



**HOLIDAY
EXPRESS®**

**HOLIDAY EXPRESS, INC.
Financial Statements
April 30, 2016 and 2015
With Independent Auditors' Report**

Holiday Express, Inc.
April 30, 2016 and 2015

TABLE OF CONTENTS	
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6 – 10

INDEPENDENT AUDITORS' 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, 2016 and 2015, 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 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 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 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 auditors consider 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, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



January 6, 2017

Holiday Express, Inc.
Statements of Financial Position
April 30, 2016 and 2015

	2016	2015
Assets		
Current assets		
Cash and cash equivalents	\$ 249,545	\$ 391,996
Accounts receivable	2,000	-
Prepaid expenses	10,487	9,730
Inventory	<u>189,011</u>	<u>137,914</u>
Total current assets	451,043	539,640
Property and equipment, net	6,728	11,625
Deposits	<u>2,000</u>	<u>2,000</u>
Total assets	<u>\$ 459,771</u>	<u>\$ 553,265</u>
Liabilities and Net Assets		
Current liabilities		
Accrued expenses	\$ 9,700	\$ 24,960
Deferred revenue	<u>-</u>	<u>500</u>
Total current liabilities	9,700	25,460
Net assets		
Unrestricted net assets	445,071	527,805
Temporarily restricted net assets	<u>5,000</u>	<u>-</u>
Total net assets	<u>450,071</u>	<u>527,805</u>
Total liabilities and net assets	<u>\$ 459,771</u>	<u>\$ 553,265</u>

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, 2016 and 2015

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Unrestricted
Support and revenue				
Fundraising events	\$ 403,114	\$ -	\$ 403,114	\$ 447,256
Less: costs of direct benefit to donors	(246,227)	-	(246,227)	(232,825)
Net	156,887	-	156,887	214,431
Performance income	231,162	-	231,162	245,648
Less: costs of performances	(69,275)	-	(69,275)	(72,420)
Net	161,887	-	161,887	173,228
Contributed goods	430,797	-	430,797	351,803
Contributions - cash	353,107	-	353,107	364,599
Contributed services and facilities	46,721	-	46,721	39,433
Grants	76,500	5,000	81,500	57,000
Other income	5,134	-	5,134	16,010
Interest income	912	-	912	906
	913,171	5,000	918,171	829,751
Total support and revenue	1,231,945	5,000	1,236,945	1,217,410
Expenses				
Program services	1,075,433	-	1,075,433	1,003,944
Supporting services				
Management and general	120,210	-	120,210	119,877
Fundraising	119,036	-	119,036	169,398
Total expenses	1,314,679	-	1,314,679	1,293,219
Changes in net assets	(82,734)	5,000	(77,734)	(75,809)
Net assets, beginning of year	527,805	-	527,805	603,614
Net assets, end of year	\$ 445,071	\$ 5,000	\$ 450,071	\$ 527,805

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

Holiday Express, Inc.
Statements of Functional Expenses
Years Ended April 30, 2016 and 2015

