

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

**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

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**INDEPENDENT AUDITORS' REPORT**

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

**Opinion**

We have audited the accompanying financial statements of It's The Journey, Inc. (the "Organization") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, 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.

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, 2022 and 2021, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP; 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date of this report.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Smith and Howard*

July 5, 2023

**IT'S THE JOURNEY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2022 AND 2021**

**ASSETS**

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,125,975	\$ 1,200,374
Restricted cash	150,252	60,008
Investments	318,330	321,612
Unconditional promises to give, net of discount for present value of \$19,013 at December 31, 2021	-	100,987
Other assets	20,273	16,634
Right-of-use asset	<u>185,134</u>	<u>-</u>
	<u>\$ 1,799,964</u>	<u>\$ 1,699,615</u>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 6,049	\$ 2,536
Grants payable	719,000	571,776
Refundable advances	65,845	44,725
Operating lease liability obligation	<u>199,119</u>	<u>-</u>
Total Liabilities	<u>990,013</u>	<u>619,037</u>
<b>Net Assets</b>		
Without donor restriction	594,162	881,687
With donor restriction	<u>215,789</u>	<u>198,891</u>
Total Net Assets	<u>809,951</u>	<u>1,080,578</u>
	<u>\$ 1,799,964</u>	<u>\$ 1,699,615</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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Change in Net Assets Without Donor Restriction		
Revenue and other support:		
Contributions		
Participant contributions	\$ 847,522	\$ 798,544
Corporations	209,670	187,423
Other contributions	11,717	3,384
Paycheck Protection Program grant	-	60,788
Promotional products	10,443	1,824
Gifts-in-kind	<u>75,845</u>	<u>42,367</u>
	1,155,197	1,094,330
Registration fees and other	129,430	191,614
Special events, net of direct expenses	5,071	-
Investment Income, net	1,874	3,475
Net assets released from restrictions	<u>67,905</u>	<u>26,753</u>
Total Revenue and Other Support Without Donor Restriction	<u>1,359,477</u>	<u>1,316,172</u>
Expenses		
Program services	1,516,573	1,098,850
Supporting activities:		
General and administrative	73,059	108,197
Fundraising	<u>57,370</u>	<u>46,612</u>
Total Expenses	<u>1,647,002</u>	<u>1,253,659</u>
Change In Net Assets Without Donor Restriction	<u>(287,525)</u>	<u>62,513</u>
Change in Net Assets With Donor Restriction		
Contributions restricted for future events	65,789	37,905
Contributions restricted for endowment fund	14,313	9,072
Contributions restricted for time	4,701	1,395
Net assets released from restrictions	<u>(67,905)</u>	<u>(26,753)</u>
Change in Net Assets With Donor Restriction	<u>16,898</u>	<u>21,619</u>
Change in Net Assets	(270,627)	84,132
Net Assets at Beginning of Year	<u>1,080,578</u>	<u>996,446</u>
Net Assets at End of Year	<u>\$ 809,951</u>	<u>\$ 1,080,578</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, 2022**

	<b>Program Services</b>	<b>Supporting Activities</b>		<b>Totals</b>
		<b>General and Administrative</b>	<b>Fundraising</b>	
Salaries	\$ 303,905	\$ 17,877	\$ 35,754	\$ 357,536
Payroll benefits	15,881	4,143	2,992	23,016
Payroll taxes	18,872	4,923	3,556	27,351
Advertising, marketing, and event shirts	59,775	3,435	5,497	68,707
Professional fees	-	16,000	-	16,000
Office expense	30,121	8,606	4,303	43,030
Software and fundraising portal	5,480	-	609	6,089
Telephone	4,407	275	826	5,508
Printing, signage and postage	4,678	826	-	5,504
Insurance	9,833	2,458	-	12,291
Rent	39,071	7,326	2,442	48,839
Hotel cost for 2-day walk	60,764	-	-	60,764
Food and beverage	65,854	-	-	65,854
Fees for service	89,333	4,702	-	94,035
Supplies	22,389	2,488	-	24,877
Rental items and security	47,037	-	-	47,037
Grant awards	733,609	-	-	733,609
Travel, mileage and meals	5,564	-	1,391	6,955
	<u>\$ 1,516,573</u>	<u>\$ 73,059</u>	<u>\$ 57,370</u>	<u>\$ 1,647,002</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, 2021**

