

**UNLIMITED POSSIBILITIES, INC.  
(D.B.A. UNLIMITED POTENTIAL) AND  
UNLIMITED POTENTIAL PROPERTIES, INC.**

**Consolidating Financial Statements  
as of December 31, 2019 and 2018  
Together with  
Independent Auditor's Report**

## INDEPENDENT AUDITOR'S REPORT

April 23, 2020

To the Board of Directors of  
Unlimited Possibilities, Inc.  
(D.B.A. Unlimited Potential):

We have audited the accompanying consolidating and consolidated financial statements of Unlimited Possibilities, Inc. D.B.A. Unlimited Potential and its subsidiary (Unlimited Potential Properties, Inc.) (non-profit organizations) which comprise the consolidating statement of financial position as of December 31, 2019, and the related consolidating statements of activities, functional expenses, and the consolidated statement of cash flows for the year 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 consolidating and consolidated 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 consolidating and consolidated 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 consolidating and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidating and consolidated 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 consolidating and consolidated 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 consolidating and consolidated financial statements.

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

(Continued)

## **INDEPENDENT AUDITOR'S REPORT**

(Continued)

### **Opinion**

In our opinion, the consolidating and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial positions of Unlimited Possibilities, Inc. D.B.A. Unlimited Potential and its subsidiary as of December 31, 2019, and the changes in their net assets and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis-of-Matter Regarding Going Concern**

The accompanying consolidating and consolidated financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 10 to the consolidating financial statements, the Organization has suffered recurring significant reductions in governmental support resulting in a decrease in net assets that raise substantial doubt about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note 10. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

### **Change in Accounting Principle**

As described in Note 2 to the consolidating and consolidated financial statements, Unlimited Possibilities, Inc. D.B.A. Unlimited Potential and its subsidiary implemented Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, and the effects have been included in these consolidating and consolidated financial statements. Our opinion is not modified with respect to this matter.

### **Prior Period Financial Statements**

The consolidating and consolidated financial statements as of Unlimited Possibilities, Inc. D.B.A. Unlimited Potential and its subsidiary as of December 31, 2018, were audited by other auditors whose report dated March 18, 2019, expressed an unmodified opinion and included an emphasis-of-matter paragraph that described the Organization's ability to continue as a going concern discussed in Note 10 to the financial statements.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in Schedules I - III is presented for purposes of additional analysis and is not a required part of the consolidating and consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidating and consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidating and consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating and consolidated financial statements or to the consolidating and consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidating and consolidated financial statements as a whole.

The 2018 information in Schedules I – III were subjected to the auditing procedures applied in the 2018 audit of the consolidating financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2018 consolidating financial statements as a whole. It was reported by those other auditors that such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the consolidating financial statements.

**UNLIMITED POSSIBILITIES, INC. (D.B.A. UNLIMITED POTENTIAL) AND  
UNLIMITED POTENTIAL PROPERTIES, INC.**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2019**

(With Comparative Totals for 2018)

