

Humanity Road, Inc.

Report on Audit of Financial Statements

Year Ended December 31, 2017



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

Humanity Road, Inc.

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**Creedle
Jones
& Alga**

A Professional Corporation

*Robin B. Jones, CPA, CFP
David V. Alga, CPA, CVA, CFF
Denise C. Williams, CPA, CSEP
Kimberly W. Jackson, CPA*

*Nadine L. Chase, CPA
Monique A. Lubick, CPA*

Sherwood H. Creedle, Emeritus

*Members of
American Institute of Certified Public Accountants
Virginia Society of Certified Public Accountants*

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, 2017, 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, 2017, 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 & Alga, P.C.

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

South Hill, Virginia
January 2, 2019

Humanity Road, Inc.

Statement of Financial Position

December 31, 2017

Assets

Current Assets

Cash	\$ 39,784
Accounts receivable	13,672

Property and Equipment

Equipment	4,446
Less: Accumulated depreciation	<u>(3,103)</u>
Net Property and Equipment	1,343

Other Assets

Prepaid expenses	<u>6,170</u>
Total Other Assets	<u>6,170</u>

Total Assets	<u><u>\$ 60,969</u></u>
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Liabilities and Net Assets

Liabilities

Accrued liabilities	\$ 2,126
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Net Assets

Without donor restrictions	<u>58,843</u>
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Total Liabilities and Net Assets	<u><u>\$ 60,969</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, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains, and Other Support			
Individual donations	\$ 19,809	\$ -	\$ 19,809
In-kind donations	61,059	-	61,059
Disaster preparedness income	167,407	-	167,407
Miscellaneous	25	-	25
Reimbursements income	<u>18,806</u>	<u>-</u>	<u>18,806</u>
Total Revenues, Gains, and Other Support	267,106	-	267,106
Expenses			
Disaster response services	199,868	-	199,868
Management and general	<u>43,883</u>	<u>-</u>	<u>43,883</u>
Total Expenses	<u>243,751</u>	<u>-</u>	<u>243,751</u>
Change in Net Assets	23,355	-	23,355
Net Assets - Beginning of Year	<u>35,488</u>	<u>-</u>	<u>35,488</u>
Net Assets - End of Year	<u>\$ 58,843</u>	<u>\$ -</u>	<u>\$ 58,843</u>

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

Humanity Road, Inc.

Statement of Cash Flows

Year Ended December 31, 2017

Cash Flows from Operating Activities

Change in net assets	\$ 23,355
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>	
Depreciation	186
Change in accounts receivable	912
Change in prepaid expenses	(1,845)
Change in accrued liabilities	<u>(776)</u>
Net Cash Provided by Operating Activities	21,832

Cash Flows from Investing Activities

Purchase of fixed assets	<u>(895)</u>
Net Cash Used in Investing Activities	<u>(895)</u>

Net Increase in Cash	20,937
Cash Balance - Beginning of Year	<u>18,847</u>
Cash Balance - End of Year	<u>\$ 39,784</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, 2017

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, 2017 was \$186.

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	\$	58,843
With donor restrictions		<u>-</u>
Total	\$	<u>58,843</u>

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

Individual Donations	\$	19,809
In-Kind Donations		<u>61,059</u>
	\$	<u>80,868</u>

2 Capital Assets

Capital assets consist of the following:

	Balance January 1, 2017	Increases	Decreases	Balance December 31, 2017
Other Capital Assets				
Equipment	\$ 3,551	\$ 895	\$ -	\$ 4,446
Total Other Capital Assets	3,551	895	-	4,446
Less: Accumulated depreciation for				
Equipment	<u>2,917</u>	<u>186</u>	<u>-</u>	<u>3,103</u>
Total Accumulated Depreciation	<u>2,917</u>	<u>186</u>	<u>-</u>	<u>3,103</u>
Other Capital Assets, Net	<u>634</u>	<u>709</u>	<u>-</u>	<u>1,343</u>
Net Capital Assets	<u>\$ 634</u>	<u>\$ 709</u>	<u>\$ -</u>	<u>\$ 1,343</u>

3 Functional Expenses

The chart below presents expenses by both their nature and their function for fiscal year December 31, 2017:

	Supporting Services			Total
	Program Services	Management and General	Fund-raising	
Annual fees	\$ 249	\$ -	\$ -	\$ 249
Advertising and promotions	60,630	-	-	60,630
Accounting software	-	530	-	530
Bank fees	-	272	-	272
Contract services	38,980	-	-	38,980
Credit card interest and merchant fees	-	125	-	125
Depreciation	186	-	-	186
Dues and subscriptions	1,763	588	-	2,351
Insurance	-	4,221	-	4,221
Miscellaneous	18	-	-	18
Supplies	2,441	448	-	2,889
Payroll taxes	4,498	2,249	-	6,747
Postage	189	-	-	189
Professional fees	-	5,285	-	5,285
Salaries and wages	58,800	29,400	-	88,200
Travel and meetings	29,817	-	-	29,817
Telephone and telecommunications	2,297	765	-	3,062
	<u>\$ 199,868</u>	<u>\$ 43,883</u>	<u>\$ -</u>	<u>\$ 243,751</u>
Total Expenses	<u>\$ 199,868</u>	<u>\$ 43,883</u>	<u>\$ -</u>	<u>\$ 243,751</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	\$ 39,784
Less those unavailable for general expenditures within one year	_____ -
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 39,784</u>

5 Subsequent Events

The Organization has evaluated subsequent events through January 2, 2019, the date which the financial statements were available to be issued.