

**GRACE AFTER FIRE**  
**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**  
**YEAR ENDED DECEMBER 31, 2018**

**GRACE AFTER FIRE  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2018**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>3</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>4</b>
<b>STATEMENT OF FUNCTIONAL EXPENSES</b>	<b>5</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>6</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>7</b>



## 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, 2018, 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, 2018, 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  
November 12, 2019

**GRACE AFTER FIRE  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2018**

**ASSETS**

**ASSETS**

Cash	\$ 60,320
Grants Receivable, Net	38,204
In-Kind Lease Receivable	<u>35,600</u>
Total Assets	<u>\$ 134,124</u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts Payable	\$ 2,065
Accrued Liabilities	<u>16,545</u>
Total Liabilities	18,610

**NET ASSETS**

Without Donor Restrictions	(30,560)
With Donor Restrictions	<u>146,074</u>
Total Net Assets	<u>115,514</u>

Total Liabilities and Net Assets	<u>\$ 134,124</u>
----------------------------------	-------------------

*See accompanying Notes to Financial Statements.*

**GRACE AFTER FIRE  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>			
Contributions	\$ 42,395	\$ 110,000	\$ 152,395
Grant Revenue	113,730	-	113,730
In-Kind Goods and Services	12,899	-	12,899
In-Kind Lease Revenue	2,836	-	2,836
In-Kind Facility Rental Revenue for Retreat	28,675	-	28,675
Release of Restrictions	87,023	(87,023)	-
Total Revenues and Support	287,558	22,977	310,535
<b>EXPENSES</b>			
Program Services	254,942	-	254,942
General and Administrative	25,836	-	25,836
Fundraising	12,901	-	12,901
Total Expenses	293,679	-	293,679
<b>CHANGE IN NET ASSETS</b>	(6,121)	22,977	16,856
Net Assets - Beginning of Year	(24,439)	123,097	98,658
<b>NET ASSETS (DEFICIT) - END OF YEAR</b>	\$ (30,560)	\$ 146,074	\$ 115,514

See accompanying Notes to Financial Statements.

**GRACE AFTER FIRE  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2018**

	Program Services	General and Administrative	Fund Raising	Total
Accounting and compliance	\$ -	\$ 12,250	\$ -	\$ 12,250
Bank and credit card charges	-	1,725	-	1,725
Business Registration Fees	-	76	-	76
Business Development and marketing	11,074	360	5,543	16,977
Retreat expenses	34,834	-	-	34,834
Insurance	4,914	278	-	5,192
Meals and entertainment	459	39	-	498
Payroll and benefits	130,051	7,571	3,785	141,407
Postage and mailing	146	9	-	155
Printing and Copying	603	34	-	637
Professional fees	-	1,189	3,488	4,677
Staff Development	343	19	-	362
Supplies	2,564	145	-	2,709
Telephone and internet	2,932	171	85	3,188
Travel	7,920	448	-	8,368
Occupancy Cost	26,918	1,522	-	28,440
Direct client services	32,184	-	-	32,184
<b>Total Expenses</b>	<b>\$ 254,942</b>	<b>\$ 25,836</b>	<b>\$ 12,901</b>	<b>\$ 293,679</b>

See accompanying Notes to Financial Statements.

**GRACE AFTER FIRE  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2018**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in Net Assets	\$ 16,856
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Effects of Changes in Operating Assets and Liabilities	
Grants Receivable	(4,238)
In-Kind Lease Receivable	24,764
Accounts Payable	1,210
Accrued Liabilities	3,380
Net Cash Provided by Operating Activities	<u>41,972</u>
 <b>NET INCREASE IN CASH</b>	 41,972
 Cash - Beginning of Year	 <u>18,348</u>
 <b>CASH - END OF YEAR</b>	 <u>\$ 60,320</u>
 <b>NONCASH TRANSACTIONS</b>	
In-Kind Lease Revenue on Long-Term Lease Agreements	<u>\$ 2,836</u>
In-Kind Lease Expense on Long-Term Lease Agreements	<u>\$ 26,400</u>

*See accompanying Notes to Financial Statements.*



**GRACE AFTER FIRE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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* includes net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

*Net Assets With Donor Restrictions* are assets that are subject to donor-imposed stipulations that may or will be met by the occurrence of a specific event or the passage of time. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**GRACE AFTER FIRE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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, 2018.

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, 2018, 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, an allowance of \$9,601 was deemed necessary as of December 31, 2018.

**Contributions Received and Contributions Made**

Contributions are recognized when unconditional commitments are received and recorded without donor restrictions or with donor restrictions support, depending on the existence and/or nature of any donor restrictions.

When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**GRACE AFTER FIRE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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.

**Revenue and Recognition**

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.

**Donated Services**

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.

**GRACE AFTER FIRE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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	\$ 60,320
Grants Receivable, Net	38,204
Less: Net Assets With Purpose Restrictions	(110,474)
Total Assets Available for General Expenditure Within One Year	<u>\$ (11,950)</u>

Grace After Fire has \$98,524 of financial assets available within one year of the balance sheet date consisting of cash of \$60,321 and grants receivable of \$38,204. It is also noted that certain restricted gifts included in the \$110,474 noted above will be utilizing resources already budgeted as general expenditure. Grace After FireGAF submits grant proposals on a monthly basis for additional funding.

**NOTE 3 ECONOMIC DEPENDENCY AND CONCENTRATIONS OF REVENUE**

GAF received grant revenue of \$113,730 which was derived from two governmental agencies, which constituted 31% of total revenue for the year ended December 31, 2018.

One donor contributed approximately 24% of total revenue and support for the year ended December 31, 2018.

**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, 2018.

**GRACE AFTER FIRE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of December 31, 2018 were restricted for the following purposes or periods:

Subject to the Passage of Time:	
In-Kind Lease Receivable	\$ 35,600
Subject to Expenditure for Specified Purposes	
Peer to Peer Support	25,000
Veterans Service Grant	1,483
Table Talk Color Me Cameo	83,991
Total	<u>110,474</u>
Total Net Assets with Donor Restrictions	<u>\$ 146,074</u>

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, 2018:

Expiration of Time Restrictions:	
In-Kind Lease Receivable	\$ 24,764
Satisfaction of Purpose Restrictions:	
Veterans Service Grant - 2018	14,350
Table Talk Color Me Cameo	47,909
Total	<u>62,259</u>
Total Net Assets Released from Donor Restrictions	<u>\$ 87,023</u>

**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.

**GRACE AFTER FIRE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 6 IN-KIND LEASE RECEIVABLE (CONTINUED)**

The following is an estimated future amortization of the in-kind lease receivable as of December 31, 2018:

December 31, 2018	Amount
2019	\$ 23,985
2020	11,615
Total	<u>\$ 35,600</u>

Total in-kind lease expense was \$26,400 for the year ended December 31, 2018.

**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 November 12, 2019, the date on which the financial statements were available to be issued.