	<u>Unlimited Possibilities</u>	<u>Unlimited Potential Properties</u>	<u>Eliminations</u>	<u>Consolidated Total</u> <u>2019</u>	<u>2018</u>
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
Cash	\$ 4,015	\$ 16,110	\$ -	\$ 20,125	\$ 34,304
Accounts receivable, aid	64,167	-	-	64,167	21,754
Accounts receivable, trade and due from related parties	33,718	-	(6,622)	27,096	14,505
Prepaid expenses	2,924	-	-	2,924	19,848
Inventory	6,799	-	-	6,799	6,644
	<u>111,623</u>	<u>16,110</u>	<u>(6,622)</u>	<u>121,111</u>	<u>97,055</u>
Total current assets	111,623	16,110	(6,622)	121,111	97,055
PROPERTY AND EQUIPMENT, net	3,224	1,410,523	-	1,413,747	1,467,060
INVESTMENT IN UNLIMITED POTENTIAL PROPERTIES	<u>856,161</u>	<u>-</u>	<u>(856,161)</u>	<u>-</u>	<u>-</u>
	<u>\$ 971,008</u>	<u>\$ 1,426,633</u>	<u>\$ (862,783)</u>	<u>\$ 1,534,858</u>	<u>\$ 1,564,115</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES:</b>					
Line of credit	\$ 93,000	\$ -	\$ -	\$ 93,000	\$ -
Current portion of long-term debt	-	117,188	-	117,188	131,916
Accounts payable and due to related parties	15,010	6,622	(6,622)	15,010	6,557
Accrued expenses	46,482	2,610	-	49,092	63,671
Deferred revenue	3,319	-	-	3,319	35,678
Security deposits	-	7,200	-	7,200	7,200
	<u>157,811</u>	<u>133,620</u>	<u>(6,622)</u>	<u>284,809</u>	<u>245,022</u>
Total current liabilities	157,811	133,620	(6,622)	284,809	245,022
MORTGAGES PAYABLE, net	<u>-</u>	<u>436,852</u>	<u>-</u>	<u>436,852</u>	<u>539,577</u>
	<u>-</u>	<u>436,852</u>	<u>-</u>	<u>436,852</u>	<u>539,577</u>
<b>NET ASSETS:</b>					
Membership certificates outstanding	-	140,000	(140,000)	-	-
Net assets without donor restrictions	<u>813,197</u>	<u>716,161</u>	<u>(716,161)</u>	<u>813,197</u>	<u>779,516</u>
	<u>813,197</u>	<u>856,161</u>	<u>(856,161)</u>	<u>813,197</u>	<u>779,516</u>
Total net assets	<u>813,197</u>	<u>856,161</u>	<u>(856,161)</u>	<u>813,197</u>	<u>779,516</u>
	<u>\$ 971,008</u>	<u>\$ 1,426,633</u>	<u>\$ (862,783)</u>	<u>\$ 1,534,858</u>	<u>\$ 1,564,115</u>

The accompanying notes are an integral part of these statements.

**UNLIMITED POSSIBILITIES, INC. (D.B.A. UNLIMITED POTENTIAL) AND  
UNLIMITED POTENTIAL PROPERTIES, INC.**

**CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**  
(With Comparative Totals for 2018)

	Unlimited Possibilities	Unlimited Potential Properties	Eliminations	Consolidated Total 2019	2018
<b>UNRESTRICTED SUPPORT AND REVENUE:</b>					
Public support:					
Contributions, net	\$ 22,566	\$ -	\$ (10,000)	\$ 12,566	\$ 16,705
Governmental support:					
Vocational rehabilitation	600,399	-	-	600,399	586,241
Workcenter	35,148	-	-	35,148	47,758
Access/VR	28,150	-	-	28,150	7,543
Grant	23,113	-	-	23,113	36,094
L.T.S.E.	16,894	-	-	16,894	22,287
Total governmental support	<u>703,704</u>	<u>-</u>	<u>-</u>	<u>703,704</u>	<u>699,923</u>
Revenue:					
Rental income	14,600	184,822	(114,000)	85,422	83,816
Production and rehabilitation sales	53,949	-	-	53,949	55,416
Mailing/business service center	40,516	-	-	40,516	58,530
Miscellaneous income	14,507	7	(6,000)	8,514	119
Allocable share of subsidiary change in net assets	69,413	-	(69,413)	-	-
Total revenue	<u>192,985</u>	<u>184,829</u>	<u>(189,413)</u>	<u>188,401</u>	<u>197,881</u>
Total unrestricted support and revenue	<u>919,255</u>	<u>184,829</u>	<u>(199,413)</u>	<u>904,671</u>	<u>914,509</u>
Expenses:					
Program services	630,089	-	(104,329)	525,760	579,172
Supporting services	255,485	115,416	(25,671)	345,230	345,091
Total expenses	<u>885,574</u>	<u>115,416</u>	<u>(130,000)</u>	<u>870,990</u>	<u>924,263</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	33,681	69,413	(69,413)	33,681	(9,754)
NET ASSETS WITHOUT DONOR RESTRICTIONS - beginning of year	<u>779,516</u>	<u>646,748</u>	<u>(646,748)</u>	<u>779,516</u>	<u>789,270</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS - end of year	<u>\$ 813,197</u>	<u>\$ 716,161</u>	<u>\$ (716,161)</u>	<u>\$ 813,197</u>	<u>\$ 779,516</u>

The accompanying notes are an integral part of these statements.

