

US TOO INTERNATIONAL, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017

US TOO INTERNATIONAL, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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
May 21, 2018

Us TOO INTERNATIONAL, INC.
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

| | 2017 | 2016 |
|-----------------------------------|-------------------|-------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 32,971 | \$ 47,210 |
| Other receivables | - | 2,274 |
| Prepaid expenses | 4,028 | 17,484 |
| Total current assets | 36,999 | 66,968 |
| INVESTMENTS | 887,023 | 776,286 |
| PROPERTY AND EQUIPMENT | | |
| Furniture and equipment | 27,961 | 27,961 |
| Less: accumulated depreciation | (27,961) | (27,961) |
| Total property and equipment | - | - |
| OTHER ASSETS | | |
| Security deposit | 3,200 | 3,200 |
| Total assets | \$ 927,222 | \$ 846,454 |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts payable | \$ 28,939 | \$ 28,270 |
| Deferred lease obligation | 3,334 | - |
| Accrued expenses | 9,538 | 22,238 |
| Total liabilities | 41,811 | 50,508 |
| NET ASSETS | | |
| Unrestricted | 639,170 | 549,441 |
| Temporarily restricted | 246,241 | 246,505 |
| Total net assets | 885,411 | 795,946 |
| Total liabilities and net assets | \$ 927,222 | \$ 846,454 |

See accompanying notes to financial statements.

Us TOO INTERNATIONAL, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

| | 2017 | | |
|---|--------------|---------------------------|------------|
| | Unrestricted | Temporarily Restricted | Total |
| REVENUES | | | |
| Direct public support | \$ 146,818 | \$ 427,078 | \$ 573,896 |
| Interest/dividends | 10,330 | - | 10,330 |
| Fund raising events (net of expenses of \$104,896) | 170,170 | - | 170,170 |
| Tapes/books/pins | 1,218 | - | 1,218 |
| Other | 1,982 | - | 1,982 |
| Unrealized depreciation of investments | 64,248 | - | 64,248 |
| Realized loss on investments/assets | 35,324 | - | 35,324 |
| Net assets released from restrictions | 427,342 | (427,342) | - |
| Total revenues | 857,432 | (264) | 857,168 |
| EXPENSES | | | |
| Program services | 603,368 | - | 603,368 |
| Management and general | 117,826 | - | 117,826 |
| Fund raising | 46,509 | - | 46,509 |
| Total expenses | 767,703 | - | 767,703 |
| CHANGE IN NET ASSETS | 89,729 | (264) | 89,465 |
| NET ASSETS | | | |
| Beginning of year | 549,441 | 246,505 | 795,946 |
| End of year | \$ 639,170 | \$ 246,241 | \$ 885,411 |

See accompanying notes to financial statements.

Us TOO INTERNATIONAL, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016

| | 2016 | | |
|--|--------------|---------------------------|------------|
| | Unrestricted | Temporarily Restricted | Total |
| REVENUES | | | |
| Direct public support | \$ 128,410 | \$ 285,446 | \$ 413,856 |
| Interest/dividends | 7,597 | - | 7,597 |
| Fund raising events (net of expenses of \$64,404) | 350,214 | 30,212 | 380,426 |
| Tapes/books/pins | 586 | - | 586 |
| Other | 11,828 | - | 11,828 |
| Unrealized (depreciation) of investments | (2,379) | - | (2,379) |
| Realized (loss) on investments/assets | (3,319) | - | (3,319) |
| Net assets released from restrictions | 314,115 | (314,115) | - |
| Total revenues | 807,052 | 1,543 | 808,595 |
| EXPENSES | | | |
| Program services | 675,404 | - | 675,404 |
| Management and general | 105,655 | - | 105,655 |
| Fund raising | 51,183 | - | 51,183 |
| Total expenses | 832,242 | - | 832,242 |
| CHANGE IN NET ASSETS | (25,190) | 1,543 | (23,647) |
| NET ASSETS | | | |
| Beginning of year | 574,631 | 244,962 | 819,593 |
| End of year | \$ 549,441 | \$ 246,505 | \$ 795,946 |

See accompanying notes to financial statements.

