

IT'S THE JOURNEY, INC.

FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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, 2018 and 2017 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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Smith + Howard

June 13, 2019

IT'S THE JOURNEY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 1,587,381	\$ 1,717,474
Investment	300,116	100,000
Accounts receivable	2,443	-
Other assets	<u>8,702</u>	<u>3,702</u>
	<u><u>\$ 1,898,642</u></u>	<u><u>\$ 1,821,176</u></u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 68,299	\$ 73,592
Grants payable	941,365	889,480
Refundable advances	<u>59,886</u>	<u>55,895</u>
Total Liabilities	<u><u>1,069,550</u></u>	<u><u>1,018,967</u></u>
Net Assets		
Without donor restriction		
Board designated funds for grants	-	75,000
Undesignated	<u>760,679</u>	<u>674,166</u>
Total without donor restriction	<u>760,679</u>	<u>749,166</u>
With donor restriction	<u>68,413</u>	<u>53,043</u>
Total Net Assets	<u><u>829,092</u></u>	<u><u>802,209</u></u>
	<u><u>\$ 1,898,642</u></u>	<u><u>\$ 1,821,176</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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Change in Net Assets Without Donor Restriction		
Revenue and other support:		
Contributions		
Participant contributions	\$ 992,971	\$ 994,501
Corporations	456,446	332,184
Other contributions	3,764	3,231
Promotional products	10,181	18,024
Gifts-in-kind	192,465	250,939
	<u>1,655,827</u>	<u>1,598,879</u>
Registration fees and other	162,801	157,989
Special events	48,229	45,267
Interest	2,178	1,508
Net assets released from restrictions	<u>53,043</u>	<u>52,224</u>
Total Revenue and Other Support Without Donor Restriction	<u>1,922,078</u>	<u>1,855,867</u>
Expenses		
Program services	1,743,790	1,703,160
Supporting activities:		
General and administrative	95,891	89,875
Fundraising	<u>70,884</u>	<u>69,888</u>
Total Expenses	<u>1,910,565</u>	<u>1,862,923</u>
Change In Net Assets Without Donor Restriction	<u>11,513</u>	<u>(7,056)</u>
Change in Net Assets With Donor Restriction		
Contributions restricted for future events	68,413	53,043
Net assets released from restrictions	<u>(53,043)</u>	<u>(52,224)</u>
Change in Net Assets With Donor Restriction	<u>15,370</u>	<u>819</u>
Change in Net Assets	26,883	(6,237)
Net Assets at Beginning of Year	<u>802,209</u>	<u>808,446</u>
Net Assets at End of Year	<u>\$ 829,092</u>	<u>\$ 802,209</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, 2018

	Program Services	Supporting Activities		Totals
		General and Administrative	Fundraising	
Salaries	\$ 178,393	\$ 48,350	\$ 30,888	\$ 257,631
Payroll benefits	12,987	3,388	2,447	18,822
Payroll taxes	13,599	3,548	2,562	19,709
Advertising, marketing, and event shirts	138,366	7,952	435	146,753
Special events	-	-	12,288	12,288
Contract labor	28,800	-	-	28,800
Professional fees	-	12,061	-	12,061
Office expense	15,351	4,390	2,193	21,934
Software and fundraising portal	16,907	-	16,907	33,814
Telephone	1,552	194	583	2,329
Printing, signage and postage	2,890	510	-	3,400
Insurance	9,200	2,300	-	11,500
Rent	21,657	4,061	1,354	27,072
Hotel cost for 2-day walk	87,967	-	-	87,967
Food and beverage	78,970	4,156	-	83,126
Fees for service	80,242	4,223	-	84,465
Supplies	6,822	758	-	7,580
Rental items and security	41,316	-	-	41,316
Grant awards	1,003,865	-	-	1,003,865
Travel, mileage and meals	4,906	-	1,227	6,133
	<u>\$ 1,743,790</u>	<u>\$ 95,891</u>	<u>\$ 70,884</u>	<u>\$ 1,910,565</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

	Program Services	Supporting Activities		Totals
		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 CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 26,883	\$ (6,237)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Change in assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable	(2,443)	1,107
Other assets	(5,000)	96
Increase (decrease) in:		
Accounts payable and accrued expenses	(5,293)	71,374
Grants payable	51,885	121,154
Refundable advances	3,991	9,700
Total adjustments	<u>43,140</u>	<u>203,431</u>
Net Cash Provided by Operating Activities	<u>70,023</u>	<u>197,194</u>
 Cash Flows from Investing Activities:		
Purchase of investment	(300,116)	-
Sale of investment	<u>100,000</u>	<u>-</u>
Net Cash Required by Investing Activities	<u>(200,116)</u>	<u>-</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	(130,093)	197,194
 Cash and Cash Equivalents at Beginning of Year	<u>1,717,474</u>	<u>1,520,280</u>
 Cash and Cash Equivalents at End of Year	<u>\$ 1,587,381</u>	<u>\$ 1,717,474</u>

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

IT'S THE JOURNEY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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").