**UNLIMITED POSSIBILITIES, INC. (D.B.A. UNLIMITED POTENTIAL) AND  
UNLIMITED POTENTIAL PROPERTIES, INC.**

**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

(With Comparative Totals for 2018)

	Unlimited Possibilities		Unlimited Potential Properties	Eliminations	Consolidated Total	
	Program Services	Supporting Services			2019	2018
Salaries, staff	\$ 282,116	\$ 175,541	\$ -	\$ -	\$ 457,657	\$ 488,185
Salaries, clients	24,064	-	-	-	24,064	20,267
Payroll taxes	24,488	13,429	-	-	37,917	37,702
Employee benefits	52,047	18,512	-	-	70,559	68,367
	<u>382,715</u>	<u>207,482</u>	<u>-</u>	<u>-</u>	<u>590,197</u>	<u>614,521</u>
Cost of goods sold	40,431	-	-	-	40,431	53,031
Interest	-	1,940	37,777	-	39,717	40,639
Professional fees and contract service payments	-	24,949	3,780	-	28,729	26,437
Utilities	19,442	1,488	7,727	-	28,657	25,874
Repairs and maintenance	24,227	5,231	6,200	(6,000)	29,658	30,819
Equipment	17,405	-	-	-	17,405	37,810
Insurance	11,470	1,225	1,449	-	14,144	14,056
Transportation, conferences, and dues	13,101	955	-	-	14,056	10,870
Miscellaneous	2,537	1,180	10,015	(10,000)	3,732	6,262
Supplies	4,335	1,041	-	-	5,376	2,493
Telephone	5,248	-	-	-	5,248	5,528
Postage	5	323	-	-	328	293
Printing and publications	-	-	-	-	-	282
Rent	104,329	9,671	-	(114,000)	-	-
	<u>242,530</u>	<u>48,003</u>	<u>66,948</u>	<u>(130,000)</u>	<u>227,481</u>	<u>254,394</u>
Total expense before amortization and depreciation	625,245	255,485	66,948	(130,000)	817,678	868,915
Amortization and depreciation	4,844	-	48,468	-	53,312	55,348
	<u>\$ 630,089</u>	<u>\$ 255,485</u>	<u>\$ 115,416</u>	<u>\$ (130,000)</u>	<u>\$ 870,990</u>	<u>\$ 924,263</u>

The accompanying notes are an integral part of these statements.

**UNLIMITED POSSIBILITIES, INC. (D.B.A. UNLIMITED POTENTIAL) AND  
UNLIMITED POTENTIAL PROPERTIES, INC.**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

(with comparative totals for December 31, 2018)

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 33,681	\$ (9,754)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Amortization	214	214
Interest expense (debt issuance costs)	2,720	2,720
Depreciation	53,099	55,134
Changes in assets and liabilities:		
Accounts receivable, aid	(42,413)	72,830
Accounts receivables, trade and due from related parties	(12,591)	1,467
Prepaid expenses	16,924	(16,383)
Inventory	(155)	1,269
Accounts payable and due to related parties	8,453	174
Accrued expenses	(14,579)	8,677
Deferred revenue	<u>(32,359)</u>	<u>(4,422)</u>
Net cash flows from operating activities	<u>12,994</u>	<u>111,926</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds on the line of credit	278,000	-
Payments on the line of credit	(185,000)	-
Payments on mortgages payable	<u>(120,173)</u>	<u>(126,640)</u>
Net cash flows from financing activities	<u>(27,173)</u>	<u>(126,640)</u>
CHANGE IN CASH	(14,179)	(14,714)
CASH - beginning of year	<u>34,304</u>	<u>49,018</u>
CASH - end of year	<u>\$ 20,125</u>	<u>\$ 34,304</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash paid for interest	<u>\$ 36,997</u>	<u>\$ 37,919</u>

The accompanying notes are an integral part of these statements.

# UNLIMITED POSSIBILITIES, INC. (D.B.A. UNLIMITED POTENTIAL) AND UNLIMITED POTENTIAL PROPERTIES, INC.

## NOTES TO CONSOLIDATING AND CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

---

### 1. THE ORGANIZATION

Unlimited Possibilities, Inc. is a non-profit organization operating under the laws of the State of New York. The Organization provides vocational and rehabilitation programs which address the population of adult mentally ill, and those having developmental and physical disabilities in Saratoga County, New York.

