

**Us TOO INTERNATIONAL, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2018



**US TOO INTERNATIONAL, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2018 AND 2017**

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## **REPORT OF INDEPENDENT AUDITORS**

To the Board of Directors of  
Us TOO International, Inc.

We have audited the accompanying financial statements of Us TOO International, Inc. (an Illinois not-for-profit Corporation), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, 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 the 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 entity'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 entity'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 Us TOO International, Inc. 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.

*Calibre CPA Group, PLLC*

Chicago, IL  
June 24, 2019

**US TOO INTERNATIONAL, INC.**

**STATEMENTS OF FINANCIAL POSITION**

DECEMBER 31, 2018 AND 2017

	2018	2017
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 154,981	\$ 167,286
Sponsorships receivable	15,000	-
Prepaid expenses	11,199	4,028
Total current assets	181,180	171,314
<b>INVESTMENTS</b>	985,931	752,708
<b>PROPERTY AND EQUIPMENT</b>		
Furniture and equipment	27,961	27,961
Less: accumulated depreciation	(27,961)	(27,961)
Total property and equipment	-	-
<b>OTHER ASSETS</b>		
Security deposit	3,200	3,200
Total assets	\$ 1,170,311	\$ 927,222
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 56,517	\$ 28,939
Accrued expenses	28,260	9,538
Deferred lease obligation	2,567	3,334
Total liabilities	87,344	41,811
<b>NET ASSETS</b>		
Net assets without donor restrictions	802,149	639,170
Net assets with donor restrictions	280,818	246,241
Total net assets	1,082,967	885,411
Total liabilities and net assets	\$ 1,170,311	\$ 927,222

See accompanying notes to financial statements.

**US TOO INTERNATIONAL, INC.**

**STATEMENT OF ACTIVITIES**

YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
Contributions	\$ 113,873	\$ 465,418	\$ 579,291
Donated securities	310,625	-	310,625
Fundraising events (net of expenses of \$138,446)	203,250	-	203,250
Interest/dividends, net of fees	8,160	-	8,160
Realized loss on investments	(27,530)	-	(27,530)
Unrealized loss on investments	(57,773)	-	(57,773)
Tapes/books/pins	466	-	466
Other	2,581	-	2,581
Net assets released from donor restrictions	430,841	(430,841)	-
Total revenues	984,493	34,577	1,019,070
<b>EXPENSES</b>			
Program services	600,489	-	600,489
Management and general	160,696	-	160,696
Fundraising	60,329	-	60,329
Total expenses	821,514	-	821,514
<b>CHANGE IN NET ASSETS</b>	162,979	34,577	197,556
<b>NET ASSETS</b>			
Beginning of year	639,170	246,241	885,411
End of year	\$ 802,149	\$ 280,818	\$ 1,082,967

See accompanying notes to financial statements.

# US TOO INTERNATIONAL, INC.

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
Contributions	\$ 146,818	\$ 427,078	\$ 573,896
Fundraising events (net of expenses of \$104,896)	170,170	-	170,170
Interest/dividends, net of fees	4,224	-	4,224
Realized gain on investments	35,324	-	35,324
Unrealized gain of investments	64,248	-	64,248
Tapes/books/pins	1,218	-	1,218
Other	2,397	-	2,397
Net assets released from donor restrictions	<u>427,342</u>	<u>(427,342)</u>	<u>-</u>
Total revenues	<u>851,741</u>	<u>(264)</u>	<u>851,477</u>
<b>EXPENSES</b>			
Program services	598,160	-	598,160
Management and general	117,343	-	117,343
Fundraising	<u>46,509</u>	<u>-</u>	<u>46,509</u>
Total expenses	<u>762,012</u>	<u>-</u>	<u>762,012</u>
CHANGE IN NET ASSETS	89,729	(264)	89,465
<b>NET ASSETS</b>			
Beginning of year	<u>549,441</u>	<u>246,505</u>	<u>795,946</u>
End of year	<u>\$ 639,170</u>	<u>\$ 246,241</u>	<u>\$ 885,411</u>

See accompanying notes to financial statements.

