

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

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

YEARS ENDED DECEMBER 31, 2016 AND 2015

EMBRACE RELIEF FOUNDATION INC.

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Embrace Relief Foundation Inc., which comprise the statements of financial position as of December 31, 2016 and 2015, the related statements of activities, the statements of cash flows and the statements of 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'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.

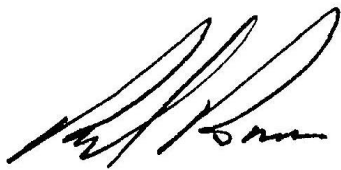
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 financial position of Embrace Relief Foundation Inc. as of December 31, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read 'Barre & Company', is written over a horizontal line.

Barre & Company LLC
Certified Public Accountant
Union, New Jersey

August 5, 2017

FINANCIAL STATEMENTS

**EMBRACE RELIEF FOUNDATION INC.
STATEMENTS OF FINANCIAL POSITION
YEARS ENDED DECEMBER 31, 2016 AND 2015**

ASSETS	2016	2015
Current Assets:		
Cash	\$ 530,230	\$ 430,507
Accounts Receivable	700	
Other Receivable	3,214	
Total Current Assets	534,144	430,507
Other Assets:		
Security Deposit	\$ 8,817	\$ -
Total Other Assets	8,817	-
Property and Equipment	81,407	66,924
Accumulated Depreciation	(19,494)	(24,634)
Total Property and Equipment - Net of Accumulated Depreciation	61,913	42,290
Total Assets	\$ 604,874	\$ 472,797
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Other Current Liabilities:		
Payroll Liabilities	\$ 9,232	\$ 5,225
Current Portion of Long-Term Debt	11,577	11,359
Total Current Liabilities	20,809	16,584
Long-Term Liabilities:		
Loan Payable - Truck	3,908	15,485
Total Long-Term Liabilities	3,908	15,485
Net Assets:		
Unrestricted	580,157	440,728
Total Net Assets	580,157	440,728
Total Liabilities and Net Assets	\$ 604,874	\$ 472,797

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, 2016 AND 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2016</u>	<u>Unrestricted 2015</u>
Revenues and Support:					
Contributions	\$ 692,107	\$ 1,683,400	\$ -	\$ 2,375,507	\$ 2,990,668
Total Revenues and Support	<u>692,107</u>	<u>1,683,400</u>	<u>-</u>	<u>2,375,507</u>	<u>2,990,668</u>
Program Expenses	5,703	1,683,400	-	1,689,103	2,353,947
Management and General Expenses	546,975			546,975	296,487
Total Expenses	<u>552,678</u>	<u>1,683,400</u>	<u>-</u>	<u>2,236,078</u>	<u>2,650,434</u>
Changes in Net Assets	139,429	-	-	139,429	340,234
Net Assets, Beginning of Year	<u>440,728</u>	<u>-</u>	<u>-</u>	<u>440,728</u>	<u>100,494</u>
Net Assets, End of Year	<u>\$ 580,157</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 580,157</u>	<u>\$ 440,728</u>

