

Embrace Relief Foundation, Inc.
Audited Financial Statements
For the Year Ended December 31, 2020

Embrace Relief Foundation Inc.
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BENGAL ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANT & CONSULTANT

Independent Auditor's Report

To the Board of Directors of
Embrace Relief Foundation Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Embrace Relief Foundation Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements 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'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 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.

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, 2020, 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.

Bengal Associates, LLC CPA

Totowa, New Jersey
September 29, 2021

Embrace Relief Foundation Inc.
Statement of Financial Position
As of December 31, 2020

	2020
<u>Assets:</u>	
Current Assets:	
Cash & Cash Equivalents	\$ 949,374
Accounts Receivable	250
Inventory Asset	13,443
Other current assets	8,817
 Total Current Assets	 971,883
 Noncurrent Assets:	
Property and Equipment, Net	4,457
 Total Noncurrent Assets	 4,457
 Total Assets	 \$ 976,339
 <u>Total Liabilities</u>	
Current Liabilities:	
Accrued Expenses	\$ 11,390
 Total Current Liabilities	 11,390
 Noncurrent Liabilities:	
Small Business Administration Loan	35,496
 Total Noncurrent Liabilities	 35,496
 Total Liabilities	 46,886
 <u>Net Assets:</u>	
Without Donor Restrictions	403,198
With Donor Restrictions	526,255
 Total Net Assets	 929,453
 Total Liabilities and Net Assets	 \$ 976,339

See accompanying notes are an integral part of these financial statements

Embrace Relief Foundation Inc.
Statement of Activities
For the Year Ended December 31, 2020

<u>Support and Revenue:</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Government Grants	\$ 5,000		\$ 5,000
Donations	19,557		19,557
Earned revenues	7,100		7,100
Cataract Relief Contribution		47,576	47,576
Chicago Education Fund		104,159	104,159
Clean Water Contributions		167,762	167,762
Cleveland Education Fund		42,645	42,645
Covid-19 Relief Contributions		58,930	58,930
Education Relief Contributions		9,125	9,125
Hunger Relief Contribution		487,939	487,939
Refugee Relief Contributions		1,189,225	1,189,225
Disaster Relief Contributions		28,222	28,222
Individual Business Contributions	299,183	-	299,183
Net Assets Released from Restriction			
Satisfaction via payments	1,609,327	(1,609,327)	-
Total Support and Revenue	\$ 1,940,167	\$ 526,255	\$ 2,466,422

Total Support and Revenue

Expenses

Program Services:

Refugee Relief	654,375		654,375
Hunger Relief	459,588		459,588
Clean Water	208,365		208,365
Health and Ctaract	46,667		46,667
Children	27,281		27,281
Disaster Relief	77,652		77,652
Education	115,496		115,496
Women Empowerment	19,905		19,905
Total Program Services Expenses	1,609,327	-	1,609,327

Supporting Services

Management and General	155,181	-	155,181
Fundraising	220,785	-	220,785
Total Supporting Services	375,966	-	375,966

Total Expense	1,985,293	-	1,985,293
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Change in Net Assets	(45,126)	526,255	481,129
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Net Assets, Beginning of Year	448,324	-	\$ 448,324
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Net Assets, End of Year	\$ 403,198	\$ 526,255	\$ 929,453
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See accompanying notes are an integral part of these financial statements

Embrace Relief Foundation Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2020

