ROADS OF SUCCESS
(A Non-Profit Organization)

FINANCIAL STATEMENTS

For The Years Ended December 31, 2018 and 2017

with

INDEPENDENT AUDITOR'S REPORT THEREON

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Roads of Success
Duarte, California

Report on the financial statements

We have audited the accompanying financial statements of Roads of Success (the "Organization") which comprise of the statement of financial position as of December 31, 2018 and 2017, and the related statement of activities, cash flows and functional expenses for the years 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 responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits by the Comptroller General of the United States. 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 Organization'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 Organization'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 statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable 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 Roads of Success as of December 31, 2018 and 2017, and the changes in net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Hanna CPA
HANNA, CPA
Chino Hills, California
April 16, 2019

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ROADS OF SUCCESS

STATEMENT OF FINANCIAL POSITION

ASSETS		**December 31, 2018**		**December 31, 2017**
Current assets:				
Cash	$	47,008	$	57,403
Other Current Assets				
Petty Cash		4,608		9,534
Total current assets		51,616		66,937
Property and equipment, net		79,527		72,404
Accumulated depreciation		(25,537)		(10,980)
		53,990		61,424
Total assets	$	105,606	$	128,361
LIABILITIES AND NET ASSETS				
Current liabilities:				
Credit Cards payable	$	24,954	$	2,017
Total liabilities		24,954		2,017
Commitments and contingencies				
Net assets				
Unrestricted		65,652		126,344
Temporary restricted		15,000		-
Permanently restricted		-		-
Total net assets		80,652		126,344
Total liabilities and net assets	$	105,606	$	128,361

ROADS OF SUCCESS

STATEMENT OF ACTIVITIES

January 1, 2017 to December 31, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues and support			
Contributions	749,850	36,703	786,553
Net assets released from restriction	36,703	(36,703)	-
Total revenues	$ 786,553	$ -	$ 786,553
Expenses			
Outside Contract Services	126,378	-	126,378
Depreciation Expense	6,133	-	6,133
Education	2,716	-	2,716
Empowerment	117,817	-	117,817
General & Operations	87,705	-	87,705
Humanitarian Aid	139,071	-	139,071
Love Gifts & Tithes	50,953	-	50,953
Salaries	52,303	-	52,303
Travel	92,693	-	92,693
Total expenses	675,769	-	675,769
Change in net assets	110,784	-	110,784
Net assets - beginning of the year	15,560	-	15,560
Net assets - end of the year	$ 126,344	$ -	$ 126,344

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

ROADS OF SUCCESS

STATEMENT OF ACTIVITIES

January 1, 2018 to December 31, 2018

	Unrestricted	Temporarily Restricted	Total
Revenues and support			
Contributions	689,572	71,000	760,572
Net assets released from restriction	56,000	(56,000)	-
Total revenues	$ 745,572	$ 15,000	$ 760,572
Expenses			
Outside Contract Services	191,944	-	191,944
Depreciation Expense	14,556	-	14,556
Education	2,102	-	2,102
Empowerment	32,184	-	32,184
Fundraising	10,201	-	10,201
General & Operations	86,926	-	86,926
Humanitarian Aid	294,733	-	294,733
Love Gifts & Tithes	34,443	-	34,443
Salaries	50,620	-	50,620
Travel	88,555	-	88,555
Total expenses	806,264	-	806,264
Change in net assets	(60,692)	15,000	(45,692)
Net assets - beginning of the year	126,344	-	126,344
Net assets - end of the year	$ 65,652	$ 15,000	$ 80,652

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ROADS OF SUCCESS

STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2017

	Program Services							
	Advocacy	**Awareness**	**Humanitarian Aid**	**Gifts & Tithes**	**Empowerment**	**Total**	**General Funds**	**Total Expenses**
Expenses								
Outside Contract Services	$ 7,572	$ 20,675	$ 16,018	$ -	$ 74,590	$118,855	$ 7,523	$126,378
Depreciation Expense	-	-	-	-	5,898	5,898	235	6,133
Education	125	838	70	141	100	1,274	1,442	2,716
Empowerment	-	192	-	-	116,525	116,717	1,100	117,817
General & Operations	13,187	944	201	-	1,785	16,117	71,588	87,705
Humanitarian Aid	-	-	139,040	-	-	139,040	31	139,071
Love Gifts & Tithes	-	212	21	48,495	2,225	50,953	-	50,953
Salaries	3,564	1,930	2,157	-	3,576	11,227	41,076	52,303
Travel	38,011	22,116	146	18	32,015	92,306	387	92,693
	$ 62,459	$ 46,907	$ 157,653	$ 48,654	$ 236,714	$552,387	$123,382	$675,769

STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2018

	Program Services							
	Advocacy	Awareness	Humanitarian Aid	Love Gifts & Tithes	Empowerment	Total	General Funds	Total Expenses
Expenses								
Outside Contract Services	$ 34,739	$ 27,927	$ 39,344	$ -	$ 84,858	$186,868	$ 5,076	$ 191,944
Depreciation Expense	-	-	1,424	-	12,662	14,086	470	14,556
Education	688	756	-	-	118	1,562	540	2,102
Empowerment	-	423	-	-	31,761	32,184	-	32,184
Fundraising	-	-	-	-	-	-	10,201	10,201
General & Operations	6,187	668	244	130	1,167	8,396	78,530	86,926
Humanitarian Aid	-	-	294,733	-	-	294,733	-	294,733
Love Gifts & Tithes	90	507	-	33,720	126	34,443	-	34,443
Salaries	10,189	17,803	2,503	-	10,724	41,219	9,401	50,620
Travel	49,088	20,992	1,532	-	16,427	88,039	516	88,555
	$ 100,981	$ 69,076	$ 339,780	$ 33,850	$ 157,843	$701,530	$104,734	$ 806,264

See independent auditorôs report
and accompanying notes to financial statements

ROADS OF SUCCESS

STATEMENT OF CASH FLOWS

	January 1, 2018 to December 31, 2018	January 1, 2017 to December 31, 2017
Cash flows from operating activities		
Change in net assets	$ (45,692)	$ 110,784
Adjustments to reconcile net assets to net cash used by operating activities:		
Depreciation	14,557	6,134
Changes on operating assets and liabilities:		
Credit Cards payable	22,937	(20,181)
Net cash flows provided by (used in) operating activities	(8,198)	96,737
Cash flows from Investing activities		
Furniture and Fixtures	(7,123)	(60,713)
Net Cash flows used in investing activities	(7,123)	(60,713)
Cash flows from financing activities		
Proceeds from loans	-	-
Net cash flows provided by (used in) financing activities	-	-
Net increase (decrease) in cash and cash equivalent	(15,321)	36,024
Cash at beginning of period	66,937	30,913
Cash at end of period	$ 51,616	$ 66,937
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	$ -	$ -
Income tax	$ -	$ -

NOTE 1 – GENERAL

Nature of Organization

Roads of Success (the ñOrganizationò) is a California nonprofit organization organized in August 2, 2007. The organization was formed to meet the following objectives:

- To provide charitable and humanitarian assistance to the poor, sick, homeless, and any other needy, oppressed and marginalized people in every corner of the world.
- To promote the educational, cultural, social, health, physical, psychological, and moral development of the needy people, and marginalized and under developed communities.
- To provide charitable and social services

The Organization received a favorable determination letter from the Internal Revenue Service stating that it is exempt from income tax under Section 501(a) of the U.S. Internal Revenue Code (Code) as an organization described in Section 501(c)(3), and contributions to the Organization are tax deductible within the limitations prescribed by the Code.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The financial statements of the Organization are prepared on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from these estimates. The significant policies followed are described below.

Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standard Board (FASB) Accounting Standard Codification (ASC) 958, Non-for-Profit Entities. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Cash and Cash Equivalent

Cash and Cash equivalents include checking and saving accounts and other depository accounts with an original maturity of less than three month. From time to time, these accounts may exceed federally insured limits; however, the Organization has not experienced any losses on these accounts as a result and does not feel it is subject to credit risk related to these accounts.

Promises to Give

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expense depending on the form of the benefit received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All promises to give are due in less than one year.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefits.

Fixed Assets

Fixed assets are capitalized at cost, or if donated, at the fair market value on the date of the gift. Repairs and maintenance that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets ranging from five to forty years.

Long-Lived Assets

The Organizationǒs management assesses the recoverability of its long-lived assets upon the occurrence of a triggering event by determining whether the depreciation and amortization of long-lived assets over their remaining lives can be recovered through projected undiscounted future cash flows. The amount of long-lived asset impairment, if any, is measured based on fair value and is charged to operations in the period in which long-lived asset impairment is determined by management. At December 31, 2018 and 2017, the Organizationǒs management believes there is no impairment of its long-lived assets. There can be no assurance however, that market conditions will not change, which could result in impairment of long-lived assets in the future.

Classes of Net Assets

Net assets have been recorded and reported as changes in unrestricted, temporarily restricted or permanently restricted net assets.

Unrestricted Net Assets:
Unrestricted net assets consist of resources that are available for use in carrying out the mission of the Organization and include those expendable resources that have been designated for special use by the Board.

Temporary Restricted Net Assets:
Temporary restricted net assets represent those amounts that are donor restricted with respect to purpose or time. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of a restriction is accomplished, 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:
Permanently restricted net assets result from contributions with donor restriction that mandate the original principal be invested in perpetuity. The majority of the earnings from permanently restricted net assets are available for the general use of the Organization. As of December 31, 2018 and 2017, there were no permanently restricted net assets.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Revenues and Expenses

Contributions are recognized when made. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporary restricted net assets are reclassified to unrestricted net assets and reported on the statement of activities as net assets released from restriction.

