



UPLIFT SOLUTIONS, INC.
Financial Statements
December 31, 2015 and 2014
With Independent Auditors' Report

Uplift Solutions, Inc.
December 31, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Uplift Solutions, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Uplift Solutions, Inc. (the "Company"), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, cash flows and 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.

Auditors' 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 audits 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 auditors' 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 Uplift Solutions, Inc., as of December 31, 2015 and 2014 and the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



February 29, 2016
Philadelphia, Pennsylvania

Uplift Solutions, Inc.
Statements of Financial Position
December 31, 2015 and 2014

	2015	2014
Assets		
Current assets		
Cash-Unrestricted	\$ 247,949	\$ 603,151
Cash-Restricted	74,073	66,472
Contributions receivable	45,800	31,000
Note receivable, current	23,439	--
Accounts receivable	116,378	123,935
Total current assets	<u>507,639</u>	<u>824,558</u>
Property and equipment		
Vehicle	45,475	45,475
Equipment	4,721	4,721
Less: Accumulated depreciation	41,033	30,922
	<u>9,163</u>	<u>19,274</u>
Non-current assets		
Note receivable, net of current portion	<u>301,561</u>	<u>--</u>
	<u>\$ 818,363</u>	<u>\$ 843,832</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 158,665	\$ 140,917
Deferred revenue	178,389	118,862
Total current liabilities	<u>337,054</u>	<u>259,779</u>
Net assets		
Unrestricted	417,569	518,064
Temporarily restricted	63,740	65,989
Total net assets	<u>481,309</u>	<u>584,053</u>
	<u>\$ 818,363</u>	<u>\$ 843,832</u>

The Notes to Financial Statements are an integral part of these statements.

Uplift Solutions, Inc.
Statements of Activities and Changes in Net Assets
Years Ended December 31, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenues						
Program service revenue	\$ 344,393	\$ --	\$ 344,393	\$ 507,468	\$ --	\$ 507,468
Contributions	140,374	288,131	428,505	230,870	393,348	624,218
Interest income	3,919	--	3,919	472	--	472
In-kind consulting contributions	17,616	--	17,616	8,000	--	8,000
Other income	467	--	467	553	--	553
	506,769	288,131	794,900	747,363	393,348	1,140,711
Net assets released from restrictions						
Satisfaction of purpose restriction	290,380	(290,380)	--	438,613	(438,613)	--
	797,149	(2,249)	794,900	1,185,976	(45,265)	1,140,711
Expenses						
Program services	785,426	--	785,426	1,075,583	--	1,075,583
Management and general	112,218	--	112,218	113,774	--	113,774
	897,644	--	897,644	1,189,357	--	1,189,357
Change in net assets	(100,495)	(2,249)	(102,744)	(3,381)	(45,265)	(48,646)
Net assets, beginning of year	518,064	65,989	584,053	521,445	111,254	632,699
Net assets, end of year	\$ 417,569	\$ 63,740	\$ 481,309	\$ 518,064	\$ 65,989	\$ 584,053

The Notes to Financial Statements are an integral part of these statements.

Uplift Solutions, Inc.
Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Change in net assets	\$ (102,744)	\$ (48,646)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	10,111	10,669
Changes in assets and liabilities		
Contributions receivable	(14,800)	(23,500)
Accounts receivable	7,557	(67,310)
Accounts payable and accrued expenses	17,748	(16,847)
Deferred revenue	59,527	118,862
Net cash used by operating activities	<u>(22,601)</u>	<u>(26,772)</u>
Cash flows from investing activities		
(Increase) decrease in restricted cash	(7,601)	83,292
Note receivable	<u>(325,000)</u>	<u>--</u>
Net cash (used) provided by investing activities	<u>(332,601)</u>	<u>83,292</u>
Net (decrease) increase in cash	(355,202)	56,520
Cash- Unrestricted		
Beginning of year	<u>603,151</u>	<u>546,631</u>
End of year	<u>\$ 247,949</u>	<u>\$ 603,151</u>

Supplemental disclosure of cash flow information

There were no amounts paid for interest and income taxes during the years ended December 31, 2015 and 2014.

The Notes to Financial Statements are an integral part of these statements.