	<u>Supporting Activities</u>			<u>Totals</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
Salaries	\$ 170,817	\$ 71,183	\$ 29,949	\$ 271,949
Payroll benefits	12,727	3,320	2,398	18,445
Payroll taxes	14,355	3,745	2,705	20,805
Advertising, marketing, and event shirts	23,873	1,372	2,195	27,440
Contract labor	17,000	-	-	17,000
Professional fees	-	16,000	-	16,000
Office expense	10,934	3,124	1,562	15,620
Software and fundraising portal	48,263	-	5,363	53,626
Telephone	4,090	256	767	5,113
Printing, signage and postage	8,974	1,584	-	10,558
Insurance	9,814	2,453	-	12,267
Rent	24,582	4,609	1,536	30,727
Hotel cost for 2-day walk	49,818	-	-	49,818
Food and beverage	52,433	-	-	52,433
Fees for service	41,648	-	-	41,648
Supplies	4,956	551	-	5,507
Rental items and security	35,957	-	-	35,957
Grant awards	568,060	-	-	568,060
Travel, mileage and meals	549	-	137	686
	<u>\$ 1,098,850</u>	<u>\$ 108,197</u>	<u>\$ 46,612</u>	<u>\$ 1,253,659</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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (270,627)	\$ 84,132
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Required) by Operating Activities:		
Amortization of discount on unconditional promises to give	(19,014)	(10,467)
Unrealized loss on investments	8,040	6,752
Operating lease expense	21,019	-
Payments on operating lease obligation	(7,034)	-
Change in assets and liabilities:		
Unconditional promises to give	30,001	36,753
Other assets	(3,639)	(10,557)
Accounts payable and accrued expenses	3,513	384
Grants payable	147,224	181,270
Refundable advances	21,120	(34,321)
Total adjustments	<u>201,230</u>	<u>169,814</u>
Net Cash Provided (Required) by Operating Activities	<u>(69,397)</u>	<u>253,946</u>
Cash Flows from Investing Activities:		
Purchases of investments	<u>(4,758)</u>	<u>(7,453)</u>
Net Cash Required by Investing Activities	<u>(4,758)</u>	<u>(7,453)</u>
Cash Flows from Financing Activities:		
Cash contributions restricted for endowment	<u>90,000</u>	<u>30,000</u>
Net Cash Provided by Financing Activities	<u>90,000</u>	<u>30,000</u>
Net Increase in Cash and Cash Equivalents and Restricted Cash	15,845	276,493
Cash and Cash Equivalents and Restricted Cash at Beginning of Year	<u>1,260,382</u>	<u>983,889</u>
Cash and Cash Equivalents and Restricted Cash at End of Year	<u>\$ 1,276,227</u>	<u>\$ 1,260,382</u>
Reconciliation of Cash and Cash Equivalents and Restricted Cash to Financial Statements:		
Cash and cash equivalents	\$ 1,125,975	\$ 1,200,374
Restricted cash	<u>150,252</u>	<u>60,008</u>
	<u>\$ 1,276,227</u>	<u>\$ 1,260,382</u>

**Schedule of Non-Cash Operating Activities:**

See Notes 2 and 7 for non-cash disclosures related to the right-of-use asset and lease liability obligation.

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

**IT'S THE JOURNEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**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").

Adoption of New Accounting Policies

Effective January 1, 2022, the Organization adopted Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842). The objective of this ASU is to increase transparency and comparability in financial reporting by requiring statement of financial position recognition of leases and note disclosure of certain information about lease arrangements. The Organization adopted ASU 2016-02 using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch-up adjustment to net assets recognized upon adoption, if necessary. Adoption of ASU 2016-02 did not result in changes to the Organization's beginning net asset balance. Additionally, upon adoption, the Organization elected to use risk-free discount rate (United States Treasury Yield Curve Rate), an option only available to private entities, when calculating the present value of future lease payments and has made an accounting policy election to not recognize lease assets and lease liabilities for leases with terms of 12 months or less.

Adoption of this ASU resulted in the Organization recording a right-of-use ("ROU") asset and operating lease liability of \$206,153 on January 1, 2022, which represented the present value of future lease payments on the Organization's office lease further detailed in Note 7 at the date of adoption. Operating lease expense continues to be recorded on a straight-line basis throughout the lease term and the ROU asset and corresponding operating lease liability are reduced as lease payments are made.

The Organization adopted ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU improves transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements to presentation and disclosure. ASU 2020-07 was issued to address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profits, as well as the amount of those contributions used in an entity's programs and other activities. The Organization applied ASU 2020-07 on a retrospective basis.

**IT'S THE JOURNEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

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

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.

Concentration of Credit Risk

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, receivables 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. Management continually monitors receivable balances and believes that its exposure to credit risk is limited. 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.

Cash and Cash Equivalents

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

Restricted Cash

The Organization received a five-year contribution commitment agreement to establish an endowment, as presented in Note 5, in which \$90,000 and \$30,000 was received during 2022 and 2021, respectively, which are included in the cash account at December 31, 2022. In connection with this agreement, the Organization is to invest the endowment funds and therefore, has recorded restricted cash for this amount until the endowment account has been established.

Investments

Investments include certificates of deposits and corporate bonds held at a financial institution and are carried at market value.

Contribution Revenue and Contributions Receivable

Contributions, which include unconditional promises to give, are recognized as revenues in the period the contributions are received and reported at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

**IT'S THE JOURNEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

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

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.

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

	<b><u>2022</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	\$ 48,512	\$ -	\$ 48,512	\$ -
Cash	269,818	269,818	-	-
	<u>\$ 318,330</u>	<u>\$ 269,818</u>	<u>\$ 48,512</u>	<u>\$ -</u>

	<b><u>2021</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	\$ 156,552	\$ -	\$ 156,552	\$ -
Cash	165,060	165,060	-	-
	<u>\$ 321,612</u>	<u>\$ 165,060</u>	<u>\$ 156,552</u>	<u>\$ -</u>

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 \$65,845 and \$44,725 at December 31, 2022 and 2021, respectively.