Gifts of fixed assets are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Special events revenue consists of events, such as festivals, banquets, camps and retreats. Other income is recorded when earned. All expenses are recorded when incurred in accordance with the accrual basis of accounting.

Contributed Services and goods

A substantial number of unpaid volunteers have made significant contributions of their time to the Organization. These volunteers have significant impact on making the ministry effective. However, the value of these services is not reflected in the financial statements because it doesnôt meet the definition of donated services required to be recorded. Contributed services are reported as contributions if such services create or enhance non-financial assets or if they would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing such specialized skills. Contributed services are recognized at their estimated fair values at date of receipt with an equal and offsetting amount in unrestricted functional expenses in the statement of activities, resulting in no impact on the change in net assets during the year.

Donated goods comprise of clothes and medical supplies shipped to the Middle East for missionary services. Donated goods and supplies are recorded at their fair value at the date of the gift. During 2018 and 2017, the Organization shipped containers of goods and supplies valued at $294,733 and $139,040, respectively for humanitarian purposes to countries in the Middle East.

Uncertain Tax Positions

The financial statements effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in the statement of activities. As of December 31, 2018 and 2017 the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statement.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fair Value Measurements

The FASB has issued guidance that defines fair value, establishes a framework for measuring fair value, specifies a fair value hierarchy based on the inputs used to measure fair value, and specifies disclosure requirements for fair value measurements. The guidance also maximizes the use of observable inputs by requiring that observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing an asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date, as well as investments measured at net asset value (NAV), or its equivalent, that are redeemable at or near the reporting date.
The nature of these securities includes investments for which quoted prices are available but which are traded less frequently and investments that are fair valued using securities, the parameters of which can be directly observed.

Level 3 - Assets that lack sufficient pricing observability as of the report date, and investments measured at NAV or its equivalent asset value that are not redeemable at or near the reporting date. These assets are measured using managementôs best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

In May 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-04, ñ*Fair Value Measurements (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in US GAAP and IFRS.*ò ASU No. 2011-04 clarifies or changes certain fair value measurement principles and enhances the disclosure requirements, particularly for Level 3 fair value measurements. ASU No. 2011-04 had no impact on Organizationôs financial position or results of operations.

New Accounting Pronouncements

In November 2016, Financial Accounting Standards Board (FASB) issued ASU 2016-18, Restricted Cash, a consensus of the FASB Emerging Issues Task Force. ASU 2016-18 requires an entity to include amounts generally described as restricted cash and restricted cash equivalents, along with cash and cash equivalents when reconciling beginning and ending balances on the statement of cash flows. ASU 2016-18 is effective for nonpublic business entities for annual reporting periods beginning after December 15, 2018, with retrospective application and disclosure. Early adoption of ASU 2016-18 is permitted. The requirements of this statement are effective for Roads of Success for the year ending June 30, 2020. Roads of Success is currently evaluating the impact of this statement.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

In August 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 represents phase 1 of FASB's Not-for-Profit financial reporting project and reduces the number of net asset classes, requires expense presentation by functional and natural classification, requires quantitative and qualitative information in liquidity, retains the option to present the cash flow statement on a direct or indirect method as well as includes various other additional disclosure requirements. ASU 2016-14 is effective for annual reporting periods beginning after December 15, 2017 with retrospective application. Early adoption of ASU 2016-14 is permitted. Roads of Success is in the process of evaluating the impact of this statement and potential effects on the financial statements, if any.
In February 2016, FASB issues ASU 2016-02, Leases. ASU2016-02 requires entities to recognize all leased assets as assets on the statement of financial position with a corresponding liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities. Roads of Success has not evaluated the impact of this statement.
In May 2014, FASB issued ASU 2014-09, Revenue from Contracts with customers (Topic 606).This ASU establishes principles for reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers, particularly, that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Roads of Success is in the process of evaluating the impact of this statement and potential effects on the financial statements, if any.

NOTE 3 – FIXED ASSETS

Property and equipment consist of the following as of December 31, 2018 and 2017:

	2018	2017
Furniture and equipment	$ 79,527	$ 72,404
Accumulated depreciation	(25,537)	(10,980)
	$ 53,990	$ 61,424

Depreciation expense for the years ended December 31, 2018 and 2017 was $14,556 and $6,133, respectively.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

Leases – The Organization is leasing certain administration office through an operating lease arrangement on an annual basis. The Organization records rental expense per the terms of the lease which is not different from the straight line method in accordance with GAAP. Rent expense for the years ended December 31, 2018 and 2017 was $7,684 and $8,402, respectively.

NOTE 5 – SUBSEQUENT EVENTS

Roads of Success evaluated its December 31, 2018 and 2017, financial statements for subsequent events through the date the financial statements were available to be issued. The Organization is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

Hanna
Certified Public Accountant