Unlimited Potential Properties, Inc. is a subsidiary non-profit organization operating under the law of the State of New York. Its purpose is to own and operate real property that it currently leases to Unlimited Possibilities, Inc., as well as unrelated third parties. It is the Organization's intention to utilize the annual excess of revenue over expenses towards reducing existing debt or to remit it to Unlimited Possibilities, Inc.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

#### **Basis of Consolidation**

The consolidating financial statements include the accounts of Unlimited Possibilities, Inc. and Unlimited Potential Properties, Inc. collectively, the Organization. All intercompany accounts and transactions have been eliminated in arriving at consolidated totals.

#### **Basis of Accounting**

The Organization's consolidating financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

#### **Change in Accounting Principle**

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, and has subsequently issued supplemental and/or clarifying ASUs (collectively ASC 606). ASC 606 outlines a five-step framework that supersedes the principles for recognizing revenue and eliminates industry-specific guidance. The core principle of the guidance in ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, ASC 606 revises current disclosure requirements in an effort to help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The Organization implemented ASC 606 on January 1, 2019, using a full retrospective application. There was no impact from the change in accounting principle on the financial position or results of operations for the year ended December 31, 2019.

In June 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the determination of whether a grant or contract is a contribution or an exchange transaction subject to other guidance. Changes resulting from the adoption of ASU 2018-08 were made on a modified prospective basis during the year of adoption and therefore had no effect on the consolidating financial position or results of operations for the year ended December 31, 2018. There was no impact from the change in accounting principle on the financial position or results of operations for the year ended December 31, 2019.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

### Use of Estimates

The preparation of consolidating financial statements in conformity with generally accepted accounting principles 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 consolidating financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Cash

Cash includes bank demand deposit accounts. The Organization's cash balances may at times exceed federally insured limits. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk for cash.

### Receivables

Trade receivables are concentrated in one geographic area but are not concentrated in any one single account. For customer accounts receivable subsequent to adoption of ASC 606, the estimated uncollectible amounts are generally considered implicit price concessions that are a direct reduction to trade accounts receivable.

### Inventory

Inventory is valued at the lower cost or net realizable value. Cost is determined by the first-in, first-out method (FIFO).

### Property and Equipment

Property and equipment are stated at cost as of the date of acquisition or fair value as of the date of receipt in the case of gifts and depreciated or amortized for financial and tax reporting purposes using the straight-line method. All assets valued over \$5,000 with an estimated useful life beyond one year are capitalized.

The estimated useful lives of property and equipment are as follows:

Building and Improvements	20-30 years
Equipment	3-20 years
Vehicles	3-5 years

Maintenance, repairs, and minor replacements are charged to operations as incurred, while major additions and improvements are capitalized. When assets are sold, retired or otherwise disposed of, the applicable costs and accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the consolidating statement of activities.

### Net Assets

Net assets without donor restrictions include operating resources which are available for the support of the Organization's operating activities.

Net assets with donor restrictions are those net assets that are restricted by donors for specific purposes. The Organization did not have any net assets with donor restrictions at December 31, 2019 or 2018.

### Sources of Revenue

The majority of Unlimited Possibilities, Inc.'s funding is provided by County and State Governmental Agencies. Other revenue sources are predominately derived from manufactured wood products, bulk mailing, and product assembly which operates within the framework of, and in conjunction with the vocational rehabilitation enterprise.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

### Government Grants

The Organization recognizes revenue from government grants as revenue in the accompanying consolidating statement of activities when eligible costs are incurred or services performed. A receivable is recognized to the extent revenue earned exceeds cash advances. Conversely, deferred revenue is recorded when cash advances exceed support and revenue earned as there is the potential for these funds to be returned if certain budgeted metrics are not satisfied.

### Production and Rehabilitation Sales

Production and rehabilitation sales, which are included as revenue in the accompanying consolidating statement of activities, are recognized as goods are delivered or as the Organization satisfies their performance obligations under the contracts.

Performance obligations for all of the Organization's services are provided and consumed at a point in time, not over time, and therefore the fees are allocated to performance obligations and are not left unsatisfied or partially unsatisfied at the end of the reporting period.

### Rental Income

Rental income includes charges for space, utilities, and insurance. Revenue is recognized each month in agreement with the terms of the signed rental agreement. The Organization's performance obligation is to provide space for the tenants.

