

***EMBRACE RELIEF FOUNDATION INC.  
(A NON-PROFIT ORGANIZATION)***

***INDEPENDENT AUDITORS' REPORT  
AND FINANCIAL STATEMENTS***

***YEARS ENDED DECEMBER 31, 2015 AND 2014***

EMBRACE RELIEF FOUNDATION INC.

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report.....	1
Financial Statements: .....	3
Statements of Financial Position.....	4
Statements of Activities and Changes in Net Assets .....	5
Statements of Cash Flows.....	6
Statements of Functional Expenses .....	7
Notes to Financial Statements.....	8

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Embrace Relief Foundation Inc.  
Clifton, New Jersey

**Report on the Financial Statements**

We have audited the accompanying financial statements of Embrace Relief Foundation Inc., which comprise the statements assets, liabilities, and net assets arising from cash transactions as of December 31, 2015 and 2014, and the related statements of activities for support and revenue collected and expenses paid 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 the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 audits. We conducted our audits 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.

***Auditor's Responsibility (Continued)***

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 assets, liabilities, and net assets arising from cash transactions of Embrace Relief Foundation Inc. as of December 31, 2015 and 2014, and its support and revenue collected and expenses paid during the years then ended in accordance with the cash basis of accounting described in Note 1.

***Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "Barre & Company".

Barre & Company  
Certified Public Accountants

September 20, 2016

## **FINANCIAL STATEMENTS**

**EMBRACE RELIEF FOUNDATION INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**  
**CASH BASIS**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 430,507	\$ 102,321
<b>Total Current Assets</b>	<u>430,507</u>	<u>102,321</u>
Property and Equipment	66,924	7,714
Accumulated Depreciation	<u>(24,634)</u>	<u>(7,714)</u>
<b>Total Property and Equipment - Net of Accumulated Depreciation</b>	<u>42,290</u>	<u>-</u>
<b>Total Assets</b>	<u><u>\$ 472,797</u></u>	<u><u>\$ 102,321</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Other Current Liabilities:		
Payroll Liabilities	\$ 5,225	\$ 1,827
Current Portion of Long-Term Debt	<u>11,359</u>	
<b>Total Current Liabilities</b>	<u>16,584</u>	<u>1,827</u>
<b>Long-Term Liabilities:</b>		
Loan Payable - Truck	<u>15,485</u>	<u>-</u>
<b>Total Long-Term Liabilities</b>	<u>15,485</u>	<u>-</u>
<b>Net Assets:</b>		
Unrestricted	<u>440,728</u>	<u>100,494</u>
<b>Total Net Assets</b>	<u>440,728</u>	<u>100,494</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 472,797</u></u>	<u><u>\$ 102,321</u></u>

The accompanying notes are an integral part of these financial statements.



EMBRACE RELIEF FOUNDATION INC.  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEARS ENDED DECEMBER 31, 2015 AND 2014  
CASH BASIS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2015</u>	<u>Unrestricted 2014</u>
<b>Revenues and Support:</b>					
Contributions	\$ 2,990,668	\$ -	\$ -	\$ 2,990,668	878,239
<b>Total Revenues and Support</b>	<u>2,990,668</u>	<u>-</u>	<u>-</u>	<u>2,990,668</u>	<u>878,239</u>
Program Expenses	2,353,947	-	-	2,353,947	742,189
Management and General Expenses	296,487			296,487	135,619
<b>Total Expenses</b>	<u>2,650,434</u>	<u>-</u>	<u>-</u>	<u>2,650,434</u>	<u>877,808</u>
<b>Changes in Net Assets</b>	<u>340,234</u>	<u>-</u>	<u>-</u>	<u>340,234</u>	<u>431</u>
<b>Net Assets, Beginning of Year</b>	<u>100,494</u>	<u>-</u>	<u>-</u>	<u>100,494</u>	<u>100,063</u>
<b>Net Assets, End of Year</b>	<u>\$ 440,728</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 440,728</u>	<u>\$ 100,494</u>

The accompanying notes are an integral part of these financial statements.

**EMBRACE RELIEF FOUNDATION INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**  
**CASH BASIS**

	<u>2015</u>	<u>2014</u>
<b>Cash Flows From Operating Activities:</b>		
Change in Net Assets	\$ 340,234	\$ 431
Adjustments to reconcile the change in net assets to net cash provided by operations:		
Depreciation Expense	16,920	2,199
Increase (Decrease) in Liabilities:		
Loan Payable - Truck	15,485	
Current Portion Long-Term Debt	11,359	
Payroll Liabilities	3,398	(73)
<b>Net Cash Provided by Operating Activities</b>	<u>387,396</u>	<u>2,557</u>
Purchases of Property and Equipment	<u>(59,210)</u>	<u>(2,199)</u>
<b>Net Cash Provided by (Used by) Financing Activities</b>	<u>(59,210)</u>	<u>(2,199)</u>
<b>Net Increase (Decrease) in Cash</b>	328,186	358
<b>Cash, Beginning of Year</b>	<u>102,321</u>	<u>101,963</u>
<b>Cash, End of Year</b>	<u><u>\$ 430,507</u></u>	<u><u>\$ 102,321</u></u>

The accompanying notes are an integral part of these financial statements.



