HOLIDAY EXPRESS, INC.
Financial Statements
April 30, 2021 and 2020
With Independent Auditor's Report

Holiday Express, Inc.
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April 30, 2021 and 2020

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ADVISORY TAX AUDIT

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
Holiday Express, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Holiday Express, Inc., which comprise the statements of financial position as of April 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to 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 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 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 Holiday Express, Inc. as of April 30, 2021 and 2020, 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.

WithumSmith+Brown, PC

January 13, 2022

Holiday Express, Inc.
Statements of Financial Position
April 30, 2021 and 2020

	2021	2020
Assets		
Current assets		
Cash and cash equivalents	$ 746,866	$ 647,813
Promises to give	-	900
Prepaid expenses	35,614	18,110
Inventory	208,089	194,915
Total current assets	990,569	861,738
Property and equipment, net	2,510	6,020
Deposits	13,483	13,483
Total assets	$ 1,006,562	$ 881,241
Liabilities and Net Assets		
Current liabilities		
Accrued expenses	$ 12,350	$ 12,705
Deferred revenue	199,858	139,891
Total current liabilities	212,208	152,596
Net assets		
Without donor restrictions	794,354	728,645
Total liabilities and net assets	$ 1,006,562	$ 881,241

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

Holiday Express, Inc.
Statements of Activities and Changes in Net Assets
Years Ended April 30, 2021 and 2020

	2021 Without Donor Restrictions	2020 Without Donor Restrictions
Support and revenue		
Fundraising events	$ 310,441	$ 501,675
Less: Costs of direct benefit to donors	(129,020)	(296,667)
Support and revenue, net	181,421	205,008
Performance income	118,288	263,490
Less: Costs of performances	-	(39,563)
Performance income, net	118,288	223,927
Contributed goods	215,084	438,231
Contributions - cash	440,179	401,494
Contributed services and facilities	4,500	4,400
Grants	34,500	87,250
Grant income - Paycheck Protection Program	66,989	-
Other income	2,075	7,467
Interest income	663	5,708
	763,990	944,550
Total support and revenue	1,063,699	1,373,485
Expenses		
Program services	783,082	1,150,429
Supporting services		
Management and general	153,646	155,981
Fundraising	61,262	92,014
Total expenses	997,990	1,398,424
Changes in net assets	65,709	(24,939)
Net assets		
Beginning of year	728,645	753,584
End of year	$ 794,354	$ 728,645

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

Holiday Express, Inc.
Statements of Functional Expenses
Years Ended April 30, 2021 and 2020

	2021				2020			
		Supporting Services				Supporting Services		
	Program Services	Management and General	Fund-Raising	Total	Program Services	Management and General	Fund-Raising	Total
Event expenses	$ 90,737	$ -	$ -	$ 90,737	$ 340,128	$ -	$ -	$ 340,128
Fundraising expenses	-	-	129,020	129,020	-	-	296,667	296,667
Gifts to underprivileged families	346,904	-	-	346,904	401,461	-	-	401,461
Payroll	166,539	55,380	38,090	260,009	177,138	58,744	56,729	292,611
Rent	76,409	8,490	-	84,899	74,134	8,237	-	82,371
Travel and transportation - events	1,981	-	-	1,981	42,623	-	-	42,623
Performance expenses	-	-	-	-	-	-	39,563	39,563
Contributed services and facilities	50	-	450	500	440	-	5,985	6,425
Employee benefits	23,383	7,776	5,348	36,507	26,826	8,897	8,591	44,314
Office and warehouse expenses	30,896	30,896	-	61,792	34,596	34,595	-	69,191
Payroll taxes	12,833	4,267	2,935	20,035	13,674	4,534	4,379	22,587
Advertising and promotion	1,207	10,864	-	12,071	964	8,677	-	9,641
Insurance	10,544	9,733	-	20,277	9,066	5,187	983	15,236
Public relations	7,000	-	7,000	14,000	8,000	-	8,000	16,000
Professional fees	-	12,624	-	12,624	-	10,686	-	10,686
Printing and postage	7,440	-	7,439	14,879	7,347	-	7,347	14,694
Utilities	4,783	531	-	5,314	5,144	572	-	5,716
Bank and other fees	-	4,522	-	4,522	-	7,037	-	7,037
Grants and donations	172	-	-	172	6,838	-	-	6,838
Depreciation expense	878	2,632	-	3,510	978	2,932	-	3,910
Payroll processing fees	-	4,604	-	4,604	-	4,812	-	4,812
Telephone	1,327	1,327	-	2,654	1,072	1,071	-	2,143
Total expenses	783,082	153,646	190,282	1,127,010	1,150,429	155,981	428,244	1,734,654
Less: Expenses included with revenues on the statements of activities and changes in net assets	-	-	(129,020)	(129,020)	-	-	(336,230)	(336,230)
Total expenses included in the expenses section of the statements of activities and changes in net assets	$ 783,082	$ 153,646	$ 61,262	$ 997,990	$ 1,150,429	$ 155,981	$ 92,014	$ 1,398,424