Future minimum lease payments expected to be received:

2020	\$	60,643
2021		63,213
2022		65,454
2023		44,937
2024		44,227
Thereafter		<u>3,695</u>
	\$	<u>282,168</u>

The transaction price is based on the rental agreements signed by the tenant. The Organization expects to collect these charges. Based on this information, the Organization has determined that there are no implicit price concessions provided to tenants.

### Donated Materials and Services

Contributions of donated materials and services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded in the applicable program or activity at their fair values in the period received.

### Allocation of Functional Expenses

The consolidating financial statements report certain categories of expenses that are attributable to one or more program or supporting functions. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Those expenses include payroll, benefits and occupancy related costs. Payroll is allocated based on time spent in the program and supporting functions. Total benefits are allocated as a percentage of total salaries. Occupancy related expenses are allocated based on square footage used.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

### Debt Issuance Costs

Debt issuance costs represent costs incurred to obtain long-term financing. These costs are recognized as interest expense on a straight-line basis over the term of the related debt.

### Tax Status

Unlimited Possibilities, Inc. is a not-for-profit corporation exempt from income taxes as an organization qualified under Section 501(c)(3) of the Internal Revenue Code and has also been classified by the Internal Revenue Services as an entity that is not a private foundation.

Unlimited Potential Properties, Inc. is a not-for-profit corporation that has been recognized as tax-exempt pursuant to Section 501(c)(2) of the Internal Revenue Code. Rental of warehouse space to third parties of Unlimited Potential Properties, Inc. is considered to be unrelated business income.

### Reclassifications

Certain prior year amounts have been reclassified to conform with current period presentation.

## 3. LIQUIDITY

The Organization's financial assets available within one year of the consolidating statement of financial position date:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Unlimited Possibilities, Inc.:		
Cash	\$ 4,015	\$ 20,040
Accounts receivable, aid	64,167	21,754
Accounts receivable, trade and due from related parties	33,718	20,466
Unlimited Potential Properties, Inc.:		
Cash	16,110	14,264
Accounts receivable, trade	<u>-</u>	<u>905</u>
Financial assets available to meet cash need for general expenditure within one year	<u>\$ 118,010</u>	<u>\$ 77,429</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures and liabilities become due. To help manage unanticipated liquidity needs, the Organization has an available line of credit which it could draw upon if necessary, see Note 5.

#### 4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Land	\$ 430,000	\$ 430,000
Building and improvements	1,462,032	1,462,032
Equipment	167,908	172,308
Vehicles	<u>96,206</u>	<u>96,206</u>
	2,156,146	2,160,546
Less: Accumulated depreciation and amortization	<u>(742,399)</u>	<u>(693,486)</u>
	<u>\$ 1,413,747</u>	<u>\$ 1,467,060</u>

Depreciation expense was \$53,099 and \$55,134 for the years ending December 31, 2019 and 2018, respectively.

#### 5. LINE OF CREDIT

Unlimited Possibilities, Inc. has an on-demand line of credit from its principal bank for \$100,000, with interest at 1% above the bank's base lending rate (6.0% at December 31, 2019). All borrowings under this line of credit are secured by a first security interest in all inventory, accounts receivable, and furniture and equipment. At December 31, 2019, there was a balance of \$93,000. At December 31, 2018, there was no outstanding balance.

#### 6. MORTGAGES PAYABLE

Long-term debt consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Mortgage note payable with its principal bank in monthly installments of \$8,179 including interest at 5.5% through August 30, 2020. Note is secured by a first mortgage on property and improvements at 36 Cady Hill Boulevard, Saratoga Springs, NY, as well as all accounts, accounts receivable, furniture and equipment. In addition, this note is guaranteed by Unlimited Possibilities, Inc.	\$ 71,932	\$ 155,868

## 6. MORTGAGES PAYABLE (Continued)

	<u>2019</u>	<u>2018</u>
Mortgage note payable with its principal bank in monthly installments of \$5,696 including interest at 5.5% through November 30, 2023 followed by 63 monthly installments of principal and interest at 1% above the bank's base lending rate, through March 30, 2029. This note is secured by a first mortgage on property and improvements at 36 Cady Hill Boulevard, Saratoga Springs, NY, as well as all accounts, accounts receivable, furniture and equipment. In addition, this note is guaranteed by Unlimited Possibilities, Inc.	496,451	532,687
	<u>568,383</u>	<u>688,555</u>
Less: Unamortized debt issuance costs	<u>(14,343)</u>	<u>(17,062)</u>
	<u>\$ 554,040</u>	<u>\$ 671,493</u>