Expenses:	Program Services								Supporting Services		Total Expenses	
	Refugee Relief	Hunger Relief	Clean Water	Health and Ctaract	Children	Disaster Relief	Education	Women Empowerment	Total Programs	Management & General		Fundraising Expense
Bank Service Charges	\$ 918	\$ 459	\$ 184	\$ 184	\$ 214	\$ 153	\$ -	\$ 15,317	\$ 17,429	\$ 919	\$ 31	\$ 18,378
Gifts and Donations	873	422	169	169	197	141			1,971		844	2,815
Insurance Expenses	4,827	1,614	4,020			807			11,267	2,582		13,849
Advertising expenses	720	720	384	151	144	17	120	-	2,257	144	2,401	4,801
Equip rental & maintenance	545	545	291	114	109	13	91	-	1,708	109	1,817	3,634
Office Supplies	78	78	42	16	16	2	13	-	244	16	260	519
Postage, shipping, delivery	149	149	79	31	30	3	25	-	466	30	496	991
Printing & copying	188	188	100	39	38	4	31	-	589	38	627	1,253
Supplies	734	734	391	154	147	17	122	-	2,300	147	2,447	4,894
Telephone & telecommunications	264	264	141	55	53	6	44	-	827	53	880	1,761
Web and Maintenance	1,470	1,470	784	309	294	34	245	-	4,605	294	4,899	9,798
Rent, parking, other occupancy	13,687	13,687	6,843	3,422	3,422	4,106	2,737	-	47,904	10,265	10,265	68,435
Utilities	1,801	1,801	900	450	450	540	360	-	6,302	1,350	1,350	9,003
Professional Fees		1,550	3,100		1,550				6,200	10,661		16,861
Fundraising fees									-		130,701	130,701
Program Relief Expenses	625,210	373,367	158,700	40,420	18,545	70,852	111,532		1,398,626			1,398,626
Program Event Expenses										80,323		80,323
Registration license fees								4,588	4,588		9,962	14,550
Officers & directors salaries	1,713	56,527	29,120	856	1,713	856			90,786	34,259	46,249	171,294
Payroll taxes	150	4,965	2,558	75	150	75			7,973	3,009	4,062	15,044
Conference, convention, meeting	237	237	126	50	47	6	39	-	742	47	789	1,579
Travel & Meal & Entertainment	811	811	433	170	162	19	135	-	2,542	162	2,705	5,409
Depreciation									-	10,775		10,775
Total	\$ 654,375	\$ 459,588	\$ 208,365	\$ 46,667	\$ 27,281	\$ 77,652	\$ 115,496	\$ 19,905	\$ 1,609,327	\$ 155,181	\$ 220,785	\$ 1,985,293

See accompanying notes are an integral part of these financial statements

Embrace Relief Foundation Inc.
Statement of Cash Flows
For the Year Ended December 31, 2020

	2020
Cash Flows From Operating Activities	
Change in Net Assets	\$ 481,129
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in:	
Accounts Receivable	(250)
Inventories	30,808
Depreciation & amortization	10,776
Increase (decrease) in:	
Accounts Payable	11,091
Net Cash Provided By Operating Activities	533,554
Cash Flows from Financing Activities	
Proceeds from U.S. Small Business Admin. Loan	35,496
Net Cash Provided By Financing Activities	35,496
Net increase in cash and cash equivalents	569,050
Cash and cash equivalents at beginning of year	380,324
Cash and cash equivalents at end of year	\$ 949,374

See accompanying notes are an integral part of these financial statements

Embrace Relief Foundation Inc.
Notes to Financial Statements
Year Ended December 31, 2020

Note 1: Organization and Nature of Operation

The Embrace Relief Foundation Inc. (hereafter referred to as the “Organization”) was incorporated in the State of New York on April 3, 2008, (original filed under the name of Helping Hands Relief Foundation, Inc). It is a non-profit organization that brings together teams of volunteers to collaborate on local aid and international humanitarian and disaster relief efforts. These teams provide an array of support, offer 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.

Summary of Significant Accounting Policies

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 the 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.

Net Assets

The financial statements report net assets and change 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

Embrace Relief Foundation Inc.
Notes to Financial Statements
Year Ended December 31, 2020

Note 1: Summary of Significant Accounting Policies – *Continue*

Net Assets Without Donor Restrictions - *Continue*

Organizations, 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.

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 manners 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.

All revenues and net gains are reported as increases 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, 2020, 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.

Revenue Recognition

Contributions, including unconditional promise 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.

Embrace Relief Foundation Inc.
Notes to Financial Statements
Year Ended December 31, 2020

Note 1: Summary of Significant Accounting Policies – *Continue*

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:

Building 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

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.

Compensated Absences

The Organization's policy is to accrue the costs of certain compensated absences.

