ROADS OF SUCCESS
(A Non-Profit Organization)

FINANCIAL STATEMENTS

For The Year Ended December 31, 2019

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, 2019, and the related statement 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 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, 2019, and the changes in net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Hanna, CPA
HANNA, CPA
Chino Hills, California
June 30, 2020

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ROADS OF SUCCESS

STATEMENT OF FINANCIAL POSITION

ASSETS		December 31, 2019
Current assets:		
Cash and cash equivalent	$	26,764
Total current assets		26,764
Property and equipment, net		41,673
		41,673
Total assets	$	68,437
LIABILITIES AND NET ASSETS		
Current liabilities:		
Credit Cards payable	$	34,102
Total liabilities		34,102
Commitments and contingencies		
Net assets		
Without donor restriction		30,870
With donor restriction		3,465
Total net assets		34,335
Total liabilities and net assets	$	68,437

ROADS OF SUCCESS

STATEMENT OF ACTIVITIES

January 1, 2019 to December 31, 2019

	Without Donor Restriction	With Donor Restriction	Total
Revenues and support			
Contributions	920,783	59,317	980,100
Net assets released from restriction	70,852	(70,852)	-
Total revenues	$ 991,635	$ (11,535)	$ 980,100
Expenses			
Outside Contract Services	203,793	-	203,793
Depreciation Expense	15,117	-	15,117
Education	3,167	-	3,167
Empowerment	23,700	-	23,700
Fundraising	3,148	-	3,148
General & Operations	86,238	-	86,238
Humanitarian Aid	536,942	-	536,942
Love Gifts & Tithes	25,323	-	25,323
Payroll and payroll tax	55,776	-	55,776
Travel	73,213	-	73,213
Total expenses	1,026,417	-	1,026,417
Change in net assets	(34,782)	(11,535)	(46,317)
Net assets - beginning of the year	65,652	15,000	80,652
Net assets - end of the year	$ 30,870	$ 3,465	$ 34,335

ROADS OF SUCCESS

STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2019

	Program Services							
	Advocacy	Awareness	Humanitarian Aid	Love Gifts & Tithes	Empowerment	Total	General Funds	Total Expenses
Expenses								
Outside Contract Services	$ 16,433	$ 29,652	$ 45,316	$ -	$ 84,013	$175,414	$ 28,379	$ 203,793
Depreciation Expense	-	-	1,425	-	12,662	14,087	1,030	15,117
Education	125	2,785	-	-	57	2,967	200	3,167
Empowerment	265	333	549	-	22,546	23,693	7	23,700
Fundraising	-	-	-	-	-	-	3,148	3,148
General & Operations	30	261	112	-	4,320	4,723	81,515	86,238
Humanitarian Aid	-	-	516,003	1,000	19,939	536,942	-	536,942
Love Gifts & Tithes	90	1,786	-	22,162	1,285	25,323	-	25,323
Payroll and payroll tax	3,530	14,832	2,430	-	14,908	35,700	20,076	55,776
Travel	31,527	26,467	1,544	66	3,746	63,350	9,863	73,213
	$ 52,000	$ 76,116	$ 567,379	$ 23,228	$ 163,476	$882,199	$ 144,218	$ 1,026,417

ROADS OF SUCCESS

STATEMENT OF CASH FLOWS

		January 1, 2019 to December 31, 2019
Cash flows from operating activities		
Change in net assets	$	(46,317)
Adjustments to reconcile net assets to net cash used by operating activities:		
Depreciation		15,117
Changes on operating assets and liabilities:		
Credit Cards payable		9,148
Net cash flows provided by (used in) operating activities		(22,052)
Cash flows from Investing activities		
Furniture and Fixtures		(2,800)
Net Cash flows provided by (used in) investing activities		(2,800)
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		(24,852)
Cash at beginning of period		51,616
Cash at end of period	$	26,764
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 "Organization") 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 on the accrual basis of accounting in accordance with generally accepted accounting principles. The accrual basis of accounting recognizes revenue when it is earned, and expenditures in the accounting period in which the liability incurred, if measurable.

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 Organization's 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, 2019, the Organization's 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

The Organization adopted Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, released on August 18, 2016. According to ASU 2016-14 Net assets have been recorded and reported as changes in without donor restriction net assets and with donor restriction net assets.

Without Donor Restriction:
Without Donor Restriction 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.

With Donor Restriction:
With Donor Restriction 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.

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, with donor restriction net assets are reclassified to without donor restriction 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 doesn't 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 2019 the Organization shipped containers of goods and supplies valued at $516,003 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, 2019, 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 management's 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, "*Fair Value Measurements (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in US GAAP and IFRS.*" 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 Organization's financial position or results of operations.

New Accounting Pronouncements

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 is in the process of evaluating the impact of this statement and potential effects on the financial statements when adopted.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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, 2019:

		2019
Furniture and equipment	$	82,327
Accumulated depreciation		(40,654)
	$	41,673

Depreciation expense for the year ended December 31, 2019 was $15,117

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 year ended December 31, 2019 was $7,548.

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NOTE 5 – SUBSEQUENT EVENTS

Roads of Success evaluated its December 31, 2019, 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, except for the below disclosures, that would require recognition or disclosure in the financial statements.

COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. In response to the COVID-19 outbreak, “shelter in place” orders and other public health measures have been implemented across much of the United States.

NOTE 5 – SUBSEQUENT EVENTS - continued

The COVID-19 global pandemic continues to rapidly evolve. The Organization is continually monitoring the outbreak of COVID-19 and the related business and travel restrictions and changes to behavior intended to reduce its spread and its impact on operations, financial position, cash flows, supply chains, purchasing trends, donor's payments, and the industry in general, in addition to the impact on its employees. Due to the rapid development and fluidity of this situation, the magnitude and duration of the pandemic and its impact on the Organization's operations and liquidity is uncertain as of the date of this report. While there could ultimately be a material impact on operations and liquidity of the Organization, at the time of issuance, the impact could not be determined. Due to the impact the Organization has limited its operations as mandated by the state.

Cares Act Loan

On May 6, 2020, the Organization entered into Paycheck Protection Program Promissory Note and Agreement with its financial institution, pursuant to which the Organization received loan proceeds of $19,959 (the "PPP Loan"). The PPP Loan was made under, and is subject to the terms and conditions of, the PPP which was established under the CARES Act and is administered by the U.S. Small Business Administration. Under the terms of the CARES Act, recipients can apply for and receive forgiveness for all, or a portion of loans granted under the PPP. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds for certain permissible purposes as set forth in the PPP, including, but not limited to, payroll costs (as defined under the PPP) and mortgage interest, rent or utility costs (collectively, "Qualifying Expenses"), and on the maintenance of employee and compensation levels during the eight-week period or twenty-four week period following the funding of the PPP Loan based on the Organization's election. The term of the PPP Loan is five years for any unforgiven amount and contains a favorable fixed annual interest rate of 1.00%. Payments of principal and interest on the PPP Loan will be deferred for the first six months of the term of the PPP Loan. Principal and interest are payable monthly and may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. The Organization intends to use the proceeds of the PPP Loan for Qualifying Expenses. However, no assurance is provided that the Organization will be able to obtain forgiveness of the PPP Loan in whole or in part.

Hanna
Certified Public Accountant