

Humanity Road, Inc.
Report on Audit of Financial Statements
Year Ended December 31, 2018



*Creedle, Jones
& Associates, P.C.*
Certified Public Accountants

Humanity Road, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Humanity Road, Inc.

We have audited the accompanying financial statements of Humanity Road, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's 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 Humanity Road, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Creedle, Jones & Associates, P.C.

Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
November 15, 2019

Humanity Road, Inc.

Statement of Financial Position

December 31, 2018

Assets**Current Assets**

Cash	\$ 23,001
Accounts receivable	2,013

Property and Equipment

Equipment	4,446
Less: Accumulated depreciation	<u>(3,320)</u>
Net Property and Equipment	1,126

Other Assets

Prepaid expenses	<u>2,552</u>
Total Other Assets	<u>2,552</u>

Total Assets	<u><u>\$ 28,692</u></u>
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Liabilities and Net Assets**Liabilities**

Accrued liabilities	\$ 2,117
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Net Assets

Without donor restrictions	<u>26,575</u>
Total Liabilities and Net Assets	<u><u>\$ 28,692</u></u>

See independent auditor's report and accompanying notes to the financial statements.

Humanity Road, Inc.

Statement of Activities

Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains, and Other Support			
Individual donations	\$ 37,078	\$ -	\$ 37,078
In-kind donations	28,759	-	28,759
Disaster preparedness income	82,647	-	82,647
Miscellaneous	97	-	97
Reimbursements income	<u>1,305</u>	<u>-</u>	<u>1,305</u>
Total Revenues, Gains, and Other Support	149,886	-	149,886
Expenses			
Disaster response services	141,219	-	141,219
Management and general	<u>40,935</u>	<u>-</u>	<u>40,935</u>
Total Expenses	<u>182,154</u>	<u>-</u>	<u>182,154</u>
Change in Net Assets	(32,268)	-	(32,268)
Net Assets - Beginning of Year	<u>58,843</u>	<u>-</u>	<u>58,843</u>
Net Assets - End of Year	<u>\$ 26,575</u>	<u>\$ -</u>	<u>\$ 26,575</u>

See independent auditor's report and accompanying notes to the financial statements.

Humanity Road, Inc.

Statement of Cash Flows

Year Ended December 31, 2018

Cash Flows from Operating Activities

Change in net assets	\$ (32,268)
<i>Adjustments to reconcile change in net assets to net cash used in operating activities</i>	
Depreciation	217
Change in accounts receivable	11,659
Change in prepaid expenses	3,618
Change in accrued liabilities	<u>(9)</u>
Net Cash Used in Operating Activities	(16,783)

Cash Flows from Investing Activities

Purchase of fixed assets	<u>-</u>
Net Cash Provided by (Used in) Investing Activities	<u>-</u>

Net Decrease in Cash	(16,783)
Cash Balance - Beginning of Year	<u>39,784</u>
Cash Balance - End of Year	<u><u>\$ 23,001</u></u>

See independent auditor's report and accompanying notes to the financial statements.

Humanity Road, Inc.

Notes to the Financial Statements

Year Ended December 31, 2018

1 Summary of Significant Accounting Policies

Organization

Humanity Road, Inc. is a Virginia nonprofit organization chartered on March 3, 2010. Its purpose is to deliver disaster preparedness and response information to the global public before, during, and after a disaster using internet and mobile device technologies to help individuals survive, sustain, and reunite with each other and their pets.

Basis of Presentation

The accompanying financial statement of the Organization has been prepared on the accrual basis in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

This financial statement presentation follows the recommendations of FASB ASU 2016-14, *Not-for-Profit-Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under ASU 2016-14, 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.

Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations.

With Donor Restrictions

Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all cash accounts which are not subject to withdrawal restrictions or penalties to be cash or cash equivalents.

Property, Equipment, and Depreciation

Property and equipment are capitalized in the account and valued at cost. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the assets. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose.

Equipment

3-10 years

Depreciation expense for the year ended December 31, 2018 was \$217.

Income Taxes

Humanity Road, Inc. is exempt from Federal income tax under Code Section 501(c)(3) of the Internal Revenue Code.

Use of Estimates in Preparation of Financial Statements

The preparation of the accompanying financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that directly affect the results of reported assets, liabilities, revenue, and expenses. Actual results may differ from these estimates.

Contributed Services

The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. During the year, advertising services were provided to the Organization without charge. The valuation of these services was determined based on documentation provided by the service provider.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Without donor restrictions	\$	26,575
With donor restrictions		<u>-</u>
Total	\$	<u>26,575</u>

The main source of contributions for the Organization comes from the following:

Individual Donations	\$	37,078
In-Kind Donations		<u>28,759</u>
	\$	<u>65,837</u>

2 Capital Assets

Capital assets consist of the following:

	Balance January 1, 2018	Increases	Decreases	Balance December 31, 2018
Other Capital Assets				
Equipment	\$ 4,446	\$ -	\$ -	\$ 4,446
Total Other Capital Assets	4,446	-	-	4,446
Less: Accumulated depreciation for				
Equipment	3,103	217	-	3,320
Total Accumulated Depreciation	3,103	217	-	3,320
Other Capital Assets, Net	1,343	(217)	-	1,126
Net Capital Assets	\$ 1,343	\$ (217)	\$ -	\$ 1,126

3 Functional Expenses

The chart below presents expenses by both their nature and their function for fiscal year December 31, 2018:

	Supporting Services			Total
	Program Services	Management and General	Fund-raising	
Annual fees	\$ 259	\$ -	\$ -	\$ 259
Advertising and promotions	28,618	-	-	28,618
Accounting software	-	601	-	601
Bank fees	-	96	-	96
Contract services	32,368	-	-	32,368
Credit card interest and merchant fees	-	108	-	108
Depreciation	217	-	-	217
Dues and subscriptions	3,565	-	-	3,565
Insurance	-	3,186	-	3,186
Miscellaneous	833	-	-	833
Supplies	1,291	323	-	1,614
Payroll taxes	3,708	2,249	-	5,957
Postage	37	-	-	37
Professional fees	-	4,167	-	4,167
Salaries and wages	50,583	29,400	-	79,983
Travel and meetings	17,325	-	-	17,325
Telephone and telecommunications	<u>2,415</u>	<u>805</u>	<u>-</u>	<u>3,220</u>
Total Expenses	<u>\$ 141,219</u>	<u>\$ 40,935</u>	<u>\$ -</u>	<u>\$ 182,154</u>

4 Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the financial position sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets at year end	\$ 23,001
Less those unavailable for general expenditures within one year	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 23,001</u>

5 Subsequent Events

The Organization has evaluated subsequent events through November 15, 2019, the date which the financial statements were available to be issued.