

**ROAD RECOVERY FOUNDATION, INC.**  
***REPORT ON AUDIT OF FINANCIAL STATEMENTS***  
***DECEMBER 31, 2016***

**ROAD RECOVERY FOUNDATION, INC.**

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# Lilling & Company LLP

Certified Public Accountants

## ***INDEPENDENT AUDITOR'S REPORT***

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To the Board of Directors  
Road Recovery Foundation, Inc.  
New York, New York

We have audited the accompanying financial statements of Road Recovery Foundation, Inc., which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses 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. 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 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 Road Recovery Foundation, 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.

A handwritten signature in cursive script that reads "Silling & Company". The signature is written in black ink and is positioned above the printed text of the firm's name.

***CERTIFIED PUBLIC ACCOUNTANTS  
PORT WASHINGTON, NEW YORK  
November 13, 2017***

**ROAD RECOVERY FOUNDATION, INC.**

***STATEMENT OF FINANCIAL POSITION***  
***DECEMBER 31, 2016***

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***ASSETS***

Cash	\$ 77,041
Accounts receivable	<u>7,532</u>
	<u><u>\$ 84,573</u></u>

***LIABILITIES***

Accrued expenses	\$ 4,272
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***NET ASSETS***

Net assets - unrestricted	75,301
Net assets - temporarily restricted	<u>5,000</u>
	<u>80,301</u>
	<u><u>\$ 84,573</u></u>

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*See notes to financial statements*

**ROAD RECOVERY FOUNDATION, INC.****STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2016**

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Contributions and grants	\$ 266,310	\$ 5,000	\$ 271,310
Program services	28,653	-	28,653
Performance fees	1,500	-	1,500
Net assets released from restrictions	-	-	-
	<u>296,463</u>	<u>5,000</u>	<u>301,463</u>
<b>EXPENSES</b>			
Program expenses	144,352	-	144,352
Management and general	89,979	-	89,979
Fund raising	47,787	-	47,787
	<u>282,118</u>	<u>-</u>	<u>282,118</u>
<b>CHANGE IN NET ASSETS</b>	14,345	5,000	19,345
<b>NET ASSETS - BEGINNING</b>	<u>60,956</u>	<u>-</u>	<u>60,956</u>
<b>NET ASSETS - END</b>	<u>\$ 75,301</u>	<u>\$ 5,000</u>	<u>\$ 80,301</u>

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See notes to financial statements

**ROAD RECOVERY FOUNDATION, INC.**

***STATEMENT OF CASH FLOWS***  
***YEAR ENDED DECEMBER 31, 2016***

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***Cash flows from operating activities***

Change in net assets \$ 19,345

Adjustments to reconcile change in net assets to  
net cash provided by operating activities:

Changes in assets and liabilities:

Accounts receivable (2,932)

Accrued expenses 489

Total adjustments (2,443)

***Net cash provided by operating activities*** 16,902

***NET CHANGE IN CASH*** 16,902

***CASH - BEGINNING*** 60,139

***CASH - END*** \$ 77,041

***Supplemental disclosures of cash flow information***

***Cash paid during the year for:***

Interest \$ -

Income taxes \$ -

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*See notes to financial statements*

**ROAD RECOVERY FOUNDATION, INC.**

***STATEMENT OF FUNCTIONAL EXPENSES***  
***YEAR ENDED DECEMBER 31, 2016***

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	<i>Program</i>	<i>Management And General</i>	<i>Fund Raising</i>	<i>Total</i>
Administrative personnel	\$ 44,000	\$ 35,200	\$ 26,400	\$ 105,600
Program personnel	25,115	-	-	25,115
Professional fees	15,775	12,120	9,750	37,645
Production costs	50	-	-	50
Rent	26,220	18,480	125	44,825
Local transportation and automobile	7,129	6,997	1,551	15,677
Insurance	5,846	1,366	-	7,212
Payroll taxes	5,041	2,809	2,106	9,956
Accounting fees	11,398	5,349	2,500	19,247
Telephone and internet	1,519	6,042	30	7,591
Other expenses	2,259	1,616	5,325	9,200
	<u>\$ 144,352</u>	<u>\$ 89,979</u>	<u>\$ 47,787</u>	<u>\$ 282,118</u>

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*See notes to financial statements*



