

Humanity Road, Inc.

Report on Audit of Financial Statements

Year Ended December 31, 2015



*Creedle, Jones
& Alga, 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, 2015, and the related statements of activities, cash flows, and functional expenses 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, 2015, and the changes in its net assets, its cash flows, and its functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Creedle, Jones & Alga, P.C.

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

South Hill, Virginia
August 4, 2016

Humanity Road, Inc.

Statement of Financial Position

December 31, 2015

Assets

Current Assets

Cash	\$ 5,848.20
Accounts receivable	7,370.00

Property and Equipment

Equipment	3,340.64
Less: Accumulated depreciation	<u>(2,386.22)</u>
Net Property and Equipment	954.42

Other Assets

Prepaid expenses	<u>4,505.02</u>
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Total Other Assets	<u>4,505.02</u>
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Total Assets	<u><u>\$ 18,677.64</u></u>
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Liabilities and Net Assets

Liabilities

Accrued liabilities	\$ 6,706.99
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Net Assets

Unrestricted	<u>11,970.65</u>
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Total Liabilities and Net Assets	<u><u>\$ 18,677.64</u></u>
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See independent auditor's report and accompanying notes to the financial statements.

Humanity Road, Inc.

Statement of Activities

Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, Gains, and Other Support				
Individual donations	\$ 5,786.12	\$ -	\$ -	\$ 5,786.12
In-kind donations	123,221.98	-	-	123,221.98
Disaster preparedness income	84,086.69	-	-	84,086.69
Reimbursements income	<u>11,893.35</u>	<u>-</u>	<u>-</u>	<u>11,893.35</u>
Total Revenues, Gains, and Other Support	224,988.14	-	-	224,988.14
Expenses				
Program services	183,386.23	-	-	183,386.23
Management and general	<u>31,893.64</u>	<u>-</u>	<u>-</u>	<u>31,893.64</u>
Total Expenses	<u>215,279.87</u>	<u>-</u>	<u>-</u>	<u>215,279.87</u>
Change in Net Assets	9,708.27	-	-	9,708.27
Net Assets - Beginning of Year	<u>2,262.38</u>	<u>-</u>	<u>-</u>	<u>2,262.38</u>
Net Assets - End of Year	<u>\$ 11,970.65</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,970.65</u>

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

Humanity Road, Inc.

Statement of Cash Flows

Year Ended December 31, 2015

Cash Flows from Operating Activities

Change in net assets	\$ 9,708.27
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>	
Depreciation	687.25
Change in accounts receivable	(2,128.21)
Change in inventory	484.00
Change in prepaid expenses	(2,329.96)
Change in accrued liabilities	<u>(268.35)</u>
Net Cash Provided by Operating Activities	<u>6,153.00</u>
Net Increase in Cash	6,153.00
Cash Balance (Deficit) - Beginning of Year	<u>(304.80)</u>
Cash Balance - End of Year	<u><u>\$ 5,848.20</u></u>

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

Humanity Road, Inc.

Statement of Functional Expenses

Year Ended December 31, 2015

	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fund-raising</u>	<u>Total</u>
Annual fees	\$ 410.00	\$ -	\$ -	\$ 410.00
Advertising and promotions	123,375.98	-	-	123,375.98
Bank fees	-	7.60	-	7.60
Contract services	6,000.00	-	-	6,000.00
Credit card interest and merchant fees	-	1,023.99	-	1,023.99
Depreciation	687.25	-	-	687.25
Dues and subscriptions	604.80	201.60	-	806.40
Insurance	-	1,814.53	-	1,814.53
Miscellaneous	683.30	-	-	683.30
Office supplies	1,035.14	345.04	-	1,380.18
Payroll taxes	2,616.30	1,744.20	-	4,360.50
Postage	842.06	-	-	842.06
Professional fees	-	3,380.00	-	3,380.00
Salaries and wages	34,200.00	22,800.00	-	57,000.00
Travel and meetings	11,201.34	-	-	11,201.34
Telephone and telecommunications	<u>1,730.06</u>	<u>576.68</u>	<u>-</u>	<u>2,306.74</u>
Total Expenses	<u>\$ 183,386.23</u>	<u>\$ 31,893.64</u>	<u>\$ -</u>	<u>\$ 215,279.87</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, 2015

1 Summary of Significant Accounting Policies

Organization

Humanity Road, Inc. is a Virginia nonprofit corporation 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 Corporation 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.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets

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

Temporarily Restricted Net Assets

Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Corporation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Permanently Restricted Net Assets

Net assets that are subject to donor-imposed stipulations that are to be maintained permanently by the Corporation. Generally, the donors of these assets permit the Corporation to use all or part of the income earned on any related investments for general or specific purposes.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Corporation 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
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Depreciation expense for the year ended December 31, 2015 was \$687.25.

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

No amounts have been reflected in the financial statements for donated 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.

Contributions

The Corporation also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. The types are detailed as follows:

Unrestricted	\$ 11,970.65
Temporarily restricted	-
Restricted	-
	<hr/>
Total	<u>\$ 11,970.65</u>

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

Individual Donations	\$ 5,786.12
In-Kind Donations	<u>123,221.98</u>
	<u>\$ 129,008.10</u>

During the year, advertising services were provided to the Corporation without charge. The valuation of these services was determined based on documentation provided by service provider.

2 Capital Assets

Capital assets consist of the following:

	Balance January 1, 2015	Increases	Decreases	Balance December 31, 2015
Other Capital Assets				
Equipment	\$ 3,340.64	\$ -	\$ -	\$ 3,340.64
Total Other Capital Assets	3,340.64	-	-	3,340.64
Less: Accumulated depreciation for				
Equipment	<u>1,698.97</u>	<u>687.25</u>	<u>-</u>	<u>2,386.22</u>
Total Accumulated Depreciation	<u>1,698.97</u>	<u>687.25</u>	<u>-</u>	<u>2,386.22</u>
Other Capital Assets, Net	<u>1,641.67</u>	<u>(687.25)</u>	<u>-</u>	<u>954.42</u>
Net Capital Assets	<u>\$ 1,641.67</u>	<u>\$ (687.25)</u>	<u>\$ -</u>	<u>\$ 954.42</u>

3 Subsequent Events

We have searched for events occurring subsequent to the date of the financial statements that may impact the financial data herein presented. When such events occur, we report the event and estimate, to the best of our ability, the potential measurable impact to the financial data reported. We are not aware of any material events occurring during the period of time that is subsequent to the date of the financial statements up to and including the date of the Independent Auditor's Report.