

POSSIBILITIES, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

## 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



STONE,  
RUDOLPH  
& HENRY, PLC

Accounting • Tax • Consulting

Certified  
Public  
Accountants

[www.srhcpas.com](http://www.srhcpas.com)

## 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, 2021 and 2020, 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, 2021 and 2020, 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  
February 18, 2022

POSSIBILITIES, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents		
Unrestricted	\$ 972,288	\$ 499,847
Restricted	-	16,150
Accounts receivable	-	18,200
Total current assets	<u>972,288</u>	<u>534,197</u>
<u>NON-CURRENT ASSETS</u>		
Securities - at fair value	<u>202,618</u>	<u>202,566</u>
Total non-current assets	<u>202,618</u>	<u>202,566</u>
Total assets	<u>\$ 1,174,906</u>	<u>\$ 736,763</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts payable	<u>\$ 5,065</u>	<u>\$ 7,814</u>
<u>NET ASSETS</u>		
Without donor restrictions - Undesignated	1,169,841	712,799
With donor restrictions - Program services	-	16,150
Total net assets	<u>1,169,841</u>	<u>728,949</u>
Total liabilities and net assets	<u>\$ 1,174,906</u>	<u>\$ 736,763</u>

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

POSSIBILITIES, INC.  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
<u>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</u>		
Revenues:		
Special events	\$ 445,080	\$ 138,389
Registration for programs	86,231	1,617
Interest	565	1,714
Total revenues	<u>531,876</u>	<u>141,720</u>
Support:		
Contributions	497,456	441,996
Net assets released from restrictions	149,606	13,850
Total support	<u>647,062</u>	<u>455,846</u>
Total revenues and support	<u>1,178,938</u>	<u>597,566</u>
Expenses:		
Program services	487,852	327,918
Management and general	89,397	89,813
Fundraising	144,152	68,142
Total expenses	<u>721,401</u>	<u>485,873</u>
Other income (expense):		
Gain on extinguishment of debt	-	15,625
Loss on sale of investments	(495)	-
Total other income (expense)	<u>(495)</u>	<u>15,625</u>
Net change in net assets without donor restrictions	<u>457,042</u>	<u>127,318</u>
<u>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</u>		
Local grants	12,000	-
Haven for Healers program donations	4,000	-
Life after Loss program donations	26,317	-
Triumph over Tragedy program donations	91,139	-
Tornado Relief program donations	-	30,000
Net assets released from restrictions	(149,606)	(13,850)
Net change in net assets with donor restrictions	<u>(16,150)</u>	<u>16,150</u>
Net change in net assets	440,892	143,468
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>728,949</u>	<u>585,481</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 1,169,841</u>	<u>\$ 728,949</u>

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

POSSIBILITIES, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2021

	Program	Management and General	Fundraising	Total
Advertising and promotion	\$ 3,222	\$ 1,040	\$ 1,965	\$ 6,227
Charitable contributions	-	537	-	537
Continuing care	14,887	-	-	14,887
Employee benefits	-	6,197	-	6,197
Fees	2,474	1,471	11,106	15,051
Insurance	-	10,525	-	10,525
Meals and entertainment	153	158	36	347
Other	220	4,548	1,499	6,267
Payroll taxes	-	7,580	-	7,580
Postage	371	298	325	994
Printing	231	-	204	435
Professional services	-	15,089	-	15,089
Provider fees	380,607	-	-	380,607
Research	251	-	-	251
Salaries and wages	38,346	28,359	27,430	94,135
Scholarships	45,000	-	-	45,000
Software	-	4,776	-	4,776
Special events	171	-	101,539	101,710
Supplies	1,906	5,002	48	6,956
Videography and photography	13	-	-	13
Website	-	3,817	-	3,817
Total expenses	<u>\$ 487,852</u>	<u>\$ 89,397</u>	<u>\$ 144,152</u>	<u>\$ 721,401</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
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
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.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 440,892	\$ 143,468
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loss on sale of investments	495	-
Gain on extinguishment of debt	-	(15,625)
Changes in:		
Accounts receivable	18,200	117,346
Accounts payable	(2,749)	4,341
Net cash provided by operating activities	<u>456,838</u>	<u>249,530</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of investments	(547)	(716)
Net cash used in investing activities	<u>(547)</u>	<u>(716)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from notes payable	-	15,625
Net cash provided by financing activities	<u>-</u>	<u>15,625</u>
<u>NET CHANGE IN CASH AND CASH EQUIVALENTS</u>	456,291	264,439
<u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	<u>515,997</u>	<u>251,558</u>
<u>CASH AND CASH EQUIVALENTS - ENDING</u>	<u>\$ 972,288</u>	<u>\$ 515,997</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, 2021 AND 2020

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 and creates programs 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. During the years ended December 31, 2021 and 2020, the Organization paid Onsite Partners, Inc. \$45,000 and \$226,270, respectively, for scholarships. During the years ended December 31, 2021 and 2020, 11 and 85 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, 2018.