	2016				2015			
	<u>Supporting Services</u>			Total	<u>Supporting Services</u>			Total
	Program Services	Management and General	Fund- Raising		Program Services	Management and General	Fund- Raising	
Gift bag distribution	\$ 375,973	\$ -	\$ -	\$ 375,973	\$ 434,669	\$ -	\$ -	\$ 434,669
Event expenses	349,372	-	-	349,372	247,434	-	-	247,434
Payroll	156,069	54,356	55,754	266,179	122,481	44,186	106,234	272,901
Fundraising expenses	-	-	246,227	246,227	-	-	232,825	232,825
Performance expenses	-	-	69,275	69,275	-	-	72,420	72,420
Rent	54,900	6,100	-	61,000	54,000	6,000	-	60,000
Travel and transportation - events	42,541	-	-	42,541	38,832	-	-	38,832
Contributed services and facilities	4,327	3,450	38,944	46,721	3,114	8,288	28,031	39,433
Employee benefits	14,964	5,212	5,346	25,522	13,528	4,880	11,733	30,141
Payroll taxes	13,229	4,608	4,726	22,563	10,620	3,831	9,211	23,662
Office and warehouse expenses	10,790	10,790	-	21,580	10,395	10,394	-	20,789
Public relations	7,500	-	7,500	15,000	7,750	-	7,750	15,500
Scholarship awards	14,285	-	-	14,285	26,137	-	-	26,137
Printing and postage	6,459	-	6,459	12,918	3,984	-	3,984	7,968
Insurance	7,131	4,683	190	12,004	8,505	4,013	2,032	14,550
Advertising and promotion	891	8,014	-	8,905	2,517	22,653	-	25,170
Utilities	7,106	790	-	7,896	6,409	712	-	7,121
Professional fees	-	7,750	-	7,750	-	7,150	-	7,150
Grants and donations	7,432	-	-	7,432	9,075	-	-	9,075
Bank and other fees	-	6,083	-	6,083	-	3,329	-	3,329
Depreciation expense	1,166	3,498	-	4,664	3,358	1,120	-	4,478
Payroll processing fees	-	3,578	-	3,578	-	2,186	-	2,186
Telephone	1,298	1,298	-	2,596	1,136	1,135	-	2,271
Miscellaneous	-	-	117	117	-	-	423	423
Total expenses	1,075,433	120,210	434,538	1,630,181	1,003,944	119,877	474,643	1,598,464
Less: expenses included with revenues on the statements of activities	-	-	(315,502)	(315,502)	-	-	(305,245)	(305,245)
Total expenses included in the expenses section of the statements of activities	<u>\$ 1,075,433</u>	<u>\$ 120,210</u>	<u>\$ 119,036</u>	<u>\$ 1,314,679</u>	<u>\$ 1,003,944</u>	<u>\$ 119,877</u>	<u>\$ 169,398</u>	<u>\$ 1,293,219</u>

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

Holiday Express, Inc.
Statements of Cash Flows
April 30, 2016 and 2015

	2016	2015
Cash flows from operating activities		
Changes in net assets	\$ (77,734)	\$ (75,809)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation	4,664	4,478
Net loss on disposal of assets	232	
Changes in operating assets and liabilities:		
Prepaid expenses	(757)	2,315
Accounts receivable	(2,000)	
Inventory	(51,096)	16,381
Accrued expenses	(15,260)	6,948
Deferred revenue	<u>(500)</u>	<u>500</u>
Net cash used by operating activities	<u>(142,451)</u>	<u>(45,187)</u>
Cash flows from investing activities		
Purchases of property and equipment	<u>-</u>	<u>(8,000)</u>
Net change in cash	<u>(142,451)</u>	<u>(53,187)</u>
Cash and cash equivalents, beginning of year	<u>391,996</u>	<u>445,183</u>
Cash and cash equivalents, end of year	<u>\$ 249,545</u>	<u>\$ 391,996</u>

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.

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. Net assets of the organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to a donor-imposed stipulation. These assets may, however, be subject to board designation.

Temporarily Restricted Net Assets - Net assets subject to a donor-imposed stipulation that will be met either by the completion of a stipulated action and/or the passage of time. Temporarily restricted donations for which requirements are met in the same year as received are recorded as increases in unrestricted net assets.

Permanently Restricted Net Assets - Net assets subject to a donor-imposed stipulation that they are maintained permanently by the organization. Generally, the donors of these assets permit the organization to use all or part of the income earned on related investments for general or specific purposes. The Organization had no permanently restricted net assets as of April 30, 2016 and 2015.

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

The Organization considers cash in banks and certificates of deposit that do not contain material early withdrawal penalties to be cash equivalents.

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

Property and Equipment (Continued)

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.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restriction. Support that is restricted by the donor is recorded 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, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities 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 event and performance revenue are recognized as revenue when the event takes place. Deferred revenue consists of advanced payments received for special events.

Inventory

Inventory consists of contributed and purchased goods on hand at year end. Contributed goods are valued at fair market value. Purchased goods are valued at the lower of cost or market. These goods will 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, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ending April 30, 2016 and 2015, \$46,721 and \$39,433, 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, fundraising, and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are prorated among the various functions.