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 based on time expended in a program. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Embrace Relief Foundation Inc.
Notes to Financial Statements
Year Ended December 31, 2020

Note 1: Summary of Significant Accounting Policies – *Continue*

Income Taxes

Embrace Relief Foundation Inc. is 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 has adopted the standards for uncertain tax positions under FASB *Accounting Codification Standards*, Income Taxes, and management has determined that there are no uncertain tax positions related to any activity for all statutorily open tax years and no restatement of prior liabilities are required.

Advertising Costs

Advertising costs are expensed in the period incurred.

Subsequent Events

Management has evaluated all subsequent events and transactions through September 29, 2021, the date the financial statements were available to be issued.

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.

	2020	
	Carrying Value	Bank Balance
FDIC full insured - cash balance	\$ 318,482	\$ 318,482
FDIC uninsured - cash balance	630,891	643,447
Total	\$ 949,374	\$ 961,929

Embrace Relief Foundation Inc.
Notes to Financial Statements
Year Ended December 31, 2020

Note 3: Property and Equipment

A schedule of property and equipment and related accumulated depreciation are as follows:

Descriptions	Cost	Prior Year Accumulated Depreciation	Current Year Depreciation Expense	Current Year Accumulated Depreciation	Net Book Value
Mercedes Truck	\$ 39,297	\$ 36,677	\$ 2,620	\$ 39,297	\$ -
Clothing Bin	9,500	8,867	633	9,500	-
Clothing Bin	3,600	2,880	720	3,600	-
Clothing Bin	21,600	14,040	4,320	18,360	3,240
Total Clothing Bin	34,700	25,787	5,673	31,460	3,240
2017 - Computers	2,373	2,373	-	2,373	-
2017 - Furniture	7,409	5,712	1,482	7,194	215
2018 - Forklifts	5,000	3,000	1,000	4,000	1,000
	14,782	11,085	2,482	13,567	1,215
Total	\$ 88,779	\$ 73,549	\$ 10,775	\$ 84,324	\$ 4,455

Note 4: Lease and Obligations

The Company leases a facility in Fairfield, New Jersey. The lease term was for five (5) year 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 2020 was \$68,435.

Note 5: Payroll Taxes

All payroll tax returns, and payroll taxes have been filed and paid timely for the year ended December 31, 2020.

Note 6: Liquidity and Availability

Financial assets available for general expenditures, that is, without donor restriction or other restriction or other restrictions limiting their use, within one year of the balance sheet date, compromise cash in the amount of \$423,369 as of December 31, 2020. As part of our liquidity management plan, we maintain all available liquid funds in a cash account.

Embrace Relief Foundation Inc.
Notes to Financial Statements
Year Ended December 31, 2020

Note 6: Liquidity and Availability – *Continue*

Cash	\$ 949,374
Accounts Receivable	250
Less : Donors Restriction	<u>(526,255)</u>
	\$ 423,369

Note 7: Long Term Debit

The Organization applied and received a loan from the U.S. Small Business Administration under the Payroll Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The loan amount received amounted to \$35,496 at May 4, 2020. Interest is payable at 1% per annum from the date the loans were received and principal and interest payments starting twenty-two months following the twenty-four-week period from the origination date. However, the Organization has eligible costs to meet the loan forgiveness criteria and expects the loan to be extinguished in the subsequent fiscal year, but the loan is amortized in the maturity schedule until the loan is extinguished under generally accepted accounting principles. The outstanding balance at December is \$35,496.

A schedule of maturities is as follows:

2021	\$	19,361
2022		<u>16,135</u>
	\$	35,496

Note 8: Subsequent Events

The World Health Organization declared the COVID-19 outbreak a public health emergency on January 30, 2020 and its effects are ongoing. The subsequent year impact on program revenues, special events and contributions are currently unknown to the Organization; however, management is currently managing cash flow to mitigate losses and curbing expenses as necessary and has sought relief with governmental agencies as available.

The U.S. Small Business Administration loan (PPP) (Note 7) amounting to \$35,496 was forgiven in January 4, 2021. Documentation must be maintained on the loan forgiveness for six years as required by federal law.