

Embrace Relief Foundation, Inc.
Audited Financial Statements
For the Year Ended December 31, 2021

Embrace Relief Foundation Inc.
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BENGAL ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANT & CONSULTANT

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Embrace Relief Foundation Inc.

Opinion

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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Embrace Relief Foundation Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Embrace Relief Foundation Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Embrace Relief Foundation Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Embrace Relief Foundation Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Bengal Associates, LLC

Totowa, New Jersey
November 7, 2022

Embrace Relief Foundation Inc.
Statement of Financial Position
December 31, 2021

Assets:

Current Assets:

Cash & Cash Equivalents	\$ 941,667
Inventory	13,658
Other	8,817

Total Current Assets	<u>964,142</u>
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Noncurrent Assets:

Property and Equipment, Net	54,064
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Total Noncurrent Assets	<u>54,064</u>
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Total Assets	<u><u>\$ 1,018,205</u></u>
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Current Liabilities:

Accrued Expenses	\$ 5,481
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Total Current Liabilities	<u>5,481</u>
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Net Assets:

Without Donor Restrictions	954,622
With Donor Restrictions	58,101

Total Net Assets	<u>1,012,724</u>
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Total Liabilities and Net Assets	<u><u>\$ 1,018,205</u></u>
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The accompanying notes are an integral part of these financial statements.

Embrace Relief Foundation Inc.
Statement of Activities
For the Year Ended December 31, 2021

<u>Support and Revenue:</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donations and Contribution	796,033	510,000	1,306,033
Earned revenues	185	-	185
Cataract Relief Contribution	-	427,891	427,891
Clean Water Contributions	-	315,554	315,554
Education Relief Contributions	-	456,799	456,799
Children Relief Contribution	-	81,963	81,963
Hunger Relief Contribution	-	640,559	640,559
Refugee Relief Contributions	-	1,394,935	1,394,935
Disaster Relief Contributions	-	29,281	29,281
Women Empowerment Contribution	-	8,755	8,755
Individual Business Contributions	78,731	-	78,731
Paycheck Protection Program (PPP) - SBA Forgiveness	35,496	-	35,496
Net Assets Released from Restriction	-	-	-
Satisfaction via payments	4,333,893	(4,333,893)	-
Total Support and Revenue	<u>\$ 5,244,338</u>	<u>\$ (468,154)</u>	<u>\$ 4,776,184</u>
Total Support and Revenue			
<u>Expenses</u>			
Program Services:			
Refugee Relief	1,243,093		1,243,093
Hunger Relief	672,902		672,902
Clean Water	314,242		314,242
Health and Cataract	321,972		321,972
Children	118,186		118,186
Disaster Relief	1,210,368		1,210,368
Education	415,550		415,550
Women Empowerment	37,579		37,579
Total Program Services Expenses	<u>4,333,893</u>	<u>-</u>	<u>4,333,893</u>
Supporting Services			
Management and General	106,844		106,844
Fundraising	252,176		252,176
Total Supporting Services	<u>359,021</u>	<u>-</u>	<u>359,021</u>
Total Expense	4,692,913	-	4,692,913
Change in Net Assets	<u>551,424</u>	<u>(468,154)</u>	<u>83,271</u>
Net Assets, Beginning of Year	403,198	526,255	\$ 929,453
Net Assets, End of Year	<u>\$ 954,622</u>	<u>\$ 58,101</u>	<u>\$ 1,012,724</u>

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

Embrace Relief Foundation Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2021

Expenses:	Program Services									Supporting Services		Total Expenses
	Refugee Relief	Hunger Relief	Clean Water	Health and Ctaraact	Children	Disaster Relief	Education	Women Empowerment	Total Programs	Management & General	Fundraising Expense	
Officers & directors salaries	29,410	29,410	29,410	29,410	29,410	29,410	29,410	29,410	235,279	49,925	108,566	393,769
Payroll taxes	2,459	2,459	2,459	2,459	2,459	2,459	2,459	2,459	19,671	4,259	9,263	33,193
Benefits	2,235	1,192	522	522	149	2,161	671	-	7,452	-	-	7,452
Bank Service Charges	1,300	694	303	303	87	1,257	390	-	4,335	-	-	4,335
Gifts and Donations	150	150	250	250	250	-	-	-	1,050	-	-	1,050
Insurance Expenses	6,268	3,343	1,463	1,463	418	6,059	1,880	-	20,894	994	-	21,888
Advertising expenses	1,613	860	376	376	108	1,559	484	-	5,377	-	-	5,377
Equip rental & maintenance	2,108	1,124	492	492	141	2,038	632	-	7,028	-	-	7,028
Consulting Fees	10,913	5,820	2,546	2,546	728	10,549	3,274	-	36,376	-	-	36,376
Printing & copying	381	203	89	89	25	368	114	-	1,269	-	-	1,269
Supplies	507	270	118	118	34	490	152	-	1,690	-	-	1,690
Telephone & telecommunications	231	231	231	231	231	231	231	-	1,617	693	-	2,311
Web and Maintenance	22,837	12,179	5,329	5,329	1,522	22,075	6,851	-	76,122	-	-	76,122
Rent, parking, other occupancy	7,434	7,434	7,434	7,434	7,434	7,434	7,434	-	52,036	22,301	-	74,337
Professional Fees	-	-	-	-	-	-	-	-	-	21,293	-	21,293
Fundraising fees	-	-	-	-	-	-	-	-	-	-	114,252	114,252
Program Relief Expenses	1,150,871	605,198	262,200	269,930	74,900	1,120,047	360,255	5,710	3,849,112	-	-	3,849,112
Program Event Expenses	-	-	-	-	-	-	-	-	-	-	20,095	20,095
Registration license fees	3,068	1,636	716	716	205	2,966	920	-	10,227	-	-	10,227
Conference,convention,meeting	675	360	158	158	45	653	203	-	2,251	-	-	2,251
Travel & Meal & Entertainment	633	337	148	148	42	612	190	-	2,109	-	-	2,109
Depreciation	-	-	-	-	-	-	-	-	-	7,379	-	7,379
Total	\$ 1,243,093	\$ 672,902	\$ 314,242	\$ 321,972	\$ 118,186	\$ 1,210,368	\$ 415,550	\$ 37,579	\$ 4,333,893	\$ 106,844	\$ 252,176	\$ 4,692,913

