

**IT'S THE JOURNEY, INC.**

**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**with**  
**INDEPENDENT AUDITORS' REPORT**

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## INDEPENDENT AUDITORS' REPORT

### **Board of Directors of It's The Journey, Inc.**

We have audited the accompanying financial statements of It's The Journey, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2016 and 2015 and the related statements of activities and changes in net assets, 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 Organization'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 Organization'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 above present fairly, in all material respects, the financial position of the Organization as of December 31, 2016 and 2015, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Smith + Howard*

May 9, 2017

**IT'S THE JOURNEY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2016 AND 2015**

**ASSETS**

	<u><b>2016</b></u>	<u><b>2015</b></u>
Cash and cash equivalents	\$ 1,520,280	\$ 1,464,423
Investment	100,000	100,000
Accounts receivable	1,107	7,280
Other assets	<u>3,798</u>	<u>4,384</u>
	<u><u>\$ 1,625,185</u></u>	<u><u>\$ 1,576,087</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities

Accounts payable and accrued expenses	\$ 2,218	\$ 708
Grants payable	768,326	821,662
Refundable advances	<u>46,195</u>	<u>58,120</u>
Total Liabilities	816,739	880,490

Net Assets

Unrestricted	756,222	632,938
Temporarily restricted	<u>52,224</u>	<u>62,659</u>
Total Net Assets	<u>808,446</u>	<u>695,597</u>
	<u><u>\$ 1,625,185</u></u>	<u><u>\$ 1,576,087</u></u>

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

**IT'S THE JOURNEY, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Change in Unrestricted Net Assets		
Unrestricted revenue and other support:		
Contributions		
Participant contributions	\$ 977,145	\$ 1,015,477
Corporations	289,245	232,225
Other contributions	4,819	2,657
Promotional products	16,893	10,682
Gifts-in-kind	233,621	152,136
	<u>1,521,723</u>	<u>1,413,177</u>
Registration fees and other	153,182	155,136
Special events	55,191	41,817
Interest	1,182	1,376
Net assets released from restrictions	<u>62,659</u>	<u>35,892</u>
Total unrestricted revenue and other support	1,793,937	1,647,398
Expenses:		
Program services	1,508,783	1,365,759
Supporting activities:		
General and administrative	84,930	80,266
Fundraising	<u>76,940</u>	<u>72,196</u>
Total Expenses	<u>1,670,653</u>	<u>1,518,221</u>
Change In Unrestricted Net Assets	123,284	129,177
Change in Temporarily Restricted Net Assets		
Contributions restricted for future events	52,224	62,659
Net assets released from restrictions	<u>(62,659)</u>	<u>(35,892)</u>
Change in Temporarily Restricted Net Assets	<u>(10,435)</u>	<u>26,767</u>
Change in Net Assets	112,849	155,944
Net Assets at Beginning of Year	<u>695,597</u>	<u>539,653</u>
Net Assets at End of Year	<u>\$ 808,446</u>	<u>\$ 695,597</u>

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

**IT'S THE JOURNEY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2016**

	Supporting Activities			Totals
	Program Services	General and Administrative	Fundraising	
Salaries	\$ 167,101	\$ 43,430	\$ 31,828	\$ 242,359
Payroll benefits	12,208	3,185	2,300	17,693
Payroll taxes	12,793	3,337	2,410	18,540
Advertising, marketing, and event shirts	135,778	7,776	-	143,554
Special events	-	-	12,467	12,467
Contract labor	30,888	-	-	30,888
Professional fees	-	12,000	-	12,000
Office expense	11,001	3,730	1,572	16,303
Software and fundraising portal	24,387	-	24,387	48,774
Telephone	2,517	472	157	3,146
Printing, signage and postage	5,759	1,016	-	6,775
Insurance	9,383	2,346	-	11,729
Rent	20,691	3,880	1,293	25,864
Hotel cost for 2-day walk	66,122	-	-	66,122
Food and beverage	95,144	2,943	-	98,087
Fees for service	83,040	-	-	83,040
Supplies	1,699	815	-	2,514
Rental items and security	37,840	-	-	37,840
Grant awards	790,326	-	-	790,326
Travel, mileage and meals	2,106	-	526	2,632
	\$ 1,508,783	\$ 84,930	\$ 76,940	\$ 1,670,653