US TOO INTERNATIONAL, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

| | 2017 | | | |
|--------------------------|---------------------|------------------------------|------------------|-------------------|
| | Program Services | Management and General | Fund Raising | Total |
| EXPENSES | | | | |
| Salaries and benefits | \$ 310,331 | \$ 25,899 | \$ 20,847 | \$ 357,077 |
| Payroll taxes | 19,839 | 1,656 | 1,333 | 22,828 |
| Credit card charges | - | 1,246 | - | 1,246 |
| Conferences | - | - | - | - |
| Dues and subscriptions | - | 3,837 | - | 3,837 |
| Bank and brokerage fees | 5,208 | 2,232 | - | 7,440 |
| Printing | 38,980 | 1,129 | 3,925 | 44,034 |
| Travel and entertainment | 13,005 | 9,444 | - | 22,449 |
| Insurance | 10,880 | 908 | 731 | 12,519 |
| Occupancy | 35,153 | 2,934 | 2,361 | 40,448 |
| Telephone | 9,699 | 809 | 651 | 11,159 |
| Professional fees | 63,069 | 41,596 | 250 | 104,915 |
| Postage | 17,812 | 1,354 | 2,587 | 21,753 |
| Office supplies | 44,880 | 7,046 | - | 51,926 |
| Miscellaneous | 19,482 | 2,299 | 13,824 | 35,605 |
| Depreciation | - | - | - | - |
| Board expense | - | 13,437 | - | 13,437 |
| Contributions | <u>15,030</u> | <u>2,000</u> | <u>-</u> | <u>17,030</u> |
| Total expenses | <u>\$ 603,368</u> | <u>\$ 117,826</u> | <u>\$ 46,509</u> | <u>\$ 767,703</u> |

See accompanying notes to financial statements.

US TOO INTERNATIONAL, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016

| | 2016 | | | |
|--------------------------|---------------------|------------------------------|------------------|-------------------|
| | Program Services | Management and General | Fund Raising | Total |
| EXPENSES | | | | |
| Salaries and benefits | \$ 287,480 | \$ 25,429 | \$ 23,840 | \$ 336,749 |
| Payroll taxes | 18,432 | 1,630 | 1,528 | 21,590 |
| Credit card charges | - | 130 | - | 130 |
| Conferences | 823 | - | - | 823 |
| Dues and subscriptions | 790 | 1,925 | - | 2,715 |
| Bank and brokerage fees | 10,417 | 1,838 | - | 12,255 |
| Printing | 37,775 | 1,829 | 3,951 | 43,555 |
| Travel and entertainment | 44,757 | 141 | - | 44,898 |
| Insurance | 11,990 | 1,061 | 994 | 14,045 |
| Occupancy | 35,320 | 3,124 | 2,929 | 41,373 |
| Telephone | 9,394 | 831 | 779 | 11,004 |
| Professional fees | 122,006 | 50,764 | 475 | 173,245 |
| Postage | 20,964 | 500 | 5,523 | 26,987 |
| Office supplies | 30,194 | 3,930 | 11,164 | 45,288 |
| Miscellaneous | 22,133 | - | - | 22,133 |
| Depreciation | - | 929 | - | 929 |
| Board expense | 5,904 | 11,594 | - | 17,498 |
| Contributions | 17,025 | - | - | 17,025 |
| Total expenses | <u>\$ 675,404</u> | <u>\$ 105,655</u> | <u>\$ 51,183</u> | <u>\$ 832,242</u> |

See accompanying notes to financial statements.

Us TOO INTERNATIONAL, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

| | 2017 | 2016 |
|--|-----------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 89,465 | \$ (23,647) |
| Adjustments to reconcile change in net assets to net cash used for operating activities: | | |
| Depreciation | - | 929 |
| (Increase) decrease in fair value of investments | (99,572) | 5,698 |
| (Increase) decrease in: | | |
| Other receivable | 2,274 | (2,274) |
| Prepaid expenses | 13,456 | 1,404 |
| Increase (decrease) in: | | |
| Accounts payable | 669 | 21,006 |
| Deferred lease obligation | 3,334 | - |
| Accrued expenses | (12,700) | (4,513) |
| | (3,074) | (1,397) |
| CASH PROVIDED BY INVESTING ACTIVITIES | | |
| Sale of investments | 5,691 | 120,772 |
| Purchase of investments | (16,856) | (120,421) |
| | (11,165) | 351 |
| NET CHANGE IN CASH | (14,239) | (1,046) |
| CASH BALANCE | | |
| Beginning of year | 47,210 | 48,256 |
| End of year | \$ 32,971 | \$ 47,210 |

See accompanying notes to financial statements.

