

Humanity Road, Inc.

Report on Audit of Financial Statements

Year Ended December 31, 2016



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

Humanity Road, Inc.

Table of Contents

Year Ended December 31, 2016

	Pages
Independent Auditor's Report	i-ii
Exhibits	
A Statement of Financial Position	1
B Statement of Activities	2
C Statement of Cash Flows	3
Notes to the Financial Statements	4-6
Supplementary Information	
Schedule of Functional Expenses	7



**Creedle
Jones
& Alga**

A Professional Corporation

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

*James A. Allen, Jr., CPA
Nadine L. Chase, 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, 2016, 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, 2016, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 7 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Creedle, Jones & Alga, P.C.

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

South Hill, Virginia
August 2, 2017

Humanity Road, Inc.

Statement of Financial Position

December 31, 2016

Assets

Current Assets

Cash	\$	18,847
Accounts receivable		14,584

Property and Equipment

Equipment		3,551
Less: Accumulated depreciation		<u>(2,917)</u>
Net Property and Equipment		634

Other Assets

Prepaid expenses		<u>4,325</u>
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Total Other Assets		<u>4,325</u>
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Total Assets	\$	<u><u>38,390</u></u>
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Liabilities and Net Assets

Liabilities

Accrued liabilities	\$	2,902
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Net Assets

Unrestricted		<u>35,488</u>
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Total Liabilities and Net Assets	\$	<u><u>38,390</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, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, Gains, and Other Support				
Individual donations	\$ 8,110	\$ -	\$ -	\$ 8,110
In-kind donations	111,492	-	-	111,492
Disaster preparedness income	137,266	-	-	137,266
Miscellaneous	50	-	-	50
Reimbursements income	<u>8,607</u>	<u>-</u>	<u>-</u>	<u>8,607</u>
Total Revenues, Gains, and Other Support	265,525	-	-	265,525
Expenses				
Program services	205,375	-	-	205,375
Management and general	<u>36,633</u>	<u>-</u>	<u>-</u>	<u>36,633</u>
Total Expenses	<u>242,008</u>	<u>-</u>	<u>-</u>	<u>242,008</u>
Change in Net Assets	23,517	-	-	23,517
Net Assets - Beginning of Year	<u>11,971</u>	<u>-</u>	<u>-</u>	<u>11,971</u>
Net Assets - End of Year	<u>\$ 35,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,488</u>

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

Humanity Road, Inc.

Statement of Cash Flows

Year Ended December 31, 2016

Cash Flows from Operating Activities

Change in net assets	\$ 23,517
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>	
Depreciation	531
Change in accounts receivable	(7,214)
Change in prepaid expenses	180
Change in accrued liabilities	<u>(3,805)</u>
Net Cash Provided by Operating Activities	13,209

Cash Flows from Investing Activities

Purchase of fixed assets	<u>(210)</u>
Net Cash Used in Investing Activities	<u>(210)</u>

Net Increase in Cash	12,999
Cash Balance - Beginning of Year	<u>5,848</u>
Cash Balance - End of Year	<u><u>\$ 18,847</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, 2016

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, 2016 was \$531.

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 Corporation without charge. The valuation of these services was determined based on documentation provided by the service provider.

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	\$	35,488
Temporarily restricted		-
Restricted		-
Total	\$	<u>35,488</u>

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

Individual Donations	\$	8,110
In-Kind Donations		<u>111,492</u>
	\$	<u>119,602</u>

2 Capital Assets

Capital assets consist of the following:

	Balance January 1, 2016	Increases	Decreases	Balance December 31, 2016
Other Capital Assets				
Equipment	\$ 3,340	\$ 211	\$ -	\$ 3,551
Total Other Capital Assets	3,340	211	-	3,551
Less: Accumulated depreciation for				
Equipment	2,386	531	-	2,917
Total Accumulated Depreciation	2,386	531	-	2,917
Other Capital Assets, Net	954	(320)	-	634
Net Capital Assets	\$ 954	\$ (320)	\$ -	\$ 634

3 Subsequent Events

The Organization has evaluated subsequent events through August 2, 2017, the date which the financial statements were available to be issued.

Humanity Road, Inc.

Schedule of Functional Expenses

Year Ended December 31, 2016

	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fund-raising</u>	<u>Total</u>
Annual fees	\$ 830	\$ -	\$ -	\$ 830
Advertising and promotions	111,546	-	-	111,546
Accounting software	-	462	-	462
Bank fees	-	24	-	24
Contract services	9,805	-	-	9,805
Credit card interest and merchant fees	-	569	-	569
Depreciation	531	-	-	531
Dues and subscriptions	1,075	359	-	1,434
Insurance	-	2,768	-	2,768
Miscellaneous	273	-	-	273
Office supplies	2,146	716	-	2,862
Payroll taxes	4,364	1,454	-	5,818
Postage	327	-	-	327
Professional fees	-	4,025	-	4,025
Salaries and wages	50,704	25,352	-	76,056
Travel and meetings	21,062	-	-	21,062
Telephone and telecommunications	<u>2,712</u>	<u>904</u>	<u>-</u>	<u>3,616</u>
Total Expenses	<u>\$ 205,375</u>	<u>\$ 36,633</u>	<u>\$ -</u>	<u>\$ 242,008</u>

See independent auditor's report.