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

Holiday Express, Inc.
Statements of Cash Flows
Years Ended April 30, 2021 and 2020

	2021	2020
Operating activities		
Changes in net assets	$ 65,709	$ (24,939)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	3,510	3,910
Changes in operating assets and liabilities		
Prepaid expenses	(17,504)	(612)
Promises to give	900	(900)
Inventory	(13,174)	37,874
Accrued expenses	(355)	2,105
Deferred revenue	59,967	(33,137)
Deposits	-	-
Net cash provided by (used in) operating activities	99,053	(15,699)
Cash and cash equivalents		
Beginning of year	647,813	663,512
End of year	$ 746,866	$ 647,813

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Holiday Express, Inc. (the "Organization") is a non-profit organization that provides music, food, financial support, and friendship to those with the greatest need of the gift of human kindness during the holiday season and throughout the year. The Organization is supported primarily through donor contributions, proceeds from fundraising events, and ticket sales to performances.

Basis of Accounting and Presentation

The financial statements of the Organization have been prepared utilizing the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Organization reports information regarding its financial position and operations according to two classes of net assets which are defined as follows:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor-imposed (or certain grantor) restrictions.

Net assets with donor restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when a stipulated time period has elapsed, when the stipulated purpose for which the resources were restricted has been fulfilled, or both. There were no net assets with donor restrictions at April 30, 2021 and 2020.

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 during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Promises to Give

Promises to give represent amounts due from foundations and individuals for promises to give. No interest is charged on promises to give receivable balances. Periodically, management reviews the promises to give receivable balances and writes off balances that will not be collected. Based on these factors, there is no provision for doubtful accounts as of April 30, 2021 and 2020. Promises to give amounted to $0 and $900 as of April 30, 2021 and 2020, respectively.

Property and Equipment
It is the Organization's policy to capitalize property and equipment costing over $500. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Property and equipment are depreciated using the straight-line method over their estimated useful lives of five years for vehicles and equipment. Major replacements and improvements of property and equipment are capitalized. Minor replacements, repairs and maintenance are charged to expense when incurred. Upon retirement or sale, the cost of the assets disposed, and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is recorded in other income.

Adoption of Accounting Principles
The Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, has been codified to ASC Topic 606.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which is applicable for all entities that enter into contracts with customers to transfer goods and services or enter into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (for example, insurance or lease contracts). This ASU supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, the most industry-specific guidance. The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects. There are five steps to achieve this core principle. Entities can either apply this standard retrospectively to each prior reporting period presented or retrospectively apply with the cumulative effect at the date of initial application. This statement is effective for annual reporting periods beginning after December 15, 2018. The Organization has adopted ASU No. 2014-09 - *Revenue from Contracts with Customers (Topic 606),* as amended as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Revenue Recognition
Contributions received are recorded as with or without support depending on the existence or nature of any donor restriction. Support that is without donor restrictions is recorded as an increase in net assets without donor restrictions. Support with donor restrictions is reported as an increase in net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Grant revenues are recognized when the conditions on which they depend are substantially met (for example, by incurring allowable costs or providing units of service). If there are no conditions, the grant revenue is recognized when the grantor informs the Organization of its promise of the unconditional grant.