Holiday Express, Inc.
Notes to Financial Statements
April 30, 2016 and 2015

Federal and State Income Tax Status

Holiday Express, Inc. 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.

Holiday Express, Inc. 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. The Organization maintains cash deposits with a financial institution which is insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, cash 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 approximated \$8,900 and \$25,200 for the years ended April 30, 2016 and 2015, respectively.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following as of April 30:

	2016	2015
Cash in banks	\$ 249,545	\$ 365,521
Certificates of deposit	<u>-</u>	<u>26,475</u>
	<u>\$ 249,545</u>	<u>\$ 391,996</u>

Holiday Express, Inc.
Notes to Financial Statements
April 30, 2016 and 2015

3. PROPERTY AND EQUIPMENT

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

	2016	2015
Vehicles	\$ 14,273	\$ 14,273
Equipment	<u>31,010</u>	<u>38,921</u>
	45,283	53,194
Less: accumulated depreciation	<u>(38,555)</u>	<u>(41,569)</u>
Property and equipment, net	<u>\$ 6,728</u>	<u>\$ 11,625</u>

Depreciation expense was \$4,664 and \$4,478 for the years ended April 30, 2016 and 2015, respectively.

4. FUNDRAISING EVENTS

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

	2016		2015	
	Revenue	Costs of Direct Benefit to Donors	Revenue	Costs of Direct Benefit to Donors
	<u>Revenue</u>	<u>to Donors</u>	<u>Revenue</u>	<u>Donors</u>
Clambake	\$ 193,552	\$ 106,194	\$ 214,533	\$ 96,018
Golf	153,780	83,511	139,940	64,120
Town lighting	-	-	15,000	-
Others	-	740	22,400	17,304
Fundraising – noncash	<u>55,782</u>	<u>55,782</u>	<u>55,383</u>	<u>55,383</u>
	<u>\$ 403,114</u>	<u>\$ 246,227</u>	<u>\$ 447,256</u>	<u>\$ 232,825</u>

5. PERFORMANCE INCOME

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

	2016		2015	
	Revenue	Costs of Performances	Revenue	Costs of Performances
	<u>Revenue</u>	<u>Performances</u>	<u>Revenue</u>	<u>Performances</u>
Count Basie	\$ 151,915	\$ 23,994	\$ 158,171	\$ 23,865
NJ PAC	<u>79,247</u>	<u>45,281</u>	<u>87,477</u>	<u>48,555</u>
	<u>\$ 231,162</u>	<u>\$ 69,275</u>	<u>\$ 245,648</u>	<u>\$ 72,420</u>

Holiday Express, Inc.
Notes to Financial Statements
April 30, 2016 and 2015

6. LEASE COMMITMENTS

On April 1, 2013, the Organization negotiated an operating lease for warehouse and office space. Rent expense under the lease is \$60,000 per year for the term of the lease, which expired on April 1, 2016. On April 1, 2016 The Organization renewed the operating lease for warehouse and office space. Rent expense under the new lease is \$6,000 per month for the term of the lease, which expires on April 1, 2018. Rent expense totaled \$61,000 and \$60,000 for the years ended April 30, 2016 and 2015, respectively.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of April 30, 2016 are as follows:

Years Ending April 30:	
2017	\$ 72,000
2018	<u>66,000</u>
Total	<u>\$ 138,000</u>

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. RELATED PARTY TRANSACTIONS

The Organization paid certain McLoone's restaurants \$35,509 and \$34,110, respectively, for various catering services for which they receive a discount during the fiscal years ended April 30, 2016 and 2015. These companies are owned by Tim McLoone, Founder and Trustee. Tim McLoone's wife, Beth McLoone, filled an open board seat as of May 1, 2014. Tim McLoone and Beth McLoone abstained from any votes made by the Board that involve the McLoone's restaurants during the fiscal years ended April 30, 2016 and 2015.

9. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring after the balance sheet date through the date of January 6, 2017, 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.