GRACE AFTER FIRE

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2019

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CLA (CliftonLarsonAllen LLP)
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Grace After Fire
Houston, Texas

We have audited the accompanying financial statements of Grace After Fire which comprise the statement of financial position as of December 31, 2019, and the related statement of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 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.

Board of Directors
Grace After Fire

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grace After Fire as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Worth, Texas
December 10, 2020

GRACE AFTER FIRE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

ASSETS		
Cash	$	49,873
Grants Receivable, Net		54,640
Pledge Receivable		25,000
In-Kind Lease Receivable		11,615
Total Assets	$	141,128

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts Payable	$	8,007
Accrued Liabilities		9,752
Total Liabilities		17,759
NET ASSETS (DEFICIT)		
Without Donor Restrictions		(22,309)
With Donor Restrictions		145,678
Total Net Assets		123,369
Total Liabilities and Net Assets	$	141,128

See accompanying Notes to Financial Statements.

GRACE AFTER FIRE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions	$ 48,664	$ 150,000	$ 198,664
Grant Revenue	177,520	-	177,520
In-Kind Goods and Services	39,636	-	39,636
In-Kind Facility Rental Revenue for Retreat	28,675	-	28,675
Release of Restrictions	150,396	(150,396)	-
Total Revenues and Support	444,891	(396)	444,495
EXPENSES			
Program Services	380,214	-	380,214
General and Administrative	36,820	-	36,820
Fundraising	19,606	-	19,606
Total Expenses	436,640	-	436,640
CHANGE IN NET ASSETS	8,251	(396)	7,855
Net Assets - Beginning of Year	(30,560)	146,074	115,514
NET ASSETS (DEFICIT) - END OF YEAR	$ (22,309)	$ 145,678	$ 123,369

See accompanying Notes to Financial Statements.

GRACE AFTER FIRE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Program Services	General and Administrative	Fund Raising	Total
Accounting and compliance	$ -	$ 20,425	$ -	$ 20,425
Bank and credit card charges	-	1,633	-	1,633
Business Registration Fees	-	0	-	0
Business Development and marketing	-	-	9,456	9,456
Retreat expenses	2,882	-	-	2,882
Insurance	5,929	281	141	6,351
Meals and entertainment	560	27	13	600
Payroll and benefits	199,371	9,362	4,681	213,415
Postage and mailing	285	14	7	305
Printing and Copying	242	11	6	259
Professional fees	-	100	2,819	2,919
Staff Development	695	33	16	744
Supplies	4,834	229	115	5,178
Telephone and internet	3,968	188	94	4,251
Travel	7,971	378	189	8,539
Occupancy Cost	26,232	1,245	623	28,100
In-kind expenses	60,915	2,892	1,446	65,253
Direct client services	60,842	-		60,842
WWVE	5,489			5,489
Total Expenses	$ 380,214	$ 36,820	$ 19,606	$ 436,640

See accompanying Notes to Financial Statements.

GRACE AFTER FIRE
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$	7,855
Adjustments to Reconcile Change in Net Assets to Net Cash		
Used by Operating Activities:		
Effects of Changes in Operating Assets and Liabilities		
Grants Receivable		(16,436)
In-Kind Lease Receivable		(1,015)
Accounts Payable		5,942
Accrued Liabilities		(6,793)
Net Cash Used by Operating Activities		(10,447)
NET DECREASE IN CASH		(10,447)
Cash - Beginning of Year		60,320
CASH - END OF YEAR	$	49,873
NONCASH TRANSACTIONS		
In-Kind Lease Expense on Long-Term Lease Agreements	$	26,400

See accompanying Notes to Financial Statements.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The mission of Grace After Fire (GAF) is to provide the means for women Veterans to gain knowledge, insight and self-renewal. GAF's vision is to help women Veterans help themselves.

GAF began operating in 2008 under the name The Woman's Heart, attracting hundreds of women in search of crisis support services. A significant data point was the frequency of women military Veterans disclosing their chronic use of alcohol and drugs as a means of coping or self-medicating their symptoms of post-traumatic stress disorder, traumatic brain injury and military sexual assault. GAF is designed to serve women Veterans from all eras and branches of military service and is preparing to meet the high numbers of women currently serving.

In 2013, a new organization named Discovering Their Grace was created to replace The Woman's Heart. Registration of The Woman's Heart was withdrawn effective December 31, 2014. Effective January 1, 2015, Discovering Their Grace was renamed Grace After Fire and continues operations as normal.

This summary of significant accounting policies of GAF is presented to assist in understanding GAF's financial statements. The financial statements and notes are representations of GAF's management who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the financial statements.

Financial Statement Presentation

GAF is required by U.S. GAAP to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, GAF is required to present a statement of cash flows.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of GAF and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 reporting period. Actual results could differ from those estimates.

Income Taxes

GAF is organized as a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code. This section exempts GAF from taxes on income. Accordingly, no provision for income taxes has been made in the financial statements. Taxes are paid on net income earned from sources unrelated to the exempt purposes. There was no net income from unrelated business for the year ended December 31, 2019.

GAF’s tax returns are subject to review and examination by federal and state authorities.

Cash and Cash Equivalents

For purposes of the statement of cash flows, GAF considers any short-term investment convertible to cash within three months or less with little or no change in the principal amount to be a cash equivalent. GAF places its cash with high-credit-quality financial institutions and periodically maintains deposits in amounts that exceed FDIC insurance coverage. Management believes the risk of incurring material losses related to this credit risk is remote. As of December 31, 2019, GAF had no cash equivalents.