Uplift Solutions, Inc.
Statements of Functional Expenses
Years Ended December 31, 2015 and 2014

	2015			2014		
	Program	Management and General	Total	Program	Management and General	Total
Office expenses	\$ 398	\$ 2,245	\$ 2,643	\$ 2,257	\$ 12,790	\$ 15,047
Administrative fees	4,891	23,191	28,082	5,015	19,641	24,656
Professional fees	230,461	42,302	272,763	376,617	50,114	426,731
Other contracted fees	16,440	13,693	30,133	25,071	6,137	31,208
Occupancy	56,215	12,459	68,674	43,446	11,865	55,311
Travel	18,905	2,101	21,006	15,940	1,771	17,711
Grants	327,222	--	327,222	414,081	--	414,081
Insurance	772	7,329	8,101	1,843	7,734	9,577
Supplies and promotion expense	1,463	8,288	9,751	497	2,819	3,316
Program service expense	43,267	--	43,267	77,758	--	77,758
In-kind consulting expense	17,616	--	17,616	8,000	--	8,000
Event expenses	58,275	--	58,275	95,292	--	95,292
Depreciation	9,501	610	10,111	9,766	903	10,669
	<u>\$ 785,426</u>	<u>\$ 112,218</u>	<u>\$ 897,644</u>	<u>\$ 1,075,583</u>	<u>\$ 113,774</u>	<u>\$1,189,357</u>

The Notes to Financial Statements are an integral part of these statements.

1. ORGANIZATION PURPOSE AND SUMMARY OF ACCOUNTING POLICIES

UpLift Solutions, Inc. (the “Company”) was incorporated under New Jersey not-for-profit laws in 2009. The Company’s mission is “Delivering entrepreneurial solutions that support underserved communities for the joy of a healthy life.” The Company strives to accomplish its mission by working with community leaders, grocery operators, Community Development Financial Institutions (“CDFIs”), government agencies and nonprofits to create sustainable fresh-food access through the development of innovative, sustainable supermarkets in low-income communities. The Company works to ensure the sustainability of the supermarket by overcoming the financial barriers that exist in the development of grocery operations in low-income, low food-access communities. In addition, the Company works to install entrepreneurial innovations that further ensure sustainability and seek to address other societal issues that exist. Furthermore, the Company supports community events and builds partnerships with local farms, healthcare providers and financial institutions to develop initiatives for its clients to best meet the needs of underserved communities.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America using the accrual basis of accounting. Accordingly, the Company distinguishes between unrestricted, temporarily restricted and permanently restricted net assets, based upon the existence or absence of donor-imposed restrictions, as follows:

Unrestricted – includes resources that have not been restricted by an outside donor, and are therefore, available, for use in carrying out the general operations of the Company.

Temporarily Restricted – includes resources that have been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by the actions of the Company to those stipulations.

Revenue and Support Recognition

Contributions are recognized as revenues when they are received or unconditionally pledged and are recorded as unrestricted or restricted support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Uplift Solutions, Inc. generally accounts for grant and contract revenues as exchange transactions in the statements of activities and changes in net assets to the extent that expense have been incurred for the purpose specified by the grantor during the period. In applying this concept, the legal and contractual requirements of each program are used as guidance. Unexpended contract funds are recorded as grants or contract payables at the end of the contract period. Funds received in advance of their use are accounted for as deferred revenue in the statements of financial position.

Other unrestricted revenues are obtained from consulting services and interest income. These revenues are not restricted in their use and are used to offset program, management and general, and fundraising expenses which are not funded by contract budgets. Revenue from these sources are recognized when earned.

In-Kind Services

In-kind costs are reflected upon receipt or use and are recorded at cost or estimated cost, where practicable, as expenses for program services and management and general expenses. For the years ended December 31, 2015 and 2014 in kind costs were \$17,616 and \$8,000 respectively.

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash, contributions receivable, accounts payable and accrued expenses approximate their fair values because of the relatively short maturity of these investments.

Property, Equipment and Depreciation

Property and equipment is recorded at cost, except for donated items which are recorded at fair value on the date of donation. Depreciation is provided over the estimated useful lives of the assets, which range from 3 to 5 years using the straight-line method. Depreciation expense charged to operations amounted to \$10,111 and \$10,669 for the years ended December 31, 2015 and 2014, respectively.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. INCOME TAXES

The Company is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision or liability for income taxes has been recorded in the financial statements.

The Company adopted the accounting pronouncement dealing with uncertain tax positions as of January 26, 2010. Upon adoption of this accounting pronouncement, the Company had no unrecognized tax benefits. Furthermore, the Company had no unrecognized tax benefits at December 31, 2015 and 2014. In addition, the Company has no income tax related penalties or interest for the periods reported in these financial statements.

3. NOTE RECEIVABLE

The Company ("Participant") entered into a participation agreement dated October 2014 with The Reinvestment Fund, Inc. ("Principal") and Bridgeway Capital, Inc ("Participant"). The terms of the agreement are as follows:

The Principal has entered into purchase money loan transaction (the "loan") with Newark Shoprite, LLC ("Borrower") in the amount of \$7,520,000 to finance the purchase of retail grocery equipment for the Borrower's operations located in Newark, New Jersey. The loan is collateralized by the equipment purchased and is guaranteed by the owner of the Borrower. The Principal sold an interest in this loan to the Participants. The Company purchased 4.801 percent interest in the loan for \$325,000.