US TOO INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

NOTE 1. NATURE OF ORGANIZATION

Us TOO International, Inc. (the Corporation) 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 Corporation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other assets and liabilities.

Basis of Presentation - The Corporation's financial statements are prepared in accordance with U.S. generally accepted accounting principles for not-for-profit organizations which require that its financial position and activities be classified between unrestricted net assets, temporarily restricted net assets and permanently restricted net assets based on the existence or absence of donor imposed restrictions. For both years ended December 31, 2017 and 2016, the Corporation did not have any permanently restricted net assets.

Contributions - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Investments - Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Gains and losses are included in the change in net assets in the statements of activities.

The Corporation 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.

Functional Allocation of Expenses - The cost of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Cash and Cash Equivalents - For purposes of the statements of cash flows, cash and cash equivalents consist of cash on hand and checking 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 3. TAX STATUS

The Corporation 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 Corporation's tax-exempt purpose is subject to taxation as unrelated business income. The Corporation has assessed that there are no activities unrelated to the purpose of the Corporation and therefore no tax is to be recognized. In addition, the Corporation 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 Corporation performed an evaluation of uncertain tax positions for the years ended December 31, 2017 and 2016, 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 Corporation files its forms 990 in the U.S. federal jurisdiction and the office of the state's attorney general for the State of Illinois. Each of the Corporation's prior three years remains subject to examination by the Internal Revenue Service.

NOTE 4. FAIR VALUE MEASUREMENTS

Accounting Standards provide 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 or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). The three levels of the fair value hierarchy are described below:

Basis of Fair Value Measurement

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted 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.

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 Corporation 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 summary of the inputs used as of December 31, 2017 and 2016, in valuing investments carried at fair value on a recurring basis is as follows:

| Description | Total | 2017 | | |
|------------------------------------|-------------------|---|---|--|
| | | Quoted Market Prices for Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Money market funds | \$ 329,567 | \$ - | \$ 329,567 | \$ - |
| Registered investment companies | 72,437 | 72,437 | - | - |
| Common stock | <u>485,019</u> | <u>485,019</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 887,023</u> | <u>\$ 557,456</u> | <u>\$ 329,567</u> | <u>\$ -</u> |

NOTE 4. FAIR VALUE MEASUREMENTS (CONTINUED)

| Description | 2016 | | | |
|------------------------------------|-------------------|---|---|--|
| | Total | Quoted Market Prices for Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Money market funds | \$ 289,490 | \$ - | \$ 289,490 | \$ - |
| Registered investment companies | 66,814 | 66,814 | - | - |
| Common stock | <u>419,982</u> | <u>419,982</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 776,286</u> | <u>\$ 486,796</u> | <u>\$ 289,490</u> | <u>\$ -</u> |

Level 1 Inputs

Fair values for common stock, and registered investment companies are determined by reference to quoted market prices.

Level 2 Inputs

Money market funds are valued using cost which approximates fair value.

NOTE 5. LEASE COMMITMENTS

The Corporation 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, 2017 and 2016 was \$38,716 and \$39,785, respectively.

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

| <u>December 31,</u> | |
|---------------------|------------------|
| 2018 | \$ 39,038 |
| 2019 | 40,208 |
| 2020 | <u>10,203</u> |
| | <u>\$ 89,449</u> |

NOTE 6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

| | <u>2017</u> | <u>2016</u> |
|----------------------|-----------------------|-----------------------|
| Chapter services: | | |
| Chapter resources | \$ 216,541 | \$ 217,805 |
| Patient information: | | |
| Webpage development | 17,500 | - |
| Hot sheet | 2,000 | 9,500 |
| Education: | | |
| Webinar/focus group | - | 9,000 |
| Research | <u>10,200</u> | <u>10,200</u> |
| Total | <u>\$ 246,241</u> | <u>\$ 246,505</u> |

NOTE 7. PENSION PLANS

The Corporation has a 401(k) salary deferral plan. The Board of Directors 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, 2017 and 2016 was \$16,965 and \$16,204, respectively.

NOTE 8. SUBSEQUENT EVENTS

Subsequent events were evaluated through May 21, 2018, 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 additional adjustment to or disclosure in the accompanying financial statements.