



**UPLIFT SOLUTIONS, INC.**  
**Financial Statements**  
**December 31, 2016 and 2015**  
**With Independent Auditors' Report**

## **TABLE OF CONTENTS**

<b>Independent Auditors' Report</b>	<b>1</b>
<b>Financial Statements</b>	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Cash Flows	4
Statements of Functional Expenses	5
Notes to Financial Statements	6-11

## 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, 2016 and 2015, 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, 2016 and 2015 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.



March 1, 2017

**Uplift Solutions, Inc.**  
**Statements of Financial Position**  
**December 31, 2016 and 2015**

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	2016	2015
<b>Assets</b>		
Current assets		
Cash-unrestricted	\$ 188,701	\$ 247,949
Cash-restricted	87,104	74,073
Contributions receivable	44,725	45,800
Note receivable, current	38,969	23,439
Accounts receivable	165,350	116,378
Other account receivable - co-op	24,643	--
Prepaid expense	<u>6,984</u>	<u>--</u>
Total current assets	556,476	507,639
Property and equipment		
Vehicle	45,475	45,475
Equipment	32,230	4,721
Less: Accumulated depreciation	<u>55,160</u>	<u>41,033</u>
	22,545	9,163
Non-current assets		
Note receivable, net of current portion	<u>283,189</u>	<u>301,561</u>
Total assets	<u>\$ 862,210</u>	<u>\$ 818,363</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 204,862	\$ 158,665
Deferred revenue	<u>88,820</u>	<u>178,389</u>
Total current liabilities	293,682	337,054
Non-current liabilities		
Note payable, net of current portion	125,000	--
Net assets		
Unrestricted	370,765	417,569
Temporarily restricted	<u>72,763</u>	<u>63,740</u>
Total net assets	<u>443,528</u>	<u>481,309</u>
	<u>\$ 862,210</u>	<u>\$ 818,363</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, 2016 and 2015**

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenues						
Grants and contracts	\$ 229,569	\$ --	\$ 229,569	\$ --	\$ --	\$ --
Program service revenue	477,478	--	477,478	344,393	--	344,393
Contributions	252,024	298,320	550,344	140,374	288,131	428,505
Interest income	18,152	--	18,152	3,919	--	3,919
In-kind consulting/software contributions	9,383	--	9,383	17,616	--	17,616
Other income	3,675	--	3,675	467	--	467
	990,281	298,320	1,288,601	506,769	288,131	794,900
Net assets released from restrictions						
Satisfaction of purpose restriction	289,297	(289,297)	--	290,380	(290,380)	--
	1,279,578	9,023	1,288,601	797,149	(2,249)	794,900
Expenses						
Program services	1,135,202	--	1,135,202	785,426	--	785,426
Management and general	191,180	--	191,180	112,218	--	112,218
	1,326,382	--	1,326,382	897,644	--	897,644
Change in net assets	(46,804)	9,023	(37,781)	(100,495)	(2,249)	(102,744)
Net assets, beginning of year	417,569	63,740	481,309	518,064	65,989	584,053
Net assets, end of year	\$ 370,765	\$ 72,763	\$ 443,528	\$ 417,569	\$ 63,740	\$ 481,309

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

**Uplift Solutions, Inc.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2016 and 2015**

	2016	2015
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (37,781)	\$ (102,744)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	14,127	10,111
Bad debt expense	15,078	--
Changes in assets and liabilities		
Contributions receivable	1,075	(14,800)
Accounts receivable	(48,972)	7,557
Other account receivable - co-op	(24,643)	--
Prepaid	(6,984)	--
Accounts payable and accrued expenses	46,197	17,748
Deferred revenue	(89,569)	59,527
Net cash used by operating activities	<u>(131,472)</u>	<u>(22,601)</u>
<b>Cash flows from investing activities</b>		
Increase in restricted cash	(13,031)	(7,601)
Increase in note receivable	(59,748)	(325,000)
Proceeds from note receivable	47,512	--
Purchase of fixed assets	(27,509)	--
Net cash used by investing activities	<u>(52,776)</u>	<u>(332,601)</u>
<b>Cash flows from financing activities</b>		
Proceeds from note payable	<u>125,000</u>	<u>--</u>
Net cash provided by financing activities	<u>125,000</u>	<u>--</u>
Net decrease in cash	(59,248)	(355,202)
<b>Cash- unrestricted</b>		
Beginning of year	<u>247,949</u>	<u>603,151</u>
End of year	<u>\$ 188,701</u>	<u>\$ 247,949</u>