Accounting Pronouncement Adopted

In August 2016, the FASB issued Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a nonprofit's liquidity and availability of resources, expenses and investments returns, and cash flows. Main provisions of this guidance include: (a) presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring that all nonprofits present an analysis of expenses by function and nature and disclose a summary of the allocation methods used to allocate costs, (d) presenting investment return net of external and direct internal investment expenses, and (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources. The Organization opted to not disclose liquidity and availability of resources information for 2017 as permitted under the ASU in the year of adoption.

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.

IT'S THE JOURNEY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

Investments

The investments are certificates of deposit held at a financial institution and are carried at market value.

Fair Values Measured on Recurring Basis

FASB establishes 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 in which little or no market data exists (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, assets or liabilities;

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. All of the Organization's assets were classified within Level 1 at December 31, 2018 and 2017.

Fair values for investments are determined by reference to quote market prices and other relevant information generated by market transactions.

IT'S THE JOURNEY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

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:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.
- Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity.

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 revenue without restrictions. Refundable advances totaled \$59,886 and \$55,895 at December 31, 2018 and 2017, 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, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Public Support, Revenue and Expenses (Continued)

The Organization reports contributions from the Walk as without donor restrictions 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 without donor restrictions 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. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include hotel costs for walkers, food and beverage costs, advertising, and rent as well as salaries, benefits, payroll taxes, contract labor, professional fees, office expenses, and other, which are allocated on the basis of estimates of time and effort.

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 functional expenses was contributed by a media sponsor.

Donated materials and services of \$192,465 and \$250,939 were received and recorded during the years ended December 31, 2018 and 2017, 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, 2018 AND 2017**

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, 2015.

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 2018, the Organization awarded \$1,003,865 as irrevocable grants to be disbursed to recipients in 2018 and 2019. 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 2017 totaling \$1,782.

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

	<u>2018</u>	<u>2017</u>
Grants awarded from current year Board commitment	\$ 1,003,865	\$ 951,980
Grants not awarded from prior year Board commitment	<u>-</u>	<u>(1,782)</u>
	<u><u>\$ 1,003,865</u></u>	<u><u>\$ 950,198</u></u>

IT'S THE JOURNEY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 4 – NET ASSETS

Temporarily restricted net assets totaled \$68,413 and \$53,043 as of December 31, 2018 and 2017, respectively, and consist of contributions that are restricted for future Walks. Net assets released from restriction during 2018 and 2017 totaled \$53,043 and \$52,224, respectively, which were time-restricted for the 2018 and 2017 Walks, respectively.

In 2017, the Board designated \$75,000 of undesignated net assets for future research grants. The Board awarded \$75,000 in 2018 and did not designate any additional funds.

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:

2019	\$ 28,062
2020	29,184
2021	30,348
2022	<u>23,436</u>
	<u>\$ 111,030</u>

Rent expense under non-cancelable operating leases was \$27,072 and \$26,032 for 2018 and 2017, respectively.

The Organization entered into four contracts with a hotel for the Walks to be held in October 2019, September 2020, September 2021 and September 2022. The contracts contain cancellation clauses whereby the Organization would be liable for approximately \$90,000 per contract for the contract years 2019 and 2020 and are approximately \$100,000 per contract for the contract years 2021 and 2022 if the contracts were cancelled before the events.

IT'S THE JOURNEY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 6 – LIQUIDITY AND AVAILABILITY OF RESOURCES

For purposes of analyzing resources available to meet general expenditures for 2019, the Organization considers financial assets that will be collected and available for 2019 programs that are ongoing to the Organization. Financial assets available within one year are as follows:

Cash and cash equivalents	\$ 1,587,381
Investments	300,116
Accounts receivable	<u>2,443</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,889,940</u>

The Organization is substantially supported by contributions and program service fees. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to donors. Therefore, certain financial assets may not be available for general expenditures within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.