The maturities of long-term debt as of December 31, 2019 are as follows:

2020	\$ 117,188
2021	44,314
2022	46,849
2023	49,530
2024	52,315
Thereafter	<u>258,187</u>
	<u>\$ 568,383</u>

## 7. COMMITMENTS AND CONTINGENCIES

### Power Agreement

Unlimited Potential Properties, Inc. entered into a twenty-year power purchase agreement with an unrelated third party through December 2034. The agreement allows Unlimited Potential Properties, Inc. to purchase power generated by said party's solar equipment installed at the 36 Cady Hill Boulevard Facility. Unlimited Potential Properties, Inc. purchased power at a rate of \$0.065 per kilowatt hour during 2019 and 2018, which is subject to an annual increase.

### Significant Revenue Sources

A significant concentration of total program support and revenue provided to the Organization is as follows at December 31:

	<u>2019</u>	<u>2018</u>
County of Saratoga	70%	69%

Accounts receivable from this payer were approximately \$30,000 and \$18,000 at December 31, 2019 and 2018, respectively. This represents approximately 33% and 49% of the accounts receivable balance as of December 31, 2019 and 2018, respectively.

## **8. RETIREMENT PLAN**

Unlimited Possibilities, Inc. adopted a Simple IRA Plan effective January 1, 2001. The provisions of the Plan allow eligible employees to contribute up to the maximum amount allowed by law. In addition, Unlimited Possibilities, Inc. will match employee contributions up to 3% of total annual compensation. Pension expense for 2019 and 2018 totaled \$14,081 and \$13,756, respectively, and is included in employee benefits expense in the consolidating statement of functional expenses.

## **9. RELATED PARTY TRANSACTIONS**

Effective July 1, 2019, Northern Rivers Family Services, Inc. became the sole corporate member of Unlimited Possibilities, Inc. Northern Rivers Family Services, Inc. provides Executive, Finance, HR, Communications, Quality Management, IT, Strategic Planning, and Development. Amounts due from Northern Rivers Family Services, Inc. was \$6,839 as of December 31, 2019.

Unlimited Possibilities, Inc. entered into a twenty-year lease agreement with Unlimited Properties, Inc. commencing August 30, 2005 for the use of the 36 Cady Hill Boulevard facility. The annual rent is \$114,000 (\$9,500 per month through August 2025).

As part of their lease agreement, Unlimited Potential Properties, Inc. and Unlimited Possibilities, Inc. are each responsible for their share of utility and insurance expense associated with their operating space. Unlimited Possibilities, Inc. was due \$6,622 and \$6,366 for reimbursement of utility and insurance expense it paid on behalf of Unlimited Potential Properties, Inc., which was shown as a receivable at December 31, 2019 and 2018, respectively.

Unlimited Potential Properties, Inc. paid Unlimited Possibilities, Inc. for Handyman Services totaling \$6,000 and \$8,500 as of December 31, 2019 and 2018, respectively.

During 2019, Unlimited Potential Properties, Inc. provided Unlimited Possibilities, Inc. a contribution totaling \$10,000 to support operations.

## **10. GOING CONCERN**

The accompanying consolidating financial statements includes a continuing negative working capital position along with uncertainty of continued funding, thus creating an uncertainty about the Organization's ability to continue as a going concern. Management anticipates that liquid assets of the Organization, along with the availability of the line of credit, will mitigate any funding shortfalls that may be encountered for a minimum of one year from the date of availability of these financial statements.

## **11. SUBSEQUENT EVENTS**

### COVID-19

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID – 19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Organization and its future results and financial position is not presently determinable.

## 11. SUBSEQUENT EVENTS (Continued)

### Subsequent Borrowing Under Paycheck Protection Program

In April 2020, the Company entered into an unsecured promissory note payable to a bank in the amount of \$132,013. This note was entered into by the Organization as part of the U.S. Small Business Administration's Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The PPP provides for this borrowing, or a portion of the borrowing, to be forgiven to the extent the Organization meets defined requirements related to expenditure of the funds and management of the Organization's personnel complement. Through the date the financial statements were available to be issued, the Organization is unable to determine the amount of potential loan forgiveness. If no forgiveness is granted, the terms of this agreement require the Organization to make monthly principal payments of \$5,558, including interest at 1%.