Fundraising events and performance revenue are recognized as revenue when the event takes place.

Deferred revenue consists of advanced payments received for fundraising events and performances.

Inventory

The Organization follows ASU 2015-11, *Inventory* (Topic 330) *Simplifying the Measurement of Inventory* to simplify the measurement of its inventory. In accordance with ASU 2015-11, the Organization is required to measure its inventory at the lower of cost and net realizable value. Management periodically reviews its inventory for slow moving activity and products. Based upon that review, management will establish a valuation allowance as deemed appropriate.

Inventory consists of contributed and purchased goods to be distributed to needy individuals during upcoming holiday seasons.

Contributed Goods, Services and Facilities

Contributed materials, equipment and use of facilities are recorded as contributions at their estimated fair values at the date of donation.

Contributions of services are recognized in the financial statements if the service enhances or creates non-financial assets, requires specialized skills, is provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ended April 30, 2021 and 2020, $4,500 and $4,400, respectively, of various advertising, consulting and professional services were recognized as contributed services and facilities. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization; however, these services do not meet the criteria for recognition as contributed services and, therefore, their value has not been included.

Functional Allocation of Expenses

Expenses are allocated on a functional basis between program services, management and general and fundraising. The Organization develops and uses percentages to allocate expenses between the three functional bases, as listed below:

Expense	Methods of Allocation
Occupancy (including rent, insurance, and utilities)	Program services and management and general
Payroll, benefits and payroll taxes	Time and effort
Office and warehouse (including office supplies and telephone)	Program services and management and general
Postage (including printing and public relations)	Program services and fundraising
Other (including depreciation, advertising, and other services)	Program services, management and general and fundraising

Federal and State Income Tax Status

The Organization is a non-profit organization that is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and state income taxes under the NJ Charitable Registration Act.

The Organization is not a private foundation under Section 509(a)(1), because it is an organization as described in Section 170(b)(1)(A)(vi) of the Internal Revenue Code, "an organization which normally receives a substantial part of its support from a governmental unit or from contributions from the general public”.

The Organization has adopted the accounting standard relating to accounting for uncertainty in income taxes.

The standard clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The standard also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Based on its evaluation, the Organization has concluded that there are no significant uncertain tax positions requiring recognition in the financial statements. There are no income tax related penalties or interest for the periods presented in these financial statements.

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to significant concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains cash and cash equivalent deposits with a financial institution which is insured by the Federal Deposit Insurance Corporation up to $250,000. At times, cash and cash equivalent balances may exceed insured limits. The Organization monitors this bank and believes the risk of loss to be minimal.

Advertising

Advertising costs are expensed as incurred. Advertising costs are $12,071 and $9,641 for the years ended April 30, 2021 and 2020, respectively.

New Accounting Pronouncements Not Yet Adopted

The FASB issued its new lease accounting guidance in ASU No. 2016-02, *Leases* (Topic 842). The new ASU will require lessees to recognize for all leases (with terms of more than 12 months) at the commencement date the following a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The new lease guidance also simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing. ASU 2016-02 is effective for nonpublic businesses for fiscal years beginning after December 15, 2021, including interim periods within fiscal years beginning after December 15, 2022. Early application is permitted. The Organization is currently evaluating the effect that this new guidance will have on the financial statements and related disclosures.

2. LIQUIDITY AND AVAILABILITY

As of April 30, 2021, financial assets available within one year for general expenditures were as follows:

Cash and cash equivalents	$ 746,866

None of the financial assets listed above are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date.

The Organization regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash, accounts receivable, grants and other receivables.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a positive working capital flow and anticipates collecting sufficient revenue to cover general expenditures not covered by resources without donor restrictions.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of April 30:

	2021	2020
Vehicles	$ 24,273	$ 24,273
Equipment	22,312	22,312
	46,585	46,585
Accumulated depreciation	(44,075)	(40,565)
Property and equipment, net	$ 2,510	$ 6,020

Depreciation expense was $3,510 and $3,910 for the years ended April 30, 2021 and 2020, respectively.