**Us TOO INTERNATIONAL, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>EXPENSES</b>				
Salaries and benefits	\$ 312,800	\$ 26,515	\$ 19,890	\$ 359,205
Payroll taxes	19,692	1,669	1,252	22,613
Board expense	-	25,995	-	25,995
Contributions	7,275	-	-	7,275
Credit card finance charges	-	1,079	-	1,079
Dues and subscriptions	-	9,958	-	9,958
Insurance	8,567	726	545	9,838
Miscellaneous	30,322	2,204	-	32,526
Occupancy	34,919	2,960	2,220	40,099
Office supplies	16,325	11,733	1,554	29,612
Postage	17,368	1,403	3,971	22,742
Printing	36,401	455	6,453	43,309
Professional fees	86,973	64,806	21,272	173,051
Telephone	10,730	910	682	12,322
Travel and entertainment	<u>19,117</u>	<u>10,283</u>	<u>2,490</u>	<u>31,890</u>
Total expenses	<u>\$ 600,489</u>	<u>\$ 160,696</u>	<u>\$ 60,329</u>	<u>\$ 821,514</u>

See accompanying notes to financial statements.



**Us TOO INTERNATIONAL, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>EXPENSES</b>				
Salaries and benefits	\$ 310,331	\$ 25,899	\$ 20,847	\$ 357,077
Payroll taxes	19,839	1,656	1,333	22,828
Board expense	-	19,176	-	19,176
Contributions	12,030	-	-	12,030
Credit card finance charges	-	1,246	-	1,246
Dues and subscriptions	3,000	5,837	-	8,837
Insurance	10,880	908	731	12,519
Miscellaneous	19,482	2,298	-	21,780
Occupancy	35,153	2,934	2,361	40,448
Office supplies	41,292	7,046	-	48,338
Postage	17,812	1,354	2,587	21,753
Printing	38,980	1,129	3,925	44,034
Professional fees	63,069	43,346	14,074	120,489
Telephone	9,699	809	651	11,159
Travel and entertainment	<u>16,593</u>	<u>3,705</u>	<u>-</u>	<u>20,298</u>
Total expenses	<u>\$ 598,160</u>	<u>\$ 117,343</u>	<u>\$ 46,509</u>	<u>\$ 762,012</u>

See accompanying notes to financial statements.

**Us TOO INTERNATIONAL, INC.**

**STATEMENTS OF CASH FLOWS**

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 197,556	\$ 89,465
Adjustments to reconcile change in net assets to net cash used for operating activities		
Donated securities	(310,625)	-
(Increase) decrease in fair value of investments	85,303	(99,572)
(Increase) decrease in		
Other receivable	(15,000)	2,274
Prepaid expenses	(7,171)	13,456
Increase (decrease) in		
Accounts payable	27,578	669
Deferred lease obligation	(767)	3,334
Accrued expenses	18,722	(12,700)
Net cash (used) for operating activities	(4,404)	(3,074)
<b>CASH PROVIDED BY INVESTING ACTIVITIES</b>		
Sale of investments	1,806,048	5,691
Purchase of investments	(1,813,949)	(9,669)
Net cash (used) by investing activities	(7,901)	(3,978)
<b>NET CHANGE IN CASH</b>	(12,305)	(7,052)
<b>CASH BALANCE</b>		
Beginning of year	167,286	174,338
End of year	\$ 154,981	\$ 167,286

See accompanying notes to financial statements.

## US TOO INTERNATIONAL, INC.

### NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

#### NOTE 1. NATURE OF ORGANIZATION

Us TOO International, Inc. (the Organization) is an Illinois not-for-profit Corporation founded in 1990 to be the leading prostate cancer organization helping men and their families make informed decisions about prostate cancer detection and treatment through support, education and advocacy.

#### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting** - The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other assets and liabilities.

**Basis of Presentation** - Financial statement presentation follows the recommendations of U.S. generally accepted accounting principles (GAAP) in accordance with Financial Accounting Standards Board Accounting Standards Codification, *Not-for-Profit Entities - Presentation of Financial Statements*. Under those principles, the Organization is required to report information regarding its financial position and activities according to two classes of net assets - net assets without donor restrictions and net assets with donor restrictions.