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

**IT'S THE JOURNEY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2015**

	Supporting Activities			Totals
	Program Services	General and Administrative	Fundraising	
Salaries	\$ 132,470	\$ 40,760	\$ 30,570	\$ 203,800
Payroll benefits	7,194	2,213	1,660	11,067
Payroll taxes	10,174	3,130	2,348	15,652
Advertising	39,064	6,102	857	46,023
Special events	-	-	8,596	8,596
Contract labor	37,182	2,181	-	39,363
Professional fees	-	12,000	-	12,000
Office expense	9,146	3,619	1,307	14,072
Software and fundraising portal	25,051	-	25,051	50,102
Telephone	2,621	491	164	3,276
Printing, signage and postage	4,833	852	-	5,685
Insurance	8,672	2,168	-	10,840
Rent	17,992	3,374	1,124	22,490
Hotel cost for 2-day walk	60,124	-	-	60,124
Food and beverage	102,405	3,167	-	105,572
Fees for service	80,550	-	-	80,550
Supplies	2,955	209	-	3,164
Rental items and security	37,471	-	-	37,471
Grant awards	785,778	-	-	785,778
Travel, mileage and meals	2,077	-	519	2,596
	<u>\$ 1,365,759</u>	<u>\$ 80,266</u>	<u>\$ 72,196</u>	<u>\$ 1,518,221</u>

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



**IT'S THE JOURNEY, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 112,849	\$ 155,944
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	6,173	(2,034)
Other assets	586	2,867
Increase (decrease) in:		
Accounts payable and accrued expenses	1,510	(1,560)
Grants payable	(53,336)	2,871
Refundable advances	(11,925)	8,720
Total adjustments	<u>(56,992)</u>	<u>10,864</u>
Net Cash Provided by Operating Activities	<u>55,857</u>	<u>166,808</u>
 Cash Flows from Investing Activities:		
Purchase of investment	<u>-</u>	<u>(100,000)</u>
Net Cash Required by Investing Activities	<u>-</u>	<u>(100,000)</u>
 Net Increase in Cash and Cash Equivalents	55,857	66,808
 Cash and Cash Equivalents at Beginning of Year	<u>1,464,423</u>	<u>1,397,615</u>
 Cash and Cash Equivalents at End of Year	<u>\$ 1,520,280</u>	<u>\$ 1,464,423</u>

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

**IT'S THE JOURNEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

**NOTE 1 – DESCRIPTION OF THE BUSINESS**

It's The Journey, Inc. (the "Organization"), is a Georgia nonprofit corporation formed in November 2002. The Organization was founded for the purpose of conducting the Atlanta 2-Day Walk for Breast Cancer (the "Walk"), a two-day annual fundraising walk through metropolitan Atlanta, Georgia.

The Organization's mission is to support Georgians by raising money for breast health and breast cancer programs that focus on screening, diagnostics, genetic counseling and testing, support services, and research.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The Organization follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("GAAP").

Reclassification

Certain reclassifications have been made to the 2015 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Investment

The investment is a certificate of deposit held at a financial institution and is carried at market value.

**IT'S THE JOURNEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Presentation

The accompanying financial statements present “net assets”. Net assets, along with revenues, expenses, gains and losses, are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time. When the stipulations expire or have been met by action of the Organization, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Concentration of Credit Risk

The Organization’s financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. At times, cash and cash equivalent balances exceed federally insured amounts. The Organization believes it reduces risks associated with balances in excess of federal insured amounts by maintaining its cash with major financial institutions with sound financial standing. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying financial statements.

Refundable Advances

Certain funds received in advance for an upcoming Walk are considered refundable to the donor until the Walk occurs and as such, are reflected as refundable advances liabilities in the accompanying statement of financial position. Upon occurrence of each year’s Walk, these amounts are recognized as unrestricted revenue of the Organization. Refundable advances totaled \$46,195 and \$58,120 at December 31, 2016 and 2015, respectively.