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

EMBRACE RELIEF FOUNDATION INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 139,429	\$ 340,234
Adjustments to reconcile the change in net assets to net cash provided by operations:		
Depreciation Expense	12,987	16,920
Increase in Accounts Receivable	(3,914)	-
Increase in Other Assets	(8,817)	-
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses		
Loan Payable - Truck	218	15,485
Current Portion Long-Term Debt	(11,577)	11,359
Payroll Liabilities	4,007	3,398
Net Cash Provided by Operating Activities	<u>132,333</u>	<u>387,396</u>
 Purchases of Property and Equipment	 <u>(32,610)</u>	 <u>(59,210)</u>
Net Cash Provided by (Used by) Financing Activities	<u>(32,610)</u>	<u>(59,210)</u>
 Net Increase (Decrease) in Cash	 99,723	 328,186
 Cash, Beginning of Year	 <u>430,507</u>	 <u>102,321</u>
 Cash, End of Year	 <u><u>\$ 530,230</u></u>	 <u><u>\$ 430,507</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, 2016 AND 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016</u>	<u>2015</u>
PROGRAM EXPENSES:				
Program Event Expenses	\$ 5,703	\$ -	\$ 5,703	\$ 966,721
Relief Program Expenses:				
Africa Water Well Relief		199,000	199,000	244,182
Cataract Relief		53,500	53,500	40,285
Orphan Care Expenses		140,762	140,762	90,134
Syrian Refugees Relief			-	12,966
Blanket Drive			-	865,100
Enes Kanter Scholarship		15,000	15,000	25,750
Humanitarian Aid			-	23,000
Hunger Relief Expenses		904,746	904,746	5,000
Iraq Blanket and Clothing			-	17,000
Nepal Earthquake Expenses			-	26,500
Refugee Relief Expenses		175,042	175,042	-
Romania Books			-	33,000
Somalia Terror Victims Expenses		125,064	125,064	-
Bastrop County Fire Relief Camp		51,000	51,000	-
Disaster Relief Expenses		5,000	5,000	-
Newcomers Expenses		14,286	14,286	-
Gifts and Donations			-	3,695
Program Related Contracts			-	614
Total Program Services	<u>5,703</u>	<u>1,683,400</u>	<u>1,689,103</u>	<u>2,353,947</u>
MANAGEMENT AND GENERAL EXPENSES:				
Professional Fees	23,289		23,289	14,651
Commission Fees	39,754		39,754	28,283
Insurance	6,662		6,662	3,726
Bank Service Charges	3,600		3,600	3,171
Office Expenses	12,909		12,909	8,493
Depreciation Expense	12,987		12,987	16,920
Equipment Rental and Maintenance			-	103
Printing and Copying			-	5,513
Dues, Permits, Licenses, Subscriptions	32,630		32,630	2,094
Advertising			-	752
Rent	40,629		40,629	34,762
Salaries	329,914		329,914	152,868
Payroll Taxes	30,864		30,864	14,950
Travel	13,737		13,737	10,201
Total Management and General Expenses	<u>546,975</u>	<u>-</u>	<u>546,975</u>	<u>296,487</u>
TOTAL EXPENSES	<u>\$ 552,678</u>	<u>\$ 1,683,400</u>	<u>\$ 2,236,078</u>	<u>\$ 2,650,434</u>

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

EMBRACE RELIEF FOUNDATION INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Nature of Activities

The Embrace Relief Foundation Inc. is located at 18 Passaic Avenue, Fairfield, 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 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 statements and the reported amounts of revenues and expenses, including functional allocations during the reporting period. Actual results could differ from those estimates. Management bases its estimates on historical experiences and on various other assumptions that are believed to be reasonable under the circumstances in making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. While actual results could differ from those estimates, management believes that the estimates are reasonable.

**EMBRACE RELIEF FOUNDATION INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1: NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Donated Services

During the year ended December 31, 2016, many volunteered their time and performed a variety of tasks that assisted Embrace Relief Foundation Inc. The value of contributed services meeting the requirements of recognition in the financial statements was not material and has not been recorded.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, Embrace Relief Foundation Inc. considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Program Expense Allocation

Approximately 75% of company expenditures go for direct program use.

Income Taxes

Embrace Relief Foundation Inc. is a not-for-profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for federal income taxes has been made.

The Organization's tax year 2013, 2014, and 2015 are still open to examinations by the Internal Revenue Service.

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 Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

EMBRACE RELIEF FOUNDATION INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 2: FAIR VALUE MEASUREMENTS

The organization uses fair value measurements to record fair adjustments to certain assets and liabilities and to determine fair value disclosures of investments in debt and equity securities that are classified as available for sale.

The Fair Value Measurements Topic 820 of the FASB Accounting Standards Codification (FASB ASC 820) defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurement. The disclosures required under this Topic have been included in this note.

Fair Value Hierarchy

FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are observable inputs for the asset or liability.

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,

**EMBRACE RELIEF FOUNDATION INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 2: FAIR VALUE MEASUREMENTS (CONTINUED)

Determination of Fair Value (continued)

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, 2016:

	2016	
	Carrying Amount	Fair Value
Financial Assets:		
Cash and Cash Equivalents	\$ 530,230	\$ 530,230

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.

EMBRACE RELIEF FOUNDATION INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 4: PROPERTY AND EQUIPMENT

In 2016, the Organization purchased equipment. As of December 31, 2016, the equipment was valued at:

	<u>2016</u>	<u>2015</u>
Furniture, Fixtures & Equipment	\$ 81,407	\$ 66,924
Less: Accumulated Depreciation	<u>(19,494)</u>	<u>(24,634)</u>
Total	<u>\$ 61,913</u>	<u>\$ 42,290</u>

NOTE 5: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor restriction or other restrictions limiting their use, within one year of the balance sheet date, comprise cash in the amount of \$430,507 as of December 31, 2016. As part of our liquidity management plan, we maintain all available liquid funds in a cash account.

NOTE 6: SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 5, 2017, which is the date the financial statements were issued. No subsequent events were identified that required adjustment to or disclosure within the financial statements.