Grants Receivable

GAF’s receivables consist principally of program service fees from governmental agencies. GAF utilizes the allowance method for recognition of bad debts. Based on management’s assessment of the credit history of grantors, no allowance was deemed necessary as of December 31, 2019.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Expenditures for buildings and equipment in excess of $5,000 and having a useful life of one year or more are capitalized and recorded on GAF's books at cost. Donations of significant property and equipment are recorded as support at their estimated fair value. Such donations are reported as without donor restrictions support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit donor restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as with donor restriction support. Absent donor stipulations regarding how long those donated assets must be maintained, GAF reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. GAF reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their cost and related accumulated depreciation are removed from the accounts. Resulting gains or losses are included in income.

Depreciation of buildings and equipment is computed on the straight-line basis over their estimated useful lives.

Contributions Received and Contributions Made

Contributions are recorded when made, which may be when cash or other assets are received or unconditionally promised. Conditionally promised contributions, that is, those with a measurable performance or other barrier and a right of return, and are not recognized until the conditions on which they depend have been met. There are no conditional promises to give as of December 31, 2019. All contributions are considered available for unrestricted use unless specifically restricted by the donor or grantor. Contributions received are recorded as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Contributions whose restrictions are satisfied in the same year the contribution is received are recorded as net assets without donor restrictions.

Program Service Fees and Grant Revenue

Program fees are recorded in the period in which the fees were earned from the grants provided by the state and federal government. Receipts received in advance of when the fees are earned are reflected as deferred revenue.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Materials and Services

Donated services are reflected in the financial statements if they meet the requirements as defined by accounting principles generally accepted in the United States of America. Donated services and other in-kind contributions are recorded at their estimated fair market values at the date of receipt.

A number of volunteers donate significant amounts of their time to GAF. However, these services do not meet the criteria for recording under generally accepted accounting principles in the United States, and therefore have not been reflected in the financial statements.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Recent Accounting Guidance

Additionally in June 2018, FASB issued Accounting Standards (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made.* This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning January 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not result in any changes to the opening balances of the financial statements.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and Cash Equivalents	$	49,873
Grants Receivable, Net		54,640
Pledge Receivable		25,000
Less: Net Assets With Purpose Restrictions		(134,063)
Total Assets Available for General Expenditure Within One Year	$	(4,550)

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

Grace After Fire has $129,513 of financial assets available within one year of the balance sheet date consisting of cash of $49,873, grants receivable of $54,640 and pledge receivable of $25,000. It is also noted that certain restricted gifts included in the $134,063 noted above will be utilizing resources already budgeted as general expenditure. Grace After Fire submits grant proposals on a monthly basis for additional funding.

NOTE 3 ECONOMIC DEPENDENCY AND CONCENTRATIONS OF REVENUE

GAF received grant revenue of $177,520 which was derived from two governmental agencies, which constituted 40% of total revenue for the year ended December 31, 2019.

One donor contributed approximately 25% of total revenue and support for the year ended December 31, 2019.

NOTE 4 DEFERRED COMPENSATION PLANS

GAF has a nonqualified 403(b)(1) plan covering all employees immediately upon employment. Employees may elect to make pre-tax deferrals in an amount not to exceed the annual limitations of Code section 402(g)(1)(B). GAF did not make any matching contributions to the plan for the year ended December 31, 2019.

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2019 were restricted for the following purposes or periods:

Subject to the Passage of Time:	
In-Kind Lease Receivable	$ 11,615
Time-Restricted Pledge	25,000
Total	36,615
Subject to Expenditure for Specified Purposes	
Peer to Peer Support	82,618
Table Talk Color Me Cameo	26,445
Total	109,063
Total Net Assets with Donor Restrictions	$ 145,678

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2019:

Expiration of Time Restrictions:		
In-Kind Lease Receivable	$	23,985
Satisfaction of Purpose Restrictions:		
Peer to Peer Support		52,382
Veterans Service Grant - 2019		16,483
Table Talk Color Me Cameo		57,546
Total		126,411
Total Net Assets Released from Donor Restrictions	$	150,396

NOTE 6 IN-KIND LEASE RECEIVABLE

During the year ended December 31, 2016, GAF entered into a non-cancelable arrangement whereby GAF is provided office space for program use at substantially less than market value. Accordingly, a lease receivable was recorded for the present value of future minimum rentals with a corresponding increase to in-kind revenue.

In-kind lease receivable is amortized over the life of the lease. Future amounts due are recorded at their net present value utilizing the GAF's prime interest rate of 3.25%. When amortized, the in-kind lease expense is recognized as occupancy expense.

The following is an estimated future amortization of the in-kind lease receivable as of December 31, 2019:

December 31, 2019	Amount
2020	$ 11,615

Total in-kind lease expense was $26,400 for the year ended December 31, 2019.

NOTE 7 FUNCTIONAL ALLOCATION METHODOLOGY

The financial statements report certain categories of expenses that are attributable to more than one program or supporting functions. Therefore, these expenses require allocation on reasonable basis that is consistently applied. The expenses that are allocated include salaries, fringe benefits, membership costs and professional services which are allocated on the basis of estimates of time and effort.

NOTE 8 SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 10, 2020, the date on which the financial statements were available to be issued.

On April 14, 2020, the Organization received a loan from a Bank in the amount of $40,139 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the “PPP Loan”). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period from April 14, 2020 to April 14, 2022, is the time that a business has to spend their PPP Loan funds. Management is confident that the Organization has satisfied the forgiveness terms for 100% forgiveness, and is actively communicating with the bank about the requirements and process for submitting the application for forgiveness.

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2020 operations and financial results the ability of donors to give. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.