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

**Uplift Solutions, Inc.**  
**Statements of Functional Expenses**  
**Years Ended December 31, 2016 and 2015**

	2016			2015		
	Program	Management and General	Total	Program	Management and General	Total
Salaries and fringes	\$ 374,058	\$ 80,496	\$ 454,554	\$ 206,457	\$ 44,657	\$ 251,114
Office expenses	4,679	8,365	13,044	398	2,245	2,643
Administrative fees	465	9,742	10,207	3,408	16,158	19,566
Professional fees	122,949	1,449	124,398	25,487	4,678	30,165
Other contracted fees	1,456	20	1,476	16,440	13,693	30,133
Occupancy	38,340	52,326	90,666	56,215	12,459	68,674
Travel	23,062	11,066	34,128	18,905	2,101	21,006
Grants	309,804	4,498	314,302	327,222	--	327,222
Insurance	428	2,725	3,153	772	7,329	8,101
Supplies and promotion expense	47,749	12,245	59,994	1,463	8,288	9,751
Program service expense	112,575	3,465	116,040	43,267	--	43,267
In-kind consulting expense	--	--	--	17,616	--	17,616
Event expenses	75,215	--	75,215	58,275	--	58,275
Bad debt expense	15,078	--	15,078	--	--	--
Depreciation	9,344	4,783	14,127	9,501	610	10,111
	<u>\$ 1,135,202</u>	<u>\$ 191,180</u>	<u>\$1,326,382</u>	<u>\$ 785,426</u>	<u>\$ 112,218</u>	<u>\$ 897,644</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, 2016 and 2015 in kind costs were \$9,383 and \$17,616, 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 \$14,127 and \$10,111 for the years ended December 31, 2016 and 2015, respectively.

**Note and Accounts Receivable**

Note and accounts receivable are stated at the amount the Company expects to collect. Management considers the following factors when determining the collectability of the note receivable and the accounts receivable: customer credit worthiness, past transaction history with the customer, current economic industry trends and changes in customer payment terms. If the financial condition of the Company's customers were to deteriorate, adversely affecting their ability to make payments, an allowance would be required. For the years ended December 31, 2016 and 2015, the allowance for doubtful accounts on notes receivable was \$15,078 and \$-0-, respectively.

**Reclassification**

Certain amounts on the December 31, 2015 financial statements have been reclassified to conform to December 31, 2016 presentation. Such reclassifications had no impact on prior reported change in net assets

**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, 2016 and 2015. In addition, the Company has no income tax related penalties or interest for the periods reported in these financial statements.

**Uplift Solutions, Inc.**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

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**3. NOTE RECEIVABLE**

The Company ("Participant") entered into a participation agreement dated October 2015 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.

The resulting note receivable which is dated October 2016 includes interest at 5.50 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:

The Company entered into an additional buildout loan with Park West Health Systems, Inc. for a clinic in the ShopRite of Baltimore, LLC. The loan was for \$59,748 includes interest of 5 percent per annum with interest and payable over five years.

The succeeding five years collections of notes receivable are as follows:

<b>Year</b>	
2017	\$ 38,969
2018	41,105
2019	41,099
2020	31,773
Thereafter	<u>169,212</u>
	<u>\$ 322,158</u>

**4. OTHER ACCOUNT RECEIVABLE – CO-OP**

During the year ended December 31, 2016 the Company entered into a settlement agreement with a client. The settlement agreement was for an outstanding obligation owed by the client of \$60,643. As part of the agreement the client paid \$36,000 in cash resulting in a balance of \$24,643. The final balance of \$24,643 is to be paid to the Company through the issuance of preferred stock ownership in equity of the client. This payment of preferred stock was assuming the client could convert their Co-op to a for profit corporation and all members would approve the equity position of the Company. This agreement is in effect for 12 months starting July 1, 2016 or the effectuation of the above or full cash settlement. As of the date of this report, the company has not received the preferred stock.

**5. DEFERRED REVENUE**

The Company operates its programs via funding from various grants and contracts. At December 31, 2016 and 2015, the Company received funds in excess of expenditures on certain grants and contracts, which resulted in deferred revenue. For the years ended December 31, 2016 and 2015 deferred revenue totaled \$88,820 and \$178,389, respectively.

