ROADS OF SUCCESS
(A Non-Profit Organization)

FINANCIAL STATEMENTS

For The Year Ended December 31, 2020

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 ñOrganizationò) which comprise of the statement of financial position as of December 31, 2020, 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 auditorôs 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 Organizationôs 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 Organizationôs 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, 2020, 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 15, 2021

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ROADS OF SUCCESS

STATEMENT OF FINANCIAL POSITION

ASSETS		**December 31, 2020**
Current assets:		
Cash and cash equivalent	$	77,194
Operating lease - Right of use asset		20,250
Total current assets		97,444
Property and equipment, net		26,556
Total assets	$	124,000
LIABILITIES AND NET ASSETS		
Current liabilities:		
Credit Cards payable	$	26,095
Current Operating Lease		9,250
PPP Loan		19,959
Total liabilities		55,304
Long Term Liabilities		
Non-Current Operating Lease		11,000
Total liabilities	$	66,304
Commitments and contingencies		
Net assets		
Without donor restriction		148,575
With donor restriction		(90,879)
Total net assets		57,696
Total liabilities and net assets	$	124,000

ROADS OF SUCCESS

STATEMENT OF ACTIVITIES

	January 1, 2020 to December 31, 2020		
	Without Donor Restriction	**With Donor Restriction**	**Total**
Revenues and support			
Contributions	354,126	-	354,126
Advocacy Programs	-	99,405	99,405
Empowerment	-	91,500	91,500
Humanitarian & Medical Ministry	-	1,087,627	1,087,627
EIDL Disaster Assistance	7,000	-	7,000
Other Programs	-	9,187	9,187
Total revenues	$ 361,126	$ 1,287,719	$ 1,648,845
General & Fundraising Expenses			
Outside Contract Services	29,054	261,500	290,554
Depreciation Expense	15,117	-	15,117
Education	1,837	-	1,837
Fundraising	699	-	699
General & Operations	89,139	-	89,139
Payroll and payroll tax	56,892	-	56,892
Travel	8,820	-	8,820
Programs Expenses			
Humanitarian Aid	5,673	1,080,655	1,086,328
Empowerment	-	39,908	39,908
Love Gifts & Tithes	36,190	-	36,190
Total expenses	243,421	1,382,063	1,625,484
Change in net assets	117,705	(94,344)	23,361
Net assets - beginning of the year	30,870	3,465	34,335
Net assets - end of the year	$ 148,575	$ (90,879)	$ 57,696

ROADS OF SUCCESS

STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2020

	Program Services					
	Humanitarian Aid	**Empowerment**	**Love Gifts & Tithes**	**Total**	**General Funds**	**Total Expenses**
Expenses						
Outside Contract Services	$ 271,533	$ 9,975	$ 9,046	$290,554	$ -	$ 290,554
Depreciation Expense	-	-	-	-	15,117	15,117
Education	1,717	63	57	1,837	-	1,837
Fundraising	653	24	22	699	-	699
General & Operations	-	-	-	-	89,139	89,139
Payroll and payroll tax	53,168	1,953	1,771	56,892	-	56,892
Travel	8,243	303	274	8,820	-	8,820
	$ 335,314	$ 12,318	$ 11,170	$358,802	$ 104,256	$ 463,058

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

ROADS OF SUCCESS

STATEMENT OF CASH FLOWS

		January 1, 2020 to December 31, 2020
Cash flows from operating activities		
Change in net assets	$	23,361
Adjustments to reconcile net assets to net cash used by operating activities:		
Depreciation		15,117
Changes on operating assets and liabilities:		
Right to use assets		(20,250)
Lease liabilities		20,250
Credit Cards payable		(8,007)
Net cash flows provided by (used in) operating activities		30,471
Cash flows from Investing activities		
Furniture and Fixtures		-
Net Cash flows provided by (used in) investing activities		-
Cash flows from financing activities		
PPP Loan		19,959
Net cash flows provided by (used in) financing activities		19,959
Net increase (decrease) in cash and cash equivalent		50,430
Cash at beginning of period		26,764
Cash at end of period	$	77,194
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	$	-
Income tax	$	-

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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.

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.

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 three to forty years.

Basis of Presentation

The financial statements are reported using the accrual basis of accounting. All of the Organization's assets, liabilities, net assets, revenue and expenses have been reflected in accordance with the accrual method.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The financial statements presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 958, Not-for-Profit Entities. The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

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.

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.

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.

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, 2020, 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.

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,

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 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 2020 the Organization shipped containers of goods and supplies valued at $900,000 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, 2020, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statement.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 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. The Organization does not believe the adoption of the statement will have any impact on the financial statements.

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. The Organization does not believe the adoption of the statement will have any impact on the financial statements.

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. The Organization does not believe the adoption of the statement will have any impact on 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.

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, contributions, and the service in general.

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 services as mandated by each state.

NOTE 3 – PAYCHECK PROTECTION PROGRAM

In May 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. During 2020, The Organization used the proceeds of the PPP Loan for Qualifying Expenses and was awarded full forgiveness for the loan on March 22, 2021, the Organization received PPP round 2 in February 2021 loan proceeds of $52,297 and will apply for the forgiveness subject to final approval.

NOTE 4 – FIXED ASSETS

Property and equipment consist of the following as of December 31, 2020:

		For the Year Ended December 31, 2020
Furniture and equipment	$	82,327
Accumulated depreciation		(55,771)
	$	26,556

Depreciation expense for the year ended December 31, 2020, was $15,117.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The Organization applied ASU 2016-02 "*Leases*". ASU 2016-02 requires entities to recognize all lease amounts as assets on the statement of financial position with a corresponding liability resulting in a gross up of the statement of financial position. The Organization is leasing an office space for a one-year term started November 1, 2020, expiring October 31, 2021. The Organization started paying the monthly rent from November 2020, future minimum obligation for the year ended December 31, 2020, is as follows:

2021		9,250
2022		11,000
Total	$	20,250

Rent expense for the year ended December 31, 2020, was $4,844.

NOTE 6 – SUBSEQUENT EVENTS

Roads of Success evaluated its 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 require disclosure in the financial statements.

Hanna
Certified Public Accountant