**Investments** - Investments consist of amounts held in money market accounts, short-term investment funds, and amounts invested in fixed income, equities and mutual funds, all of which are reported at fair value, generally as determined by published market prices. Income earned is derived from interest, dividends and changes in fair value. Unrealized gains (losses) resulting from increases (decreases) in fair value of securities held as well as the net realized gains (losses) arising from sales of securities are included in investment income. Investment income is reported in the statement of activities net of all external and direct internal investment expenses. Gains and losses are included in the change in net assets in the statements of activities.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

## **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment** - Property and equipment is carried at cost. Major additions over \$500 are capitalized while maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed currently. Leasehold improvements are depreciated over estimated useful lives of three years using a straight-line method. Furniture and equipment are being depreciated over estimated useful lives of five to ten years using a straight-line method.

**Net Assets** - Net assets are reported in two distinct classes as follows:

*Net assets without donor restrictions* - These net assets are available to finance the general operations of the Organization. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in its organizing documents.

*Net assets with donor restrictions* - These net assets result from contributions and other inflows of assets, the use of which by the Organization is limited by donor-imposed time or purpose restrictions that are either temporary or permanent.

**Contributions** - Donor-restricted contributions are generally reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from donor restrictions. All other contributions are reported as increases in net assets without donor restrictions. Non-cash contributions are recorded at fair value.

**Functional Allocation of Expenses** - The costs of providing the various programs and supporting activities of the Organization have been summarized on a functional basis in the statements of activities and functional expenses. Costs that can be specifically identified with a final cost objective are charged directly to that activity. Other costs are allocated among the program and supporting services benefited based on management's best estimates. Salaries and related fringe benefits are allocated based on employee time and effort studies. Information technology costs are allocated based on the relative benefit of related activity use. Other common costs such as occupancy, depreciation and related infrastructure costs are allocated based on employee time and effort studies.

**Cash and Cash Equivalents** - For purposes of the statements of cash flows, cash and cash equivalents consist of cash on hand, checking and savings accounts.

**Estimates** - The preparation of financial statements in conformity with U.S. generally accepted accounting principles required management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New Accounting Pronouncement Adopted** - During the year ended December 31, 2018, the Organization adopted the provisions of Accounting Standards Update 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities* (the Update). The Update amends the reporting model for not-for-profit organizations and enhances required disclosures. The major changes include: requiring the presentation of only two classes of net assets - those with donor restrictions and those without donor restrictions; requiring all not-for-profits to present an analysis of expenses by both function and nature in a single location, generally as a separate financial statement or by disclosure in the notes, and to provide additional information about the methods used to allocate costs across functional reporting categories; requiring disclosure of both quantitative and qualitative information about liquidity and the availability of financial resources; and requiring the presentation of investment return net of all external and direct internal expenses.

Accordingly, certain amounts previously reported for the year ended December 31, 2017 were reclassified to conform to the 2018 presentation.

## **NOTE 3. TAX STATUS**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and applicable state law. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization has assessed that there are no activities unrelated to the purpose of the Organization and therefore no tax is to be recognized. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization performed an evaluation of uncertain tax positions for the years ended December 31, 2018 and 2017, and determined that there were no matters that would require recognition in the financial statements or that may have an effect on its tax-exempt status. The Organization files its Forms 990 with the Internal Revenue Service. Each of the Organization's prior three years remains subject to examination by the Internal Revenue Service.

## **NOTE 4. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

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. In addition, the Organization invests cash in excess of its current requirements in a portfolio of investments designed to maximize long-term earnings with acceptable risk to investment principal.

**NOTE 4. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (CONTINUED)**

The following table represents the Organization's financial assets available to meet cash needs for general expenditures within one year of December 31, 2018.