**EMBRACE RELIEF FOUNDATION INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**  
**CASH BASIS**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015</u>	<u>2014</u>
<b>PROGRAM EXPENSES:</b>				
Program Event Expenses	\$ 966,721	\$ -	\$ 966,721	\$ 87,051
Relief Program Expenses:				
Africa Water Well Relief		244,182	244,182	112,700
Bosnia Flooding			-	40,000
Cataract Relief		40,285	40,285	22,000
Food Drive Relief			-	1,296
Orphan Care Expenses		90,134	90,134	14,900
Philippines Relief			-	54,612
Ramadan Activities			-	10,910
School Supplies			-	8,345
Soma Mining			-	135,489
Syrian Refugees Relief		12,966	12,966	121,080
Blanket Drive		865,100	865,100	130,000
Enes Kanter Scholarship		25,750	25,750	-
Humanitarian Aid		23,000	23,000	-
Hunger Relief Expenses		5,000	5,000	-
Iraq Blanket and Clothing		17,000	17,000	-
Nepal Earthquake Expenses		26,500	26,500	-
Romania Books		33,000	33,000	-
Gifts and Donations	3,695		3,695	3,000
Program Related Contracts	614		614	806
Total Program Services	<u>971,030</u>	<u>1,382,917</u>	<u>2,353,947</u>	<u>742,189</u>
<b>MANAGEMENT AND GENERAL EXPENSES:</b>				
Professional Fees	14,651		14,651	5,798
Commission Fees	28,283		28,283	-
Insurance	3,726		3,726	594
Bank Service Charges	3,171		3,171	-
Office Expenses	8,493		8,493	19,664
Depreciation Expense	16,920		16,920	2,199
Equipment Rental and Maintenance	103		103	684
Printing and Copying	5,513		5,513	1,114
Dues, Permits, Licenses, Subscriptions	2,094		2,094	-
Advertising	752		752	230
Rent	34,762		34,762	15,000
Salaries	152,868		152,868	77,600
Payroll Taxes	14,950		14,950	8,677
Travel	10,201		10,201	4,059
Total Management and General Expenses	<u>296,487</u>	<u>-</u>	<u>296,487</u>	<u>135,619</u>
<b>TOTAL EXPENSES</b>	<u><u>\$ 1,267,517</u></u>	<u><u>\$ 1,382,917</u></u>	<u><u>\$ 2,650,434</u></u>	<u><u>\$ 877,808</u></u>

The accompanying notes are an integral part of these financial statements.

**EMBRACE RELIEF FOUNDATION INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

**Nature of Activities**

The Embrace Relief Foundation Inc. is located at 1500 Main Avenue, Clifton, New Jersey. It is a non-profit organization that brings together teams of volunteers to collaborate on local aid and disaster relief efforts. These teams provide an array of support, offering to assist financially, emotionally and physically with the needs of families and communities ravaged by disaster. The foundation collects, delivers and distributes supplies and resources to families, individuals and institutions. Their primary support comes from contributions.

**Basis of Accounting**

Embrace Relief Foundation Inc. utilizes the cash-basis of accounting and the accompanying statements have been prepared on that basis. The cash-basis differs from generally accepted accounting principles primarily because revenues are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred.

**Basis of Presentation**

The financial statements are presented in accordance with FASB ASC 958, Not-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 net assets, temporarily restricted net assets and permanently restricted net assets.

Also in accordance with FASB ASC 958, support that is restricted by a donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**Use of Estimates**

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial

**EMBRACE RELIEF FOUNDATION INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 2: FAIR VALUE MEASUREMENTS (CONTINUED)**

**Determination of Fair Value**

Under FASB ASC 820, the Organization bases its fair value on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the Organization's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy. Fair value measurements for assets and liabilities where these exists limited or no observable market date and, therefore, are based primarily upon management's own estimates, are often calculated based on current pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability.

Additionally, there may be inherent weakness in any calculation techniques, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, that could significantly affect the results of current future value.

Following is a description of valuation methodologies use for assets and liabilities recorded at fair value. Methodologies have been consistently applied.

Cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable and accrued liabilities, approximate fair value due to their short maturities.

The table below presents the amounts of assets and liabilities measured at fair value on a recurring basis as of December 31, 2015:

	2015	
	Carrying Amount	Fair Value
Financial Assets:		
Cash and Cash Equivalents	<u>\$ 430,507</u>	<u>\$ 430,507</u>



**EMBRACE RELIEF FOUNDATION INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 3: CONCENTRATION OF CREDIT RISK**

Financial instruments which potentially subject the Organization to concentration of credit risk consist of cash and cash equivalents. At various times throughout the year, the Organization has balances in excess of FDIC insurance coverage of \$250,000. Embrace Relief Foundation Inc. places all funds with high credit quality financial institutions to limit the credit risk.

**NOTE 4: PROPERTY AND EQUIPMENT**

In 2015, the Organization purchased equipment. As of December 31, 2015, the equipment was valued at:

	<u>2015</u>	<u>2014</u>
Furniture, Fixtures & Equipment	\$ 66,924	\$ 7,714
Less: Accumulated Depreciation	<u>(24,634)</u>	<u>(7,714)</u>
Total	<u>\$ 42,290</u>	<u>\$ -</u>

**NOTE 5: SUBSEQUENT EVENTS**

Subsequent events have been evaluated through September 20, 2016, which is the date the financial statements were issued. No subsequent events were identified that required adjustment to or disclosure within the financial statements.