**Uplift Solutions, Inc.**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

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**6. LEASES**

The Company entered into a cancelable lease for its administrative offices in Westville, New Jersey with Brown's Super Stores ("BSS") which expires August 2017. Rent expense charged to operations was \$52,326 and \$49,834 for the years ended December 31, 2016 and 2015, 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 for each of the years ended December 31, 2016 and 2015.

The Company entered into a non-cancelable license agreement with the ShopRite of Liberty Heights, LLC, which is operated by Klein's ShopRite of Maryland for the operation of a clinic. The Company has entered into an agreement with Park West Health Systems, Inc. to operate a clinic in this space. Rent expense charged to operations was \$19,500 and \$-0- for the years ended December 31, 2016 and 2015, respectively.

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

<b>Year</b>	<b>Total</b>	<b>Cancelable</b>	<b>Non-Cancelable</b>
2017	\$ 63,868	\$ 36,028	\$ 27,840
2018	18,420	--	18,420
2019	4,500	--	4,500
	<u>\$ 86,788</u>	<u>\$ 36,028</u>	<u>\$ 50,760</u>

**7. 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, 2016 and 2015:

	<b>2016</b>	<b>2015</b>
Payroll & fringes	\$ 454,554	\$ 251,114
Donated items reimbursement	213,927	240,810
Office rent	52,326	--
Fit-out loan	40,122	--
Health clinic rent	18,840	--
Other contributions	15,080	--
Program support	10,673	19,566
Telephone	4,607	--
Travel	3,636	--
Promotions	3,493	--
Miscellaneous	1,843	10,686
	<u>\$ 819,101</u>	<u>\$ 522,176</u>

**Uplift Solutions, Inc.**  
**Notes to Financial Statements**  
**December 31, 2016 and 2015**

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**8. NET ASSETS**

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

	<b>2016</b>	<b>2015</b>
Unrestricted net assets		
Available for general operations	<u>\$ 370,765</u>	<u>\$ 417,569</u>

Temporarily restricted - restricted by the following donors for purpose:

**Purpose restrictions- no time limitations**

Future Program Support- Browns	<u>\$ 72,763</u>	<u>\$ 63,740</u>
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Components of temporarily restricted net assets released from restrictions at December 31, 2016 and 2015, consisted of the following:

	<b>2016</b>	<b>2015</b>
Program Support	<u>\$ 289,297</u>	<u>\$ 290,380</u>

**9. NOTES PAYABLE**

The Company's obligations under notes payable consist of the following:

	<b>2016</b>	<b>2015</b>
Note payable to Lynmar Builders dated June 30, 2016, of \$125,000 with interest only on the unpaid principal balance from the date of the Promissary Note at the rate of two percent per annum. Interest shall be payable quarterly for interest accrued during the previous quarter. The unpaid principal amount and the accrued but unpaid interest of this Note, if not sooner paid, shall be due and payable on June 30, 2021 (the "Maturity Date").	<u>\$ 125,000</u>	<u>\$ --</u>
	125,000	--
Less: Current portion	<u>--</u>	<u>--</u>
Note payable, net of current portion	<u>\$ 125,000</u>	<u>\$ --</u>

**10. NEW ACCOUNTING PRONOUNCEMENT**

In August 2016, the FASB issued ASU 2016-14 – *Not-for-profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-profit Entities*. ASU 2016-14, which is effective for fiscal years beginning after December 15, 2017 with early adoption permitted will require a change to two areas of not-for-profit accounting and significant new financial statement presentation and disclosure requirements. Under ASU 2016-14 (the "ASU"), underwater funds will be accounted for within net assets with donor restrictions and not within net assets without donor restrictions, as is the current practice. In addition, the ASU eliminates the accounting policy election to release donor-imposed restrictions over the useful life of donated property and equipment when the donor does not explicitly specify the period of time the property must be used. Instead, entities will be required to relieve the donor's restrictions at the time the asset is placed in

service. The ASU also changes the presentation and disclosure requirements of not-for-profit entities in the following areas: expense disclosures, display of net asset classes, cash flow presentation, quantitative and qualitative liquidity disclosures and presentation of investment returns. The Company is currently evaluating the impact these changes will have on its future financial statements.

**11. SUBSEQUENT EVENTS**

The Company has evaluated subsequent events occurring after the statement of financial position date through the date of March 1, 2017, 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.