Total assets at end of year	\$ 1,170,311
Less nonfinancial assets	
Prepaid expenses	(11,199)
Net property and equipment	-
Security deposit	(3,200)
Less those unavailable for general expenditures within one year due to purpose restrictions by donor	<u>(280,818)</u>
Financial assets available to meet general expenditures coming due in the next year	<u>\$ 1,155,912</u>

**NOTE 5. NET ASSETS**

Net assets previously reported as of December 31, 2017 were restated to conform to the presentation and disclosure requirements necessitated by the adoption of ASU 2016-14 as described in Note 2. Accordingly, net assets as of December 31, 2017 were restated as follows:

<u>Net Asset Classes</u>	<u>As Previously Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 639,170	\$ -
Temporarily restricted	246,241	
Net assets without donor restrictions		639,170
Net assets with donor restrictions	<u>-</u>	<u>246,241</u>
Total net assets	<u>\$ 885,411</u>	<u>\$ 885,411</u>

**NOTE 6. FAIR VALUE MEASUREMENTS**

Accounting standards provides the framework for measuring fair value which provides 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 (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

**NOTE 6. FAIR VALUE MEASUREMENTS (CONTINUED)**

Level 2 - Inputs to the valuation methodology include other significant observable inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2018 and 2017:

		2018		
Description	Total	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 8,048	\$ -	\$ 8,048	\$ -
Certificates of deposit	238,925	-	238,925	-
U.S. treasury bills	194,902	194,902	-	-
Mutual funds	46,133	46,133	-	-
Exchange traded funds	497,923	497,923	-	-
 Total	 <u>\$ 985,931</u>	 <u>\$ 738,958</u>	 <u>\$ 246,973</u>	 <u>\$ -</u>

**NOTE 6. FAIR VALUE MEASUREMENTS (CONTINUED)**

Description	2017			
	Total	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 195,252	\$ -	\$ 195,252	\$ -
Mutual funds	619	619	-	-
Exchange traded funds	71,818	71,818	-	-
Common stock	<u>485,019</u>	<u>485,019</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 752,708</u>	<u>\$ 557,456</u>	<u>\$ 195,252</u>	<u>\$ -</u>

**Level 1 Inputs**

Fair values for common stock, U.S. treasury securities, mutual funds and exchange traded funds are determined by reference to quoted market prices.

**Level 2 Inputs**

Money market funds are valued using cost which approximates fair value. Certificates of deposit held through brokerage accounts are valued at the closing price reported on the active market or comparable securities in which the individual certificates of deposit are traded.

**NOTE 7. LEASE COMMITMENTS**

The Organization entered into a lease agreement for office space in Des Plaines, Illinois commencing December 1, 2013 and terminating on February 28, 2017. The lease term was extended through March 31, 2020. Rent expense for the years ended December 31, 2018 and 2017 was \$38,271 and \$38,716, respectively.

The future minimum rental payments under this lease are as follows:

December 31,	
2019	\$ 40,208
2020	<u>10,203</u>
	<u>\$ 50,411</u>



**NOTE 8. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Chapter services	\$ 238,318	\$ 216,541
Patient information materials	15,000	2,000
New program initiatives	17,500	17,500
Education symposium	<u>10,000</u>	<u>10,200</u>
Total	<u>\$ 280,818</u>	<u>\$ 246,241</u>

**NOTE 9. PENSION PLANS**

The Corporation has a 401(k) salary deferral plan. The Board of Directors (the Board) approved a dollar for dollar match up to ten percent of annual compensation. Eligible employees must be 21 years of age and have completed 1,000 hours of service which is credited on their anniversary date. In December 2007, the Board approved adding a Roth 401(k) option to the plan. Effective January 1, 2013, the Board approved a mandatory 3% payment to the plan for all eligible staff and reduced the matching contribution to 4% of annual compensation. Pension expense for the years ended December 31, 2018 and 2017 was \$20,016 and \$16,965, respectively.

**NOTE 10. SUBSEQUENT EVENTS**

Subsequent events were evaluated through June 24, 2019, which is the date the financial statements were available to be issued. This review and evaluation revealed no new material event or transactions which would require an adjustment to or disclosure in the accompanying financial statements.