

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

*INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS*

YEARS ENDED DECEMBER 31, 2013 AND 2012

EMBRACE RELIEF FOUNDATION INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Embrace Relief Foundation Inc.
Carlstadt, 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, 2013 and 2012, and the related statements of activities and cash flows 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

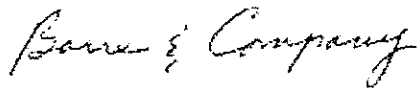
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 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, 2013 and 2012, 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 cursive script that reads "Barre & Company".

Barre & Company
Certified Public Accountants

June 18, 2014

FINANCIAL STATEMENTS

EMBRACE RELIEF FOUNDATION INC.
STATEMENTS OF FINANCIAL POSITION
YEARS ENDED DECEMBER 31, 2013 AND 2012
CASH BASIS

	<u>2013</u>	<u>2012</u>
ASSETS		
Current Assets:		
Cash	\$ 101,963	\$ 210,728
Total Current Assets	<u>101,963</u>	<u>210,728</u>
Property and Equipment	5,515	3,215
Accumulated Depreciation	<u>(5,515)</u>	<u>(3,215)</u>
Total Property and Equipment - Net of Accumulated Depreciation	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 101,963</u>	<u>\$ 210,728</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Other Current Liabilities:		
Payroll Liabilities	\$ 1,900	\$ -
Total Current Liabilities	<u>1,900</u>	<u>-</u>
Net Assets:		
Unrestricted	<u>100,063</u>	<u>210,728</u>
Total Net Assets	<u>100,063</u>	<u>210,728</u>
Total Liabilities and Net Assets	<u>\$ 101,963</u>	<u>\$ 210,728</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, 2013 AND 2012
 CASH BASIS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2013</u>	<u>Unrestricted 2012</u>
Revenues and Support:					
Contributions	58,300	\$ 158,634	\$ -	\$ 216,934	467,451
Total Revenues and Support	<u>58,300</u>	<u>158,634</u>	<u>-</u>	<u>216,934</u>	<u>467,451</u>
Expenses:					
Program Expenses	26,673	158,634	-	185,307	694,341
Management and General Expenses	142,292			142,292	82,710
Total Expenses	<u>168,965</u>	<u>158,634</u>	<u>-</u>	<u>327,599</u>	<u>777,051</u>
Changes in Net Assets	(110,665)	-	-	(110,665)	(309,600)
Net Assets, Beginning of Year	<u>210,728</u>	<u>-</u>	<u>-</u>	<u>210,728</u>	<u>520,328</u>
Net Assets, End of Year	<u>\$ 100,063</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,063</u>	<u>\$ 210,728</u>

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

EMBRACE RELIEF FOUNDATION INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012
CASH BASIS

	2013	2012
Cash Flows From Operating Activities:		
Change in Net Assets	\$ (110,665)	\$ (309,600)
Adjustments to reconcile the change in net assets to net cash provided by operations:		
Depreciation Expense	2,300	1,648
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses		(1,328)
Payroll Liabilities	1,900	-
Net Cash Provided by Operating Activities	(106,465)	(309,280)
Cash Flows From Financing Activities:		
Purchases of Property and Equipment	(2,300)	-
Net Cash Provided by (Used by) Financing Activities	(2,300)	-
Net Increase (Decrease) in Cash	(108,765)	(309,280)
Cash, Beginning of Year	210,728	520,008
Cash, End of Year	\$ 101,963	\$ 210,728

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

EMBRACE RELIEF FOUNDATION INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2013 AND 2012
CASH BASIS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013</u>	<u>2012</u>
PROGRAM EXPENSES:				
Program Event Expenses	\$ -	\$ -	\$ -	\$ 6,388
Relief Program Expenses		180,982	180,982	-
VAN Earthquake			-	408,008
Sandy Relief			-	17,320
Africa Drought and Famine			-	235,000
Mississippi & Alabama Flood & Tornado			-	7,875
Gifts and Donations	4,325		4,325	19,750
Total Program Services	<u>4,325</u>	<u>180,982</u>	<u>185,307</u>	<u>694,341</u>
MANAGEMENT AND GENERAL EXPENSES:				
Professional Fees	5,727		5,727	7,944
Insurance	1,349		1,349	223
Office Expenses	26,505		26,505	15,066
Depreciation Expense	2,300		2,300	1,648
Equipment Rental and Maintenance	319		319	-
Printing and Copying	6,742		6,742	12,814
Books, Subscriptions, References	982		982	867
Advertising	9,550		9,550	-
Rent	12,000		12,000	12,000
Salaries	52,500		52,500	24,600
Payroll Taxes	6,064		6,064	2,768
Travel	18,254		18,254	4,780
Fines and Penalties	-	-		
Total Management and General Expenses	<u>142,292</u>	<u>-</u>	<u>142,292</u>	<u>82,710</u>
TOTAL EXPENSES	<u>\$ 146,617</u>	<u>\$ 180,982</u>	<u>\$ 327,599</u>	<u>\$ 777,051</u>

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

EMBRACE RELIEF FOUNDATION INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Nature of Activities

The Embrace Relief Foundation Inc. is located at 545 Interstate Place, Carlstadt, 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, 2013 AND 2012**

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

Use of Estimates (Continued)

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.

Donated Services

During the year ended December 31, 2013, 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 60% 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.

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, 2013 AND 2012

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 use 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, 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

**EMBRACE RELIEF FOUNDATION INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 2: FAIR VALUE MEASUREMENTS (CONTINUED)

Determination of Fair Value (Continued)

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, 2013:

	2013	
	Carrying Amount	Fair Value
Financial Assets:		
Cash and Cash Equivalents	\$ 101,963	\$ 101,963

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, 2013 AND 2012**

NOTE 4: PROPERTY AND EQUIPMENT

In 2013, the Organization purchased computer equipment. As of December 31, 2013, the equipment was valued at:

	<u>2013</u>	<u>2012</u>
Computer Equipment	\$ 5,515	\$ 3,215
Less: Accumulated Depreciation	<u>(5,515)</u>	<u>(3,215)</u>
Total	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

NOTE 5: SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 27, 2014, which is the date the financial statements were issued. No subsequent events were identified that required adjustment to or disclosure within the financial statements.