

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

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

***YEAR ENDED DECEMBER 31, 2019
(WITH SUMMARIZED FINANANCIAL INFORMATION
FOR DECEMBER 31, 2018)***

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, 2019, 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, 2019, 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.

Report on Summarized Comparative Information

We have previously audited Embrace Relief Foundation Inc's December 31, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 11, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived



Barre & Company LLC
Certified Public Accountant
Union, New Jersey

November 23, 2020

FINANCIAL STATEMENTS

EMBRACE RELIEF FOUNDATION INC.
STATEMENTS OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018

	2019	For comparative purposes only 2018
ASSETS		
Current Assets:		
Cash	\$ 380,324	\$ 397,809
Inventory	44,251	3,893
Total Current Assets	424,575	401,702
Other Assets:		
Security Deposit	8,817	8,817
Total Other Assets	8,817	8,817
Property and Equipment	88,779	88,779
Accumulated Depreciation	(73,548)	(56,321)
Total Property and Equipment - Net of Accumulated Depreciation	15,231	32,458
Total Assets	\$ 448,623	\$ 442,977
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Other Current Liabilities:		
Payroll Liabilities	\$ 299	\$ 2,480
Current Portion of Long-Term Debt	-	-
Total Current Liabilities	299	2,480
Net Assets:		
Without Donor Restrictions	448,324	440,497
With Donor Restrictions	-	-
Total Net Assets	448,324	440,497
Total Liabilities and Net Assets	\$ 448,623	\$ 442,977

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

EMBRACE RELIEF FOUNDATION INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018

	2019			For comparative purpose only 2018
	Without Donor Restrictions	With Donor Restrictions	TOTAL	TOTAL
Revenues and Support:				
Contributions	\$ 428,274	\$ 1,262,166	\$ 1,690,440	\$ 1,439,285
Total Revenues and Support	<u>428,274</u>	<u>1,262,166</u>	<u>1,690,440</u>	<u>1,439,285</u>
Program Expenses	111,331	1,262,166	1,373,497	1,045,459
Management and General Expenses	171,125	-	171,125	330,645
Fundraising Expenses	137,991	-	137,991	83,346
Total Expenses	<u>420,447</u>	<u>1,262,166</u>	<u>1,682,613</u>	<u>1,459,450</u>
Changes in Net Assets	7,827	-	7,827	(20,165)
Net Assets, Beginning of Year	<u>440,497</u>	<u>-</u>	<u>440,497</u>	<u>460,662</u>
Net Assets, End of Year	<u>\$ 448,324</u>	<u>\$ -</u>	<u>\$ 448,324</u>	<u>\$ 440,497</u>

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

EMBRACE RELIEF FOUNDATION INC.
STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018

	2019	For Comparative Purposes Only 2018
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 7,827	\$ (20,165)
Adjustments to reconcile the change in net assets to net cash provided by operations:		
Depreciation Expense	17,227	17,227
Increase in Accounts Receivable	(40,358)	(1,582)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses		
Loan Payable - Truck		(3,908)
Current Portion Long-Term Debt	-	-
Payroll Liabilities	(2,181)	(3,178)
Net Cash Provided by Operating Activities	(17,485)	(11,606)
Purchases of Property and Equipment	-	-
Net Cash Provided by (Used by) Financing Activities	-	-
Net Increase (Decrease) in Cash	(17,485)	(11,606)
Cash, Beginning of Year	397,809	409,415
Cash, End of Year	\$ 380,324	\$ 397,809

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

EMBRACE RELIEF FOUNDATION INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018

	2019			For comparative Purpose Only 2018
	Without Donor Restrictions	With Donor Restrictions	TOTAL	TOTAL
PROGRAM EXPENSES:				
Program Event Expenses	\$ -	\$ -	\$ -	\$ -
Relief Program Expenses		64,628	64,628	-
Cataract Relief		27,980	27,980	28,000
Chicago Educational Fund		62,053	62,053	100,842
Clean Water		102,214	102,214	75,800
EYF Houston			-	4,144
Women Development Expense			-	1,000
Orphan Care Expenses			-	19,300
Hunger Relief Expenses		499,961	499,961	303,431
Children Relief Expenses		43,710	43,710	-
Refugee Relief Expenses		343,648	343,648	317,278
Education Project Expenses		105,897	105,897	-
Disaster Relief Expenses		12,075	12,075	65,149
Other Salaries and Wages	85,191		85,191	52,923
Rent Expense	26,140		26,140	-
Office Expenses	-		-	15,713
Other Professional Services			-	61,879
Total Program Services	<u>111,331</u>	<u>1,262,166</u>	<u>1,373,497</u>	<u>1,045,459</u>
MANAGEMENT AND GENERAL EXPENSES:				
Professional Fees	16,272		16,272	33,544
Commission Fees	1,014		1,014	2,435
Insurance	1,253		1,253	7,188
Bank Service Charges	501		501	2,435
Office Expenses	4,456		4,456	8,729
Depreciation Expense	17,227		17,227	17,227
Dues, Permits, Licenses, Subscriptions	10,999		10,999	37,579
Advertising	2,373		2,373	13,134
Rent Expense	15,164		15,164	64,415
Salaries	85,191		85,191	103,200
Payroll Taxes	13,724		13,724	14,349
Travel	2,951		2,951	23,714
Conferences, Conventions, and Meeting	-	-	-	2,696
Total Management and General Expenses	<u>171,125</u>	<u>-</u>	<u>171,125</u>	<u>330,645</u>
FUNDRAISING:				
Professional Fees	47,000		47,000	80,346
Gifts And Donations	-		-	1,000
Printing and Publications	69,589		69,589	2,000
Rent Expense	21,402		21,402	-
Total Fund Raising Expenses	<u>137,991</u>	<u>-</u>	<u>137,991</u>	<u>83,346</u>
TOTAL EXPENSES	<u>\$ 420,447</u>	<u>\$ 1,262,166</u>	<u>\$ 1,682,613</u>	<u>\$ 1,459,450</u>