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, 2021 AND 2020

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, 2021. The Organization's net assets with donor restrictions consisted of funds received for program services at December 31, 2020.

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. 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, 2021 AND 2020

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>2021</u>	<u>2020</u>
Cash	\$ 972,288	\$ 499,847
Restricted cash – Program services	<u>-</u>	<u>16,150</u>
Total	<u>\$ 972,288</u>	<u>\$ 515,997</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, 2021 and 2020, 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 years ended December 31, 2021 and 2020, the Organization received volunteer services valued at approximately \$82,091 and \$299,950, respectively.

POSSIBILITIES, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
DECEMBER 31, 2021 AND 2020

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

Advertising Costs

Advertising costs are expensed as incurred. The Organization incurred and expensed \$6,228 and \$551 for advertising costs during the years ended December 31, 2021 and 2020, respectively.

Date of Management's Review

Subsequent events have been evaluated through February 18, 2022, 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 \$972,588 and \$516,197 at December 31, 2021 and 2020, respectively, of which \$345,886 and \$250,200 was federally insured by the Federal Deposit Insurance Corporation and \$626,702 and \$265,997, 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 \$972,288 and \$499,847 as of December 31, 2021 and 2020, respectively.

4. Investments

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

	<u>December 31, 2021</u>		
	<u>Amortized Cost</u>	<u>Gross Realized Gains</u>	<u>Gross Realized Losses</u>
			<u>Fair Value</u>
Money market – Government	<u>\$ 202,618</u>	<u>\$ -</u>	<u>\$ -</u>
			<u>\$ 202,618</u>

	<u>December 31, 2020</u>		
	<u>Amortized Cost</u>	<u>Gross Realized Gains</u>	<u>Gross Realized Losses</u>
			<u>Fair Value</u>
Money market – Government	<u>\$ 202,566</u>	<u>\$ -</u>	<u>\$ -</u>
			<u>\$ 202,566</u>

POSSIBILITIES, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
DECEMBER 31, 2021 AND 2020

4. Investments (Cont'd)

During the year ended December 31, 2021, the Company sold \$101,544 of investments for proceeds of \$101,049, creating a realized loss of \$495. The investments had been donated and were immediately converted to cash. There were no sales or maturities of securities during the year ended December 31, 2020.

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, 2021 and 2020.

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, 2021 AND 2020

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, 2021:

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Securities – Money market fund	\$ 202,618	-	-	\$ 202,618

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

6. Sources of Revenue

The following is total revenue disaggregated by type:

	2021	2020
Without donor restrictions:		
Special events:		
Hope dinner	\$ -	\$ 15,463
Golf event	154,721	122,926
Subscription boxes	1,248	-
Song Writer's Night	1,195	-
Together Again	286,016	-
Other fundraising efforts	1,900	-
Contributions	497,456	441,996
Registration income	86,231	1,617
Interest	565	1,714
Released from restrictions	149,606	13,850
	1,178,938	597,566
Other income:		
Gain on extinguishment of debt	-	15,625
Total without donor restrictions	1,178,938	613,191
With donor restrictions:		
Local grants	12,000	-
Tornado Relief	-	30,000
Haven for Healers	4,000	-
Life after Loss	26,317	-
Triumph over Tragedy	91,139	-
Released from restrictions	(149,606)	(13,850)
Total with donor restrictions	(16,150)	16,150
Total revenues	\$ 1,162,788	\$ 629,341

POSSIBILITIES, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
DECEMBER 31, 2021 AND 2020

7. Uncertainty

The Board of Directors is moving towards the dissolution of the Foundation. If approved, the dissolution would be effective December 31, 2022. The Board has voted to cease all fundraising activities as of December 31, 2021 and to concentrate on providing programs to utilize the cash balance.