**IT'S THE JOURNEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**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.

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.

Paycheck Protection Program Grant

In January 2021, the Organization obtained a second Small Business Administration (“SBA”) loan under the Paycheck Protection Flexibility Act Program (“PPPFA”) in the amount of \$60,788. The Paycheck Protection Program (“PPP”) loan bore interest at 1.00% and followed the repayment terms outlined by the Coronavirus Aid, Relief, and Economic Securities Act (the “CARES” Act) and PPPFA. The Organization has met all the requirements of the grant and recognized the grant as income as of December 31, 2021. The Organization received notification in January 2022 that the PPP loan proceeds were forgiven.

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.

**IT'S THE JOURNEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

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

Gifts-in-Kind

The Organization received gifts-in-kind for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Medical services	\$ 65,500	\$ 40,872
Supplies	<u>10,345</u>	<u>1,495</u>
	<u>\$ 75,845</u>	<u>\$ 42,367</u>

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. The Organization receives contributed medical services that are reported using current rates for similar medical services. The Organization also receives a significant amount of donated services from unpaid volunteers who volunteered their time to perform a variety of tasks associated with the Walk. No amounts have been recognized in the statements of activities and changes in net assets for these fundraising and special projects services because the criteria for recognition have not been satisfied.

The Organization records contributed supplies at the estimated fair value received.

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, 2019.

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.

**IT'S THE JOURNEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 3 – UNCONDITIONAL PROMISES TO GIVE**

Contributions, which include unconditional promises to give, are recognized as revenues in the period the contributions are received and reported at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Unconditional promises to give at December 31, 2021 are due as follows:

Amounts due in:		
Less than one year	\$	55,000
One to five years		65,000
Less:		
Present value discount		<u>(19,013)</u>
	\$	<u>100,987</u>

The Organization uses the allowance method to determine the uncollectible unconditional promises to give. At December 31, 2021, no allowance for doubtful accounts is deemed necessary.

All unconditional promises to give were received during 2022.

**NOTE 4 – 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 2022, the Organization awarded \$734,000 as irrevocable grants to be disbursed to recipients in 2022 and 2023 and wrote off the second part of one grant awards from 2021 totaling \$391. During 2021, the Organization awarded \$586,776 as irrevocable grants to be disbursed to recipients in 2021 and 2022 and wrote off the second part of two grant awards from 2020 totaling \$18,716.

**IT'S THE JOURNEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 4 – GRANT AWARDS (Continued)**

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

	<u>2022</u>	<u>2021</u>
Grants awarded from current year Board commitment	\$ 734,000	\$ 586,776
Grants not awarded from prior year Board commitment	<u>(391)</u>	<u>(18,716)</u>
	<u>\$ 733,609</u>	<u>\$ 568,060</u>

**NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions for the following purposes or periods as of December 31:

	<u>2022</u>	<u>2021</u>
Subject to the passage of time:		
Walk and gala contributions for future events	\$ 65,789	\$ 37,905
Contributions	-	25,298
Endowments:		
Endowment cash	150,000	60,008
Endowment pledges	<u>-</u>	<u>75,680</u>
Total net assets with donor restrictions	<u>\$ 215,789</u>	<u>\$ 198,891</u>

**NOTE 6 – NET ASSETS RELEASE FROM DONOR RESTRICTIONS**

Net assets released during 2022 and 2021 totaled \$67,905 and \$26,753, respectively, which were time-restricted for the special grant and the 2022 Walk, respectively.

**NOTE 7 – LEASE COMMITMENTS**

As discussed in Note 2, the Organization adopted ASC 842 *Leases* effective January 1, 2022. The Organization leases its main office under a noncancelable operating lease. As of December 31, 2022, the remaining lease term was 4.75 years and the discount rate was 2.94%.

At December 31, 2022, the Organization's operating lease liability was comprised of the following:

Gross operating lease liability	\$ 213,932
Less: imputed interest	<u>(14,813)</u>
Present value of operating lease liability	<u>\$ 199,119</u>



**IT'S THE JOURNEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 7 – LEASE COMMITMENTS (Continued)**

Future minimum payments for the operating lease liability as of December 31, 2022 were as follows:

2023		\$	42,596
2024			43,877
2025			45,201
2026			46,557
2027			35,701
			\$ 213,932

**NOTE 8 – COMMITMENTS AND CONTINGENCIES**

The Organization entered into two contracts with a hotel for the Walks to be held in October 2023 and September 2024. The contracts contain cancellation clauses whereby the Organization would be liable approximately \$110,000 per contract if the contracts were cancelled before the events.

**NOTE 9 – LIQUIDITY AND AVAILABILITY OF RESOURCES**

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,125,975	\$ 1,200,374
Investments	318,330	321,612
Unconditional promises to give	-	15,000
Net assets with donor restrictions subject to passage of time	(65,789)	(63,203)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,378,516	\$ 1,473,783

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.