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

**EMBRACE RELIEF FOUNDATION INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Organization and 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 Accounting

Embrace Relief Foundation Inc. prepare its financial statements in accordance with generally accepted accounting principles in the United States of America (GAAP) for Not for Profit Organizations (NFPs). The significant accounting and reporting policies used are described herein to enhance the usefulness and understandability of the financial statements.

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, 2019 AND 2018**

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

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. As of December 31, 2019 and 2018 all net assets are considered as without donor restrictions.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose, in a particular future period, or for perpetual duration. The organization's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from with donor restriction to without donor restriction. As of December 31, 2019 and 2018 there were no net assets with donor restrictions.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the use of the related resources is subject to with donor restriction. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Donated Services

During the year ended December 31, 2019, 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.

**EMBRACE RELIEF FOUNDATION INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

Revenue Recognition

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as net assets with donor restrictions until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Program service fees applying to services, provided mostly to other not for profit organizations, are reflected as support in the year when the program service fees are earned. Revenue from contributions, including grants, is recognized as support in the year the contributions are earned.

Fixed Assets

Property and equipment are recorded at cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial statement purposes. The estimated useful lives for significant property and equipment categories are as follows:

Buildings and Improvements	40 years
Kitchen Equipment	3 to 10 years
Autos and Trucks	5 to 10 years
Office and Computer Equipment	3 to 10 years

**EMBRACE RELIEF FOUNDATION INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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 82% 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 2016, 2017, and 2018 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. Such allocations are determined by management on an equitable basis.

The expenses that are allocated the following:

Expense	Method of Allocation
Salaries and wages	Time and Effort
Payroll Taxes and Fringe Benefits	Time and Effort
Professional Fees	Full Time Equivalent
Office Expense	Time and Effort
Insurance	Square Footage
Program Services	Time and Effort
Conferences and Meetings	Time and Effort
Training	Time and Effort
Telephone	Time and Effort
Rent and Utilities	Square Footage

**EMBRACE RELIEF FOUNDATION INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 2: 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 3: PROPERTY AND EQUIPMENT

In 2019, the Organization purchased equipment. As of December 31, 2019, the equipment was valued at:

	<u>2019</u>	<u>2018</u>
Furniture, Fixtures & Equipment	\$ 88,779	\$ 88,779
Less: Accumulated Depreciation	<u>(73,548)</u>	<u>(56,321)</u>
Total	<u>\$ 15,231</u>	<u>\$ 32,458</u>

NOTE 4: LEASE AND OBLIGATIONS

The Company leases a facility in Fairfield, New Jersey. The lease term was for five (5) years commencing October 1, 2016 and ending October 31, 2021 with an option to renew for an additional five (5) year period with the same terms and conditions set forth in the original lease. The rent is adjusted annually by the landlord utilizing a methodology described in the lease agreement. The lease calls for the landlord to pay for all the services other than the telephone and internet. The total rent expense for 2019 was \$62,706

NOTE 5: PAYROLL TAXES

All payroll tax returns and payroll taxes have been filed and paid timely for the year ended December 31, 2019.

**EMBRACE RELIEF FOUNDATION INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 6: 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 \$380,324 as of December 31, 2019. As part of our liquidity management plan, we maintain all available liquid funds in a cash account.

NOTE 7: SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 20, 2020, which is the date the financial statements were issued. No subsequent events were identified that required adjustment to or disclosure within the financial statements.

Beginning around March 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. Future potential impacts may include continued disruptions or restrictions on our employees' ability to work and impairment of our ability to obtain contributions and volunteers. The future effects of these issues are unknown. No adjustments have been made to these financial statements as a result of this uncertainty.