

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

**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**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, 2019 and 2018 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, 2019 and 2018, 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 5, 2020

**IT'S THE JOURNEY, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2019 AND 2018**

**ASSETS**

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 1,518,032	\$ 1,587,381
Investments	306,157	300,116
Accounts receivable	-	2,443
Other assets	<u>3,702</u>	<u>8,702</u>
	<u>\$ 1,827,891</u>	<u>\$ 1,898,642</u>

**LIABILITIES AND NET ASSETS**

Liabilities		
Accounts payable and accrued expenses	\$ 6,544	\$ 68,299
Grants payable	914,966	941,365
Refundable advances	<u>59,930</u>	<u>59,886</u>
Total Liabilities	<u>981,440</u>	<u>1,069,550</u>
Net Assets		
Without donor restriction	754,534	760,679
With donor restriction	<u>91,917</u>	<u>68,413</u>
Total Net Assets	<u>846,451</u>	<u>829,092</u>
	<u>\$ 1,827,891</u>	<u>\$ 1,898,642</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, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Change in Net Assets Without Donor Restriction		
Revenue and other support:		
Contributions		
Participant contributions	\$ 1,026,649	\$ 992,971
Corporations	425,410	456,446
Other contributions	8,302	3,764
Promotional products	8,661	10,181
Gifts-in-kind	153,002	192,465
	<u>1,622,024</u>	<u>1,655,827</u>
Registration fees and other	151,005	162,801
Special events, net of direct expenses	45,533	48,229
Investment Income, net	15,188	2,178
Net assets released from restrictions	<u>68,413</u>	<u>53,043</u>
Total Revenue and Other Support Without Donor Restriction	<u>1,902,163</u>	<u>1,922,078</u>
Expenses		
Program services	1,689,727	1,743,790
Supporting activities:		
General and administrative	137,122	95,891
Fundraising	<u>81,459</u>	<u>70,884</u>
Total Expenses	<u>1,908,308</u>	<u>1,910,565</u>
Change In Net Assets Without Donor Restriction	<u>(6,145)</u>	<u>11,513</u>
Change in Net Assets With Donor Restriction		
Contributions restricted for future events	91,917	68,413
Net assets released from restrictions	<u>(68,413)</u>	<u>(53,043)</u>
Change in Net Assets With Donor Restriction	<u>23,504</u>	<u>15,370</u>
Change in Net Assets	17,359	26,883
Net Assets at Beginning of Year	<u>829,092</u>	<u>802,209</u>
Net Assets at End of Year	<u>\$ 846,451</u>	<u>\$ 829,092</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, 2019**

	Program Services	Supporting Activities		Totals
		General and Administrative	Fundraising	
Salaries	\$ 186,854	\$ 82,382	\$ 31,607	\$ 300,843
Payroll benefits	11,599	3,026	2,185	16,810
Payroll taxes	15,723	4,102	2,962	22,787
Advertising, marketing, and event shirts	103,230	5,933	9,492	118,655
Special events	-	-	11,275	11,275
Contract labor	29,700	-	-	29,700
Professional fees	-	17,410	-	17,410
Office expense	15,646	4,470	2,235	22,351
Software and fundraising portal	16,349	-	16,349	32,698
Telephone	4,740	296	889	5,925
Printing, signage and postage	4,830	852	-	5,682
Insurance	10,670	2,667	-	13,337
Rent	20,598	3,862	1,287	25,747
Hotel cost for 2-day walk	75,527	-	-	75,527
Food and beverage	91,442	4,813	-	96,255
Fees for service	87,098	4,584	-	91,682
Supplies	24,527	2,725	-	27,252
Rental items and security	41,607	-	-	41,607
Grant awards	936,873	-	-	936,873
Travel, mileage and meals	12,714	-	3,178	15,892
	<u>\$ 1,689,727</u>	<u>\$ 137,122</u>	<u>\$ 81,459</u>	<u>\$ 1,908,308</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 CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 17,359	\$ 26,883
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Required) by Operating Activities:		
Stock contributions	(8,258)	-
Unrealized loss on investments	851	-
Change in assets and liabilities:		
Accounts receivable	2,443	(2,443)
Other assets	5,000	(5,000)
Accounts payable and accrued expenses	(61,755)	(5,293)
Grants payable	(26,399)	51,885
Refundable advances	44	3,991
Total adjustments	<u>(88,074)</u>	<u>43,140</u>
Net Cash Provided (Required) by Operating Activities	<u>(70,715)</u>	<u>70,023</u>
Cash Flows from Investing Activities:		
Purchase of investment	(6,852)	(300,116)
Sale of investment	<u>8,218</u>	<u>100,000</u>
Net Cash Provided (Required) by Investing Activities	<u>1,366</u>	<u>(200,116)</u>
Net Decrease in Cash and Cash Equivalents	(69,349)	(130,093)
Cash and Cash Equivalents at Beginning of Year	<u>1,587,381</u>	<u>1,717,474</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,518,032</u>	<u>\$ 1,587,381</u>

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

**IT'S THE JOURNEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**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

Accounting Standards Codification ("ASC") 606 *Revenue from Contracts with Customers (Topic 606)* became effective for the Organization on January 1, 2019. This guidance is intended to provide clarity and improve revenue recognition in the financial statements and notes. The adoption of ASC 606 did not require an adjustment to net assets as of the adoption date.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update provide a framework for evaluating whether the transfer of assets constitutes a contribution or an exchange transaction. This amendment also provides additional clarification as to whether or not a contribution is conditional. The Organization adopted ASU 2018-08 in 2019. There was no material impact to the financial position, statement of activities, or net assets as a result of implementation.