Subsequent events have been evaluated through April 23, 2020, which is the date the consolidating financial statements were available to be issued.

**UNCONSOLIDATED SCHEDULE OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**  
(with comparative totals for December 31, 2018)

	<u>2019</u>	<u>2018</u>
<b>UNRESTRICTED SUPPORT AND REVENUE:</b>		
Public support:		
Contributions, net	\$ <u>22,566</u>	\$ <u>16,705</u>
Governmental support:		
Access/VR	28,150	7,543
L.T.S.E.	16,894	22,287
Vocational rehabilitation	600,399	586,241
Workcenter	35,148	47,758
Grant	<u>23,113</u>	<u>36,094</u>
Total governmental support	<u>703,704</u>	<u>699,923</u>
Revenue:		
Production and rehabilitation sales	53,949	55,416
Mailing/business service center	40,516	58,530
Miscellaneous income	14,507	8,612
Rental income	14,600	10,575
Allocable share of subsidiary change in net assets	<u>69,413</u>	<u>73,616</u>
Total revenue	<u>192,985</u>	<u>206,749</u>
Total unrestricted support and revenue	<u>919,255</u>	<u>923,377</u>
Expenses:		
Program services	630,089	683,501
Supporting services	<u>255,485</u>	<u>249,630</u>
Total expenses	<u>885,574</u>	<u>933,131</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	33,681	(9,754)
NET ASSETS WITHOUT DONOR RESTRICTIONS - beginning of year	<u>779,516</u>	<u>789,270</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS - end of year	<u>\$ 813,197</u>	<u>\$ 779,516</u>

The accompanying notes are an integral part of these schedules.



**UNLIMITED POSSIBILITIES, INC. (D.B.A. UNLIMITED POTENTIAL)**

Schedule II

**UNCONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED DECEMBER 31, 2019  
 (With Comparative Totals for 2018)**

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u> 2019	<u>2018</u>
Salaries, staff	\$ 282,116	\$ 175,541	\$ 457,657	\$ 488,185
Salaries, clients	24,064	-	24,064	20,267
Payroll taxes	24,488	13,429	37,917	37,702
Employee benefits	52,047	18,512	70,559	68,367
	<u>382,715</u>	<u>207,482</u>	<u>590,197</u>	<u>614,521</u>
Rent	104,329	9,671	114,000	114,000
Cost of goods sold	40,431	-	40,431	53,031
Repairs and maintenance	24,227	5,231	29,458	27,616
Professional fees and contract service payments	-	24,949	24,949	22,772
Utilities	19,442	1,488	20,930	18,425
Equipment	17,405	-	17,405	37,810
Transportation, conferences, and dues	13,101	955	14,056	10,870
Insurance	11,470	1,225	12,695	12,628
Miscellaneous	2,537	1,180	3,717	5,912
Supplies	4,335	1,041	5,376	2,493
Telephone	5,248	-	5,248	5,528
Interest	-	1,940	1,940	69
Postage	5	323	328	293
Printing and publications	-	-	-	282
	<u>242,530</u>	<u>48,003</u>	<u>290,533</u>	<u>311,729</u>
Total expense before amortization and depreciation	625,245	255,485	880,730	926,250
Amortization and depreciation	4,844	-	4,844	6,881
	<u>\$ 630,089</u>	<u>\$ 255,485</u>	<u>\$ 885,574</u>	<u>\$ 933,131</u>

The accompanying notes are an integral part of these schedules.

**SCHEDULE OF COSTS OF GOODS SOLD  
FOR THE YEAR ENDED DECEMBER 31, 2019**  
(with comparative totals for December 31, 2018)

---

	<u>2019</u>	<u>2018</u>
Inventory - beginning of year	\$ 6,644	\$ 7,913
Materials	8,767	6,329
Supplies	6,375	10,153
Freight	374	775
Postage, bulk mail	<u>25,070</u>	<u>34,505</u>
Available for sale	47,230	59,675
Inventory - end of year	<u>(6,799)</u>	<u>(6,644)</u>
 COSTS OF GOODS SOLD	 <u>\$ 40,431</u>	 <u>\$ 53,031</u>

The accompanying notes are an integral part of these schedules.