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The resulting note receivable which is dated October 2015 includes interest at 5.25 percent per annum with interest only due for the first 6 months, commencing February 2016 principal and interest will be due and payable for approximately a ten year amortization period, as follows:

Year		
2016	\$	23,439
2017		26,951
2018		28,471
2019		30,077
2020		31,774
Thereafter		<u>184,288</u>
	\$	<u>325,000</u>

4. DEFERRED REVENUE

The Company operates its programs via funding from various grants and contracts. At December 31, 2015 and 2014, the Company received funds in excess of expenditures on certain grants and contracts, which resulted in deferred revenue. For the years ended December 31, 2015 and 2014 deferred revenue totaled \$178,389 and \$118,862, respectively.

5. LEASES

The Company entered into a cancelable lease for its administrative offices in Westville, New Jersey with Brown's Super Stores ("BSS") which expires in August 2016. Rent expense charged to operations was \$49,834 and \$47,461 for the years ended December 31, 2015 and 2014, respectively.

The Company entered into a non-cancelable license agreement with the ShopRite of Fox Street, which is operated by Brown's Super Stores, Inc. for the operation of a clinic. The Company has entered into an agreement with Resources for Human Development, Inc. to operate a clinic in this space. Rent expense charged to operations was \$18,840 and \$7,850 for the years ended December 31, 2015 and 2014, respectively.

Minimum future annual rentals for the remaining lease terms are as follows:

Year	Total	Cancelable	Non-Cancelable
2016	\$ 53,152	\$ 34,312	\$ 18,840
2017	18,840	--	18,840
2018	<u>18,840</u>	<u>--</u>	<u>18,840</u>
	<u>\$ 90,832</u>	<u>\$ 34,312</u>	<u>\$ 56,520</u>

6. RELATED PARTY TRANSACTIONS

The Company reimburses BSS for various expenditures that benefit the Company during the year. All fees and salaries are at cost and approved by the Board annually. The Chairman of the Board of the Company is also the Chief Executive Officer of BSS.

The following is a summary of transactions with BSS for the years ended December 31, 2015 and 2014:

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The Company paid \$19,566 and \$20,063 for accounting services for the years ended December 31, 2015 and 2014, respectively. The fees are based on actual hours provided by a BSS employee to the Company.

Director and Associate Director of Sustainable Food Systems fees of \$-0- and \$145,316 were paid for the years ended December 31, 2015 and 2014, respectively. These associates are employees of Uplift Solutions, Inc. and their entire salaries are paid through BSS and billed to the Company.

Associate Director of Community Relations fees of \$95,815 and \$101,853 were paid for the years ended December 31, 2015 and 2014, respectively. The Associate Director of Community Relations is an employee of Uplift Solutions, Inc. and their entire salary is paid through BSS and billed to the Company.

Administrative Assistant fees of \$8,516 and \$4,593 were paid for the years ended December 31, 2015 and 2014, respectively. The fees are based on actual hours provided by a BSS employee to the Company.

Community Liaison fees of \$24,372 and \$-0- were paid for the years ended December 31, 2015 and 2014, respectively. The Community Liaison was an employee of Uplift Solutions, Inc. and their entire salary was paid through BSS and billed to the Company.

Program & Development fees of \$13,427 and \$-0- were paid for the years ended December 31, 2015 and 2014, respectively. The Program & Development associate is an employee of Uplift Solutions, Inc. and their entire salary was paid through BSS and billed to the Company.

Executive Director fees of \$108,984 and \$154,576 were paid for the years ended December 31, 2015 and 2014, respectively. The Executive Director is an employee of Uplift Solutions, Inc. and their entire salary is paid through BSS and billed to the Company.

The Company reimbursed \$240,810 and \$229,749 to BSS for food distributed by BSS to over 500 area not for profit and community organizations during the years ended December 31, 2015 and 2014, respectively. The amount reimbursed was based on the actual cost of the items donated.

BSS was reimbursed for other expenses relating to the Company in the amount of \$10,686 and \$14,688 for the years ended December 31, 2015 and 2014, respectively.

7. NET ASSETS

Components of net assets at December 31, were as follows:

	2015	2014
Unrestricted net assets		
Available for general operations	<u>\$ 417,569</u>	<u>\$ 518,064</u>
Temporarily restricted - restricted by the following donors for purpose:		
Purpose restrictions- no time limitations		
Future Program Support- Browns	<u>\$ 63,740</u>	<u>\$ 65,989</u>

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Components of temporarily restricted net assets released from restrictions at December 31, 2015, consisted of the following:

Program Support	<u>\$ 290,380</u>	<u>\$ 438,613</u>
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8. SUBSEQUENT EVENTS

The Company has evaluated subsequent events occurring after the statement of financial position date through the date of February 29, 2016, which is the date the financial statements were available to be issued. Based on this evaluation, the Company has determined that no subsequent events have occurred, which require disclosure in the financial statements.