4. PAYCHECK PROTECTION PROGRAM

In April 2020, the Organization received an unsecured promissory note (the "PPP Loan") for $66,989 through the Paycheck Protection Program ("PPP") established under the CARES Act and administered by the U.S. Small Business Administration ("SBA"). The PPP Loan is guaranteed by the SBA and was funded to the Organization on May 4, 2020. The PPP Loan may be forgiven, in whole or in part, if the Organization was eligible for the PPP Loan at the time of application, used the loan proceeds for eligible expenses within the defined 24-week period after the PPP Loan was disbursed ("Covered Period"), and otherwise satisfied PPP requirements. The PPP Loan was made through Investors Bank (the "Lender"), has a two-year term, bears interest at 1.00% per annum, and matures in May 2022. If the PPP Loan is partially or not forgiven, monthly principal and interest payments will be due through May 2022.

When the Organization applied for the loan, the Organization believed it would qualify to have the loan forgiven under the terms of PPP, and therefore considered the loan to be a conditional government grant. The Organization performed initial calculations for PPP Loan forgiveness and expected that the PPP Loan would be forgiven in full because 1) the Organization has, prior to April 30, 2021, utilized all of the proceeds for payroll and other qualified expenses and 2) the Organization believed it would continue to comply with other terms and conditions necessary for forgiveness.

The Organization concluded that the PPP Loan should be accounted for as government grants. As US GAAP does not contain guidance on the accounting for government grants, the Organization is following the guidance in International Accounting Standards 20, ("IAS 20"), *Accounting for Government Grants and Disclosure of Government Assistance*, by analogy. Under the provisions of IAS 20, "a forgivable loan from the government is treated as a government grant when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan." Under IAS 20, government grants are recognized in income as required activities are undertaken. As discussed above, the Organization believes there is reasonable assurance it met the terms of forgiveness prior to April 30, 2021. Accordingly, the Organization recognized PPP grant income for the full amount of the PPP Loan in the accompanying statement of income, and no liability for the PPP Loan is reflected in the accompanying balance sheet.

The Organization submitted its PPP Loan forgiveness application and believe it is probable that the PPP Loan will be forgiven, although the Organization's applications must be evaluated by the lender and SBA before forgiveness is formally granted. Therefore, there is no guarantee that any portion of the PPP Loan proceeds will be forgiven; and the Organization is legally obligated to repay the PPP Loan until such time as legal release is received.

Future maturities of the PPP loan, if it is not forgiven, for the years ending April 30, are as follows:

2021	$ 25,795
2022	41,194
	$ 66,989

5. PERFORMANCE INCOME

Performance revenue and expenses were as follows for the years ended April 30:

	2021		2020	
	Revenue	Costs of Performance	Revenue	Costs of Performance
Count Basie	$ 118,288	$ -	$ 263,490	$ 39,563

6. OPERATING LEASE COMMITMENTS

The Organization has an operating lease for warehouse and office space, which began on September 1, 2018. The Organization is expected to pay rent based on square footage, with a 3% increase each year. Rent expense relating to facilities is $84,899 and $82,371 for the years ended April 30, 2021 and 2020, respectively.

Future minimum lease payments in the years ending April 30 and thereafter are as follows:

2022	$ 130,536
2023	130,536
2024	130,536
2025	130,536
2026	130,536
Thereafter	315,462
	$ 968,142

7. DEFINED CONTRIBUTION PLAN

The Organization sponsors a profit-sharing plan under Section 401(k) of the Internal Revenue Code to provide all of its employees an opportunity to accumulate personal funds for their retirement. Contributions may be made on a before-tax and after-tax bases. As determined by the provisions of the plan, the Organization does not match employees' basic voluntary contributions.

8. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring after the statement of financial position date through the date of January 13, 2022, which is the date the financial statements were available to be issued. Based on this evaluation, the Organization has determined that no subsequent events have occurred which require disclosure in the financial statements, except for the following:

As of September 24, 2021, the Organization received approval from U.S. Small Business Administration of its Paycheck Protection Program ("PPP") Loan forgiveness application in which it received full forgiveness of its PPP Loan.