# ROAD RECOVERY FOUNDATION, INC.

## *NOTES TO FINANCIAL STATEMENTS* *DECEMBER 31, 2016*

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### **1. ORGANIZATION**

#### **Nature of Activities**

Road Recovery Foundation Inc. (the "Organization"), is a not-for-profit corporation formed in New York. The mission of the Organization is dedicated to helping young people battle addiction and other adversities by harnessing the influence of entertainment industry professionals who have confronted similar crises and now wish to share their experience, resources and knowledge. With support from the mental health field, Road Recovery provides hands-on mentorship training, educational/performance workshops, peer-support networking, and "all access" to real-life opportunities by collaborating with young people to create and present live-concert events. Road Recovery empowers young people of all backgrounds to face their struggles and helps them develop comprehensive life skills, guided by professionals and supported by a community of like-minded peers. The Organization derives revenues from its services to institutions and individuals. Its activities are primarily carried out in the New York metropolitan area.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Accounting**

The accompanying financial statements are prepared on the accrual method of accounting, in accordance with accounting principles generally accepted in the United States of America. Contributions received and expenses incurred for future programs are deferred to the applicable year. Support, revenues, and expenditures are recognized when earned and expenses when incurred. Donated services, materials or equipment, if any, are recorded at their fair market value at the time of the donations. Revenue received for future periods and programs are deferred to the applicable year.

#### **Financial Statement Presentation**

The classification of an organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets – permanently restricted, temporarily restricted and unrestricted – be displayed in a statement of financial position and that the amounts of change in each of those classes be displayed in a statement of activities.

# ROAD RECOVERY FOUNDATION, INC.

## *NOTES TO FINANCIAL STATEMENTS* *DECEMBER 31, 2016*

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These classes are defined as follows:

**Permanently Restricted** - Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor - imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization (none as of December 31, 2016).

**Temporarily Restricted** - Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets. A portion of contributions received during 2016 were restricted by donor-imposed stipulations that expire by passage of time.

**Unrestricted** - The portion of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

### **Contributions**

Contributions are recorded 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 stipulation purpose 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. A contribution with a restriction is reported as unrestricted if the restriction is met in the same reporting period as the receipt of the contribution.

The Organization uses the allowance method to determine uncollectible promises to give and other receivables. The allowance is based on prior year's experience and management's analysis. As of December 31, 2016, no allowance for uncollectible receivables was considered necessary.

### **Cash**

The Organization's cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 as of December 31, 2016. Cash balances may at times exceed insured amounts.

### **Tax-Exempt Status**

The Organization qualifies as a tax-exempt organization within the meaning of section

# ROAD RECOVERY FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

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501(c) (3) of the Internal Revenue Code. As a not-for-profit organization, the Organization is also exempt from New York State income taxes. The Organization recognizes the effect of tax positions only when they are more likely than not to be sustained. At December 31, 2016, the Organization did not have any unrecognized tax benefits or liabilities. The Organization operates in the United States and in state and local jurisdictions, and the previous three years remain subject to examination by tax authorities. There are presently no ongoing income tax examinations.

### Functional Allocation of Expenses

The Organization provides information about expenses reported by their functional classification. This is the classification of expenses according to the purpose for which they are incurred. The primary functional classifications are program services and supporting services. The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates.

### Estimates

Management of the Organization uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue, support and expenses. Actual results could vary from the estimates that management uses.

### 3. PROGRAM SERVICE REVENUE

Program service revenues have been derived mainly from providing program services to institutions and individuals, mainly from RecoveryTrax and RoadTrax programs.

### 4. DONATED SERVICES AND FACILITIES

Certain corporations donated services of a specialized nature during the year. The nature, amount and activities for which these services were utilized are shown below:

<u>Nature of service</u>	<u>Activity utilized in</u>	<u>Amount</u>
Legal services	Program and General	\$ 7,500
Accounting	Program and General	<u>14,247</u>
		<u>\$ 21,747</u>

# ROAD RECOVERY FOUNDATION, INC.

## *NOTES TO FINANCIAL STATEMENTS* *DECEMBER 31, 2016*

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The services indicated above were provided by either members of the Board of Directors or by organizations related to the members. These amounts have been recorded as contributions and as accounting and professional expenses in the statement of activities.

### **5. RELATED PARTY TRANSACTIONS**

During the year, the Organization received donations totaling \$69,250 from several Board of Directors members. In addition, Board of Directors members also donated services.

### **6. COMMITMENTS**

The Organization leases space on a month to month basis in New York, NY. Rent expense for the year ended December 31, 2016 was \$44,825.

### **7. SUBSEQUENT EVENTS**

In preparing the accompanying financial statements, the Organization has reviewed events that have occurred after December 31, 2016, through the date of issuance of these financial statements on November 13, 2017.