table sets forth by level, within the fair value hierarchy, the Company'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:

	2019	2018
Without donor restrictions:		
Special events:		
Ticketed gala	\$ -	\$ 298,824
Golf event	96,849	187,934
Jazz café event	6,681	-
Other fundraising efforts	8,372	-
Contributions	514,878	247,739
Interest	3,101	-
Released from restrictions	38,363	-
In-kind:		
Payroll	47,478	-
Total without donor restrictions	715,722	734,497
With donor restrictions:		
Triumph over Tragedy program	38,363	-
Released from restrictions	(38,363)	(-)
Total with donor restrictions	-	-
Total revenues	\$ 715,722	\$ 734,497

7. Related Party Transactions

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

POSSIBILITIES, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2019 AND 2018

8. Subsequent Event

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread in the United States and around the world. At the audit report date, the Organization has made changes in its operations as a result of the COVID-19 crisis, including the temporary closure of its offices and rescheduling of major fundraisers and programs. Management is unable to predict the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance. As a result, the potential impact on the Organization's operations cannot be estimated at the date of these financial statements.