

Humanity Road, Inc.

Report on Audit of Financial Statements

Year Ended December 31, 2013



*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, 2013, 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, 2013, 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
September 5, 2014

Humanity Road, Inc.

Statement of Financial Position

December 31, 2013

Assets**Current Assets**

Cash and cash equivalents	\$ 2,714.21
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Property and Equipment

Equipment	3,340.64
Less: Accumulated depreciation	<u>(976.31)</u>
Net Property and Equipment	2,364.33

Other Assets

Inventory	384.00
Prepaid insurance	<u>1,321.13</u>

Total Other Assets	<u>1,705.13</u>
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Total Assets	<u><u>\$ 6,783.67</u></u>
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Liabilities and Net Assets**Liabilities**

Accrued liabilities	<u>\$ 9,427.58</u>
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Net Assets

Unrestricted (Deficit)	<u>\$ (2,643.91)</u>
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Total Liabilities and Net Assets	<u><u>\$ 6,783.67</u></u>
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See independent auditor's report and accompanying notes to financial statements.

Humanity Road, Inc.

Statement of Activities

Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, Gains, and Other Support				
Individual donations	\$ 7,290.85	\$ -	\$ -	\$ 7,290.85
In-kind donations	46,511.33	-	-	46,511.33
Disaster preparedness income	30,944.42	-	-	30,944.42
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues, Gains, and Other Support	84,746.60	-	-	84,746.60
Expenses				
Annual fees	300.00	-	-	300.00
Advertising and promotions	46,825.37	-	-	46,825.37
Bank fees	112.21	-	-	112.21
Conferences, conventions, and meetings	3,862.63	-	-	3,862.63
Credit card interest and fees	1,069.22	-	-	1,069.22
Depreciation	1,148.66	-	-	1,148.66
Insurance	2,159.42	-	-	2,159.42
Internet	1,270.20	-	-	1,270.20
Loss on sale of fixed assets	555.00	-	-	555.00
Miscellaneous	850.40	-	-	850.40
Office supplies	235.41	-	-	235.41
Payroll taxes	2,323.32	-	-	2,323.32
Postage	142.56	-	-	142.56
Professional fees	1,446.00	-	-	1,446.00
Salaries and wages	30,779.70	-	-	30,779.70
Training and public education	849.11	-	-	849.11
Travel	4,446.69	-	-	4,446.69
Telephone and telecommunications	2,892.26	-	-	2,892.26
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	101,268.16	-	-	101,268.16
Change in Net Assets	(16,521.56)	-	-	(16,521.56)
Net Assets - Beginning of Year	13,877.65	-	-	13,877.65
	<hr/>	<hr/>	<hr/>	<hr/>
Net Assets (Deficit) - End of Year	<u>\$ (2,643.91)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,643.91)</u>

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

Humanity Road, Inc.

Statement of Cash Flows

Year Ended December 31, 2013

Cash Flows from Operating Activities

Change in net assets	\$ (16,521.56)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	1,148.66
Change in inventory	555.00
Change in prepaid insurance	(1,321.13)
Change in accrued liabilities	<u>3,968.23</u>
Net Cash Used in Operating Activities	<u>(12,170.80)</u>
Net Decrease in Cash	(12,170.80)
Cash Balance - Beginning of Year	<u>14,885.01</u>
Cash Balance - End of Year	<u><u>\$ 2,714.21</u></u>

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

Humanity Road, Inc.

Notes to Financial Statement

Year Ended December 31, 2013

1 Summary of Significant Accounting Policies

Organization

Humanity Road, Inc., DBA Humanity Road, 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.

Equipment 3-10 years

Depreciation expense for the year ended December 31, 2013 was \$1,148.66.

Income Taxes

Humanity Road, Inc. DBA Humanity Road 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.

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	\$ (2,643.91)
Temporarily restricted	-
Restricted	-
Total	<u>\$ (2,643.91)</u>

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

Individual Donations	\$ 7,290.85
In-Kind Donations	<u>46,511.33</u>
	<u>\$ 53,802.18</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 **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.