Public Support, Revenue and Expenses

Revenue is recognized when earned and contributions when made, which may be when cash is received, unconditional promises are made, or ownership of donated assets is transferred to the Organization. All amounts in accounts receivable are due in less than one year and are considered fully collectible by management.

**IT'S THE JOURNEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Public Support, Revenue and Expenses (Continued)

The Organization reports contributions from the Walk as unrestricted revenue unless specifically restricted by the donor or unless restricted by the passage of time for the subsequent year's Walk.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long these assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service

Allocation of Functional Expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the accompanying statements of activities and changes in net assets and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Contributed Materials and Services

The Organization records contributed materials and services at the fair value of the materials and services received. Contributed materials and services include supplies, advertising, professional services, and property and equipment and are recorded at fair value as of the date of the gift. Contributions of services are recognized if the services create or enhance nonfinancial assets or if the services require specialized skills and would typically need to be purchased if not provided by donation. A significant portion of these amounts were medical supplies and services contributed by a healthcare provider, shown as fees for service on the accompanying statement of functional expenses. A significant portion of advertising shown on the accompanying statement of function expenses was contributed by a media sponsor.

Donated materials and services of \$233,621 and \$152,136 were received and recorded during December 31, 2016 and 2015, respectively. Other contributed services have not been reflected in the accompanying financial statements as they do not meet the criteria for recognition in accordance with GAAP. Those services include individuals and companies which volunteered their time to perform a variety of tasks associated with the Walk.

**IT'S THE JOURNEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Tax Exempt Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, as amended, and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision or liability for federal and state income taxes has been recorded in the accompanying financial statements.

The Organization annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Organization takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification. In the normal course of business, the Organization is subject to examination by the federal and state taxing authorities. In general, the Organization is no longer subject to tax examinations for tax years ending before December 31, 2013.

Subsequent Events

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

**NOTE 3 – GRANT AWARDS**

Grant expenses are recorded when grants are awarded to recipients and grants awarded but unpaid at year end are reported as liabilities. Grants are paid out in two parts in order to ensure the funds are being used properly. If the grantee is not using the first payment of funds properly the Organization can deny payment of the second part of the grant which is written off against grant expense in the year it is denied. During 2016, the Organization awarded \$795,326 as irrevocable grants to be disbursed to recipients in 2016 and 2017 and wrote off the second part of one grant award from 2015 totaling \$5,000. During 2015, the Organization awarded \$821,662 as irrevocable grants to be disbursed to recipients in 2015 and 2016 and wrote off the second part of two grant awards from 2014 totaling \$35,884.

The following is a reconciliation of grant awards and grant expense during years ended December 31:

	<u>2016</u>	<u>2015</u>
Grants awarded from current year Board commitment	\$ 795,326	\$ 821,662
Grants not awarded from prior year Board commitment	<u>(5,000)</u>	<u>(35,884)</u>
	<u>\$ 790,326</u>	<u>\$ 785,778</u>

**IT'S THE JOURNEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

**NOTE 4 – NET ASSETS**

Temporarily restricted net assets totaled \$52,224 and \$62,659 as of December 31, 2016 and 2015, respectively, and consist of contributions that are restricted for future Walks. Net assets released from restriction during 2016 and 2015 totaled \$62,659 and \$35,892, respectively, which were time-restricted for the 2016 and 2015 Walks, respectively.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

The Organization leases certain office space and equipment under non-cancelable operating leases. The following is a schedule of minimum future rental payments on non-cancelable operating leases for years ending December 31:

2017	\$ 25,945
2018	26,983
2019	28,062
2020	29,184
2021	30,349
Thereafter	<u>23,436</u>
	<u>\$ 163,959</u>

Rent expense under non-cancelable operating leases was \$25,864 and \$22,490 for 2016 and 2015, respectively.

The Organization entered into two contracts with a hotel for the Walks to be held in November 2017 and September 2018. The contracts contain cancellation clauses whereby the Organization would be liable for approximately \$90,000 if the contracts were cancelled before the events.

**NOTE 6 – SUBSEQUENT EVENTS**

Subsequent to December 31, 2016, the Organization entered into a contract with an event coordinator for services to be received in 2017 in connection with the Walk. Future minimum payments for this contract approximate \$27,300.