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, 2019 AND 2018**

**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

Investments include certificates of deposits and corporate bonds 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. Fair value for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

**IT'S THE JOURNEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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

Fair Values Measured on Recurring Basis (Continued)

The table below represents fair value measurement hierarchy of the assets at fair value as of December 31:

	<b><u>2019</u></b>			
	<b><u>Fair Value</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>
Corporate bonds	\$ 208,485	\$ -	\$ 208,485	\$ -
Certificates of deposit	90,230	90,230	-	-
Cash	7,442	7,442	-	-
	<u>\$ 306,157</u>	<u>\$ 97,672</u>	<u>\$ 208,485</u>	<u>\$ -</u>

	<b><u>2018</u></b>			
	<b><u>Fair Value</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>
Certificates of deposit	\$ 300,116	\$ 300,116	\$ -	\$ -
	<u>\$ 300,116</u>	<u>\$ 300,116</u>	<u>\$ -</u>	<u>\$ -</u>

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.

**IT'S THE JOURNEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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

Concentration of Credit Risk

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and investments. 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 \$59,930 and \$59,886 at December 31, 2019 and 2018, respectively.

Public Support, Revenue and Expenses

Contributions are recognized when made, which may be when cash is received, unconditional promises are made, or ownership of donated assets is transferred to the Organization.

Registration fees are recognized at a point in time in which the Walk is held. Registration fees received prior to the year in which the Walk occurs are reflected as refundable advances.

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.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$1,000. Property and equipment are recorded at cost and are depreciated using straight line methods over their estimated useful lives. As of December 31, 2019 and 2018, all property and equipment has been fully depreciated.

**IT'S THE JOURNEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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

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 marketable securities acquired as a gift are recorded at their fair market value on the date of receipt. Donated materials and services of \$144,744 and \$192,465 were received and recorded during the years ended December 31, 2019 and 2018, 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.

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.

**IT'S THE JOURNEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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

Tax Exempt Status (Continued)

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, 2016.

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 2019, the Organization awarded \$963,299 as irrevocable grants to be disbursed to recipients in 2019 and 2020 and wrote off the second part of four grant awards from 2018 totaling \$26,426. During 2018, the Organization awarded \$1,003,865 as irrevocable grants to be disbursed to recipients in 2018 and 2019.

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

	<u><b>2019</b></u>	<u><b>2018</b></u>
Grants awarded from current year Board commitment	\$ 963,299	\$ 1,003,865
Grants not awarded from prior year Board commitment	<u>(26,426)</u>	<u>-</u>
	<u><u>\$ 936,873</u></u>	<u><u>\$ 1,003,865</u></u>

**IT'S THE JOURNEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**NOTE 4 – NET ASSETS**

Net assets with donor restrictions totaled \$91,917 and \$68,413 as of December 31, 2019 and 2018, respectively, and consist of contributions that are restricted for future events. Net assets released from restriction during 2019 and 2018 totaled \$68,413 and \$53,043, respectively, which were time-restricted for the 2019 and 2018 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:

2020	\$ 29,184
2021	30,348
2022	<u>23,436</u>
	<u>\$ 82,968</u>

Rent expense under non-cancelable operating leases was \$25,747 and \$27,072 for 2019 and 2018, respectively.

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

**NOTE 6 – LIQUIDITY AND AVAILABILITY OF RESOURCES**

For purposes of analyzing resources available to meet general expenditures for 2020, the Organization considers financial assets that will be collected and available for 2020 programs that are ongoing to the Organization. Financial assets available within one year are as follows for December 31:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,518,032	\$ 1,587,381
Investments	306,157	300,116
Accounts receivable	<u>-</u>	<u>2,443</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,824,189</u>	<u>\$ 1,889,940</u>



**IT'S THE JOURNEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**NOTE 6 – LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)**

The Organization is substantially supported by contributions and program service fees. Because donor restricted net assets are intended to be used within the next year, the Organization includes these funds in liquidity. 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.

**NOTE 7 – SUBSEQUENT EVENTS**

The Organization experienced a disruption of normal operations caused from COVID-19 ("Coronavirus") since December 31, 2019. The overall financial impact cannot be determined through the date of this report; however, it is reasonably possible that changes in risks in the near term could occur which could result in a material change to the financial statements.

In April 2020, the Organization obtained a Small Business Administration ("SBA") loan under the Paycheck Protection Program ("PPP") in the amount of \$65,500. The PPP loan bears interest at 1% and will follow the repayment terms outlined by the Coronavirus Aid, Relief, and Economic Securities Act (the "CARES Act") and the Paycheck Protection Program Flexibility Act ("PPPFA"). The Organization may apply for PPP loan proceeds to be forgiven with the lending institution, provided the proceeds are used within a specified timeframe to cover certain payroll and other expenses as outlined in the CARES Act and the PPPFA. Initial repayments of the loan amount are deferred until the date the SBA remits the loan forgiveness funds to the lending institution, or until 10 months after the end of the forgiveness covered period if the Organization does not apply for forgiveness. The loan matures April 2022; the PPPFA allows the maturity date to be extended from a 2 year period from loan origination to a 5 year period from loan origination subject to approval by the lending institution.