

IT'S THE JOURNEY, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
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, 2017 and 2016 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, 2017 and 2016, 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.

May XX, 2018

IT'S THE JOURNEY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

ASSETS		<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$	1,717,474	\$ 1,520,280
Investment		100,000	100,000
Accounts receivable		-	1,107
Other assets		<u>3,702</u>	<u>3,798</u>
		<u>\$ 1,821,176</u>	<u>\$ 1,625,185</u>
 LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable and accrued expenses	\$	73,592	\$ 2,218
Grants payable		889,480	768,326
Refundable advances		<u>55,895</u>	<u>46,195</u>
Total Liabilities		1,018,967	816,739
 Net Assets			
Unrestricted			
Board designated funds for grants		75,000	75,000
Undesignated		<u>674,166</u>	<u>681,222</u>
Total unrestricted		<u>749,166</u>	<u>756,222</u>
Temporarily restricted		<u>53,043</u>	<u>52,224</u>
 Total Net Assets		 <u>802,209</u>	 <u>808,446</u>
		<u>\$ 1,821,176</u>	<u>\$ 1,625,185</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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Change in Unrestricted Net Assets		
Unrestricted revenue and other support:		
Contributions		
Participant contributions	\$ 994,501	\$ 977,145
Corporations	332,184	289,245
Other contributions	3,231	4,819
Promotional products	18,024	16,893
Gifts-in-kind	250,939	233,621
	<u>1,598,879</u>	<u>1,521,723</u>
Registration fees and other	157,989	153,182
Special events	45,267	55,191
Interest	1,508	1,182
Net assets released from restrictions	<u>52,224</u>	<u>62,659</u>
Total unrestricted revenue and other support	1,855,867	1,793,937
Expenses:		
Program services	1,703,160	1,508,783
Supporting activities:		
General and administrative	89,875	84,930
Fundraising	<u>69,888</u>	<u>76,940</u>
Total Expenses	<u>1,862,923</u>	<u>1,670,653</u>
Change In Unrestricted Net Assets	(7,056)	123,284
Change in Temporarily Restricted Net Assets		
Contributions restricted for future events	53,043	52,224
Net assets released from restrictions	<u>(52,224)</u>	<u>(62,659)</u>
Change in Temporarily Restricted Net Assets	<u>819</u>	<u>(10,435)</u>
Change in Net Assets	(6,237)	112,849
Net Assets at Beginning of Year	<u>808,446</u>	<u>695,597</u>
Net Assets at End of Year	<u>\$ 802,209</u>	<u>\$ 808,446</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, 2017

	Supporting Activities			Totals
	Program Services	General and Administrative	Fundraising	
Salaries	\$ 164,694	\$ 42,505	\$ 29,661	\$ 236,860
Payroll benefits	13,063	3,408	2,461	18,932
Payroll taxes	13,003	3,392	2,450	18,845
Advertising, marketing, and event shirts	141,583	8,137	950	150,670
Special events	-	-	12,069	12,069
Contract labor	31,745	-	-	31,745
Professional fees	-	11,966	-	11,966
Office expense	8,637	2,559	1,234	12,430
Software and fundraising portal	19,059	-	19,059	38,118
Telephone	2,297	431	144	2,872
Printing, signage and postage	2,933	518	-	3,451
Insurance	9,437	2,359	-	11,796
Rent	20,825	3,905	1,302	26,032
Hotel cost for 2-day walk	87,165	-	-	87,165
Food and beverage	113,691	5,984	-	119,675
Fees for service	78,033	4,107	-	82,140
Supplies	3,709	604	-	4,313
Rental items and security	40,856	-	-	40,856
Grant awards	950,198	-	-	950,198
Travel, mileage and meals	2,232	-	558	2,790
	<u>\$ 1,703,160</u>	<u>\$ 89,875</u>	<u>\$ 69,888</u>	<u>\$ 1,862,923</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
	<u>\$ 1,508,783</u>	<u>\$ 84,930</u>	<u>\$ 76,940</u>	<u>\$ 1,670,653</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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (6,237)	\$ 112,849
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Change in assets and liabilities:		
Decrease in:		
Accounts receivable	1,107	6,173
Other assets	96	586
Increase (decrease) in:		
Accounts payable and accrued expenses	71,374	1,510
Grants payable	121,154	(53,336)
Refundable advances	9,700	(11,925)
Total adjustments	<u>203,431</u>	<u>(56,992)</u>
Net Cash Provided by Operating Activities	<u>197,194</u>	<u>55,857</u>
Net Increase in Cash and Cash Equivalents	197,194	55,857
Cash and Cash Equivalents at Beginning of Year	<u>1,520,280</u>	<u>1,464,423</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,717,474</u>	<u>\$ 1,520,280</u>

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

**IT'S THE JOURNEY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

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 2016 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, 2017 AND 2016**

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 \$55,895 and \$46,195 at December 31, 2017 and 2016, 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, 2017 AND 2016**

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 \$250,939 and \$233,621 were received and recorded during the years ended December 31, 2017 and 2016, 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, 2017 AND 2016**

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, 2014.

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 2017, the Organization awarded \$951,980 as irrevocable grants to be disbursed to recipients in 2017 and 2018 and wrote off the second part of one grant award from 2016 totaling \$1,782. During 2016, the Organization awarded \$795,326 as irrevocable grants to be disbursed to recipients in 2015 and 2016 and wrote off the second part of two grant awards from 2015 totaling \$5,000.

IT'S THE JOURNEY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 3 – GRANT AWARDS (Continued)

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

	<u>2017</u>	<u>2016</u>
Grants awarded from current year Board commitment	\$ 951,980	\$ 795,326
Grants not awarded from prior year Board commitment	<u>(1,782)</u>	<u>(5,000)</u>
	<u>\$ 950,198</u>	<u>\$ 790,326</u>

NOTE 4 – NET ASSETS

Temporarily restricted net assets totaled \$53,043 and \$52,224 as of December 31, 2017 and 2016, respectively, and consist of contributions that are restricted for future Walks. Net assets released from restriction during 2017 and 2016 totaled \$52,224 and \$62,659, respectively, which were time-restricted for the 2017 and 2016 Walks, respectively.

In 2016, the Board designated \$75,000 of unrestricted net assets for future research grants. The Board awarded \$75,000 in 2017 and then designated another \$75,000 of unrestricted net assets to be awarded in 2018.

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:

2018	\$ 26,983
2019	28,062
2020	29,184
2021	30,348
2022	<u>23,436</u>
	<u>\$ 138,013</u>

Rent expense under non-cancelable operating leases was \$26,032 and \$25,864 for 2017 and 2016, respectively.

**IT'S THE JOURNEY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 5 – COMMITMENTS AND CONTINGENCIES (Continued)

The Organization entered into three contracts with a hotel for the Walks to be held in September 2018, October 2019, and September 2020. The contracts contain cancellation clauses whereby the Organization would be liable for approximately \$90,000 per contract if the contracts were cancelled before the events.

The Organization entered into a contract with an event coordinator for services to be received in 2018 in connection with the Walk. Future minimum payments for this contract approximate to \$28,800.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent to December 31, 2017, the Organization entered into two contracts with a hotel for the Walks to be held in 2021 and 2022. Both contracts contain cancellation clauses whereby the Organization would be liable for approximately \$100,000 if the contracts were cancelled before the events.