

POSSIBILITIES, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

TABLE OF CONTENTS

Independent Auditor's Report	1
Audited Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8



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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 corporation), which comprise the statements of financial position as of December 31, 2018 and 2017, 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, 2018 and 2017, 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.

Stone Rudolph & Henry, PLC

Clarksville, Tennessee

May 9, 2019

POSSIBILITIES, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 606,309	\$ 500,936
Total current assets	<u>606,309</u>	<u>500,936</u>
 Total assets	 <u>\$ 606,309</u>	 <u>\$ 500,936</u>

LIABILITIES AND NET ASSETS

<u>LIABILITIES</u>	\$ -	\$ -
 <u>NET ASSETS</u>		
Without donor restrictions - Undesignated	<u>606,309</u>	<u>500,936</u>
Total net assets	<u>606,309</u>	<u>500,936</u>
 Total liabilities and net assets	 <u>\$ 606,309</u>	 <u>\$ 500,936</u>

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

POSSIBILITIES, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</u>		
Revenues:		
Special events	\$ 486,758	\$ 420,060
Interest	-	16
Total support	<u>486,758</u>	<u>420,076</u>
Support:		
Contributions	<u>247,739</u>	<u>316,859</u>
Total revenues and support	<u>734,497</u>	<u>736,935</u>
Expenses:		
Program services	411,525	139,160
Management and general	84,689	66,418
Fundraising	<u>132,910</u>	<u>109,399</u>
Total expenses	<u>629,124</u>	<u>314,977</u>
Change in net assets	105,373	421,958
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>500,936</u>	<u>78,978</u>
<u>NET ASSETS - END OF YEAR</u>	<u><u>\$ 606,309</u></u>	<u><u>\$ 500,936</u></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
Management	-	45,454	-	45,454
Merchant charges	-	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	411,525	-	-	411,525
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.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising and promotion	\$ -	\$ 3,516	\$ -	\$ 3,516
Management	-	50,000	-	50,000
Merchant charges	-	8,428	-	8,428
Other	-	369	-	369
Postage	-	278	-	278
Printing	-	574	-	574
Scholarships	139,160	-	-	139,160
Special events	-	-	109,399	109,399
Supplies	-	265	-	265
Technology	-	2,988	-	2,988
	<u>\$ 139,160</u>	<u>\$ 66,418</u>	<u>\$ 109,399</u>	<u>\$ 314,977</u>
Total expenses	<u>\$ 139,160</u>	<u>\$ 66,418</u>	<u>\$ 109,399</u>	<u>\$ 314,977</u>

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

POSSIBILITIES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	<u>\$ 105,373</u>	<u>\$ 421,958</u>
Net cash provided by operating activities	<u>105,373</u>	<u>421,958</u>
 <u>NET CHANGE IN CASH AND CASH EQUIVALENTS</u>	 105,373	 421,958
 <u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	 <u>500,936</u>	 <u>78,978</u>
 <u>CASH AND CASH EQUIVALENTS - ENDING</u>	 <u><u>\$ 606,309</u></u>	 <u><u>\$ 500,936</u></u>

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

POSSIBILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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, 2018 and 2017, the Organization paid Onsite Partners, Inc. \$383,525 and \$131,160, respectively, for scholarships, and \$14,829 and \$0-, respectively, for director services. During the years ended December 31, 2018 and 2017, 136 and 32 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, 2015.

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 these estimates in the near term and these variations could have a material effect on these 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 anon-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, 2018 AND 2017

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, 2018 and 2017.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist principally of cash. The Organization places its cash with federally-insured financial institutions.

Cash and Cash Equivalents

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

Revenue Recognition

Grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence of any restriction. Grant revenues are recognized as the related expenditures are incurred. Contributions are recognized when received.

Functional Allocation of Expenses

Expenses are charged directly to program or administrative categories based on specific identification.

Donated Services

A number of unpaid volunteers have made significant contributions of their 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.

POSSIBILITIES, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D)
DECEMBER 31, 2018 AND 2017

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

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-For-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-For-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization implemented ASU 2016-14 and the presentation in these financial statements has been adjusted accordingly. The ASU has been applied retrospectively to all periods presented which changed the headings in the statement of activities for the year ended December 31, 2017.

Date of Management's Review

Subsequent events have been evaluated through May 9, 2019, 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 \$467,012 and \$499,158 at December 31, 2018 and 2017, respectively, of which \$250,000 and \$250,000 was federally insured by the Federal Deposit Insurance Corporation and \$217,012 and \$249,158, respectively, was uninsured.

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 \$606,309 as of December 31, 2018.