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

Embrace Relief Foundation Inc.
Statement of Cash Flows
For the Year Ended December 31, 2021

Cash Flows From Operating Activities

Change in Net Assets \$ 83,271

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

Depreciation & amortization 7,379

Forgiveness of PPP loan (35,496)

(Increase) decrease in:

Accounts Receivable 250

Inventories (217)

Increase (decrease) in:

Accounts Payable (5,909)

Net Cash Provided By Operating Activities 49,278

Cash Flows From Investing Activities

Purchase of property and equipment (56,985)

Net Cash Provided By Financing Activities (56,985)

Net decrease in cash and cash equivalents (7,707)

Cash and cash equivalents at beginning of year 949,374

Cash and cash equivalents at end of year \$ 941,667

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

Embrace Relief Foundation Inc.
Notes to Financial Statements
Year Ended December 31, 2021

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 4, 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. prepares 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.

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, 2021

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.

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, 2021, 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 an 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, 2021

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

Revenue Recognition - *Continue*

Program service fees, 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:

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.

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.

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.

Embrace Relief Foundation Inc.
Notes to Financial Statements
Year Ended December 31, 2021

Note 1: Summary of Significant Accounting Policies – Continue

Income Taxes - Continue

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. Advertising costs were \$5,377 in 2021.

Subsequent Events

Management has evaluated all subsequent events through November 7, 2022, 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. Uninsured cash was approximately \$690,000 at December 31, 2021.

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 - 2021	55,503	-	2,775	2,775	52,729
					-
Clothing Bin	9,500	9,500	-	9,500	-
Clothing Bin	3,600	3,600	-	3,600	-
Clothing Bin	21,600	18,360	3,240	21,600	-
Total Clothing Bin	34,700	31,460	3,240	34,700	-
2017 - Computers	2,373	2,373	-	2,373	-
2021 - Computers	1,484	-	148	148	1,336
2017 - Furniture	7,409	7,194	215	7,409	-
2018 - Forklifts	5,000	4,000	1,000	5,000	-
	16,266	13,567	1,363	14,930	1,336
Total	\$ 106,469	\$ 45,027	\$ 7,379	\$ 52,405	\$ 54,064

Embrace Relief Foundation Inc.
Notes to Financial Statements
Year Ended December 31, 2021

Note 4: Lease Commitment

The Company leases a facility in Fairfield, New Jersey. The original lease term of five years ended November 30, 2021 and was renewed for an additional five year period on December 1, 2021, with monthly rent of approximately \$4,270 that is adjusted annually per 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 2021 was \$64,477. At December 31, 2021, the minimum future annual rental payments are:

<u>Years Ending December 31,</u>	
2022	\$ 51,250
2023	52,788
2024	54,371
2025	56,002
2026	<u>57,682</u>
	\$ 272,093

Note 5: Payroll Taxes

All payroll tax returns, and payroll taxes have been filed and paid timely for the year ended December 31, 2021.

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 \$883,568 as of December 31, 2021. As part of the liquidity management plan, the Organization maintains all available liquid funds in cash accounts.

Cash	\$ 941,667
Less: Donors Restriction	<u>(58,101)</u>
	\$ 883,566

Note 7: Paycheck Protection Program (PPP)

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.

Embrace Relief Foundation Inc.
Notes to Financial Statements
Year Ended December 31, 2021

Note 7: Paycheck Protection Program (PPP) - *Continue*

The U.S. Small Business Administration loan (PPP) amounting to \$35,496 was forgiven on January 4, 2021 and recognized as revenue in 2021. The Organization is required to maintain records of forgiveness for six years from this date of forgiveness.

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 future years 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.