

GRACE AFTER FIRE
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2017

**GRACE AFTER FIRE
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YEAR ENDED DECEMBER 31, 2016**

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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, 2017, 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, 2017, 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
5/15/2019

**GRACE AFTER FIRE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017**

ASSETS

ASSETS

Cash	\$ 18,348
Grants Receivable	33,966
In-Kind Lease Receivable	<u>60,364</u>
Total Assets	<u><u>\$ 112,678</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 855
Accrued Liabilities	<u>13,165</u>
Total Liabilities	14,020

NET ASSETS

Unrestricted	(24,439)
Temporarily Restricted	<u>123,097</u>
Total Net Assets	<u><u>98,658</u></u>
Total Liabilities and Net Assets	<u><u>\$ 112,678</u></u>

See accompanying Notes to Financial Statements.

**GRACE AFTER FIRE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT			
Contributions	\$ 53,415	\$ 60,000	\$ 113,415
Grant Revenue	213,281	-	213,281
In-Kind Donation	500	-	500
In-Kind Lease Revenue	2,031	-	2,031
In-Kind Facility Rental Revenue	13,750	-	13,750
Release of Restrictions	40,965	(40,965)	-
Total Revenues and Support	323,942	19,035	342,977
EXPENSES			
Program Services	333,059	-	333,059
General and Administrative	30,516	-	30,516
Fundraising	9,054	-	9,054
Total Expenses	372,629	-	372,629
CHANGE IN NET ASSETS	(48,687)	19,035	(29,652)
Net Assets - Beginning of Year	24,248	104,062	128,310
NET ASSETS - END OF YEAR	\$ (24,439)	\$ 123,097	\$ 98,658

See accompanying Notes to Financial Statements.

**GRACE AFTER FIRE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017**

	Program Services	General and Administrative	Fund Raising	Total
Accounting and compliance	\$ -	\$ 13,905	\$ -	\$ 13,905
Bank and credit card charges	-	1,706	-	1,706
Business Registration Fees	-	750	-	750
Business Development and marketing	918	28	-	946
Insurance	7,332	225	-	7,557
Meals and entertainment	706	22	-	728
Payroll and benefits	245,211	7,677	3,839	256,727
Postage and mailing	167	5	-	172
Printing and Copying	235	7	-	242
Professional fees	3,806	390	5,130	9,326
Staff Development	301	9	-	310
Supplies	3,718	114	-	3,832
Telephone and internet	5,439	170	85	5,694
Travel	21,181	651	-	21,832
Rent Expense	26,400	-	-	26,400
In-Kind Expenses	13,750	1,700	-	15,450
Bad Debt Expense	-	3,157	-	3,157
Direct client services	3,895	-	-	3,895
Total Expenses	<u>\$ 333,059</u>	<u>\$ 30,516</u>	<u>\$ 9,054</u>	<u>\$ 372,629</u>

See accompanying Notes to Financial Statements.

**GRACE AFTER FIRE
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (29,652)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Effects of Changes in Operating Assets and Liabilities	
Grants Receivable	22,422
In-Kind Lease Receivable	25,569
Accounts Payable	(2,059)
Accrued Liabilities	366
Net Cash Provided by Operating Activities	16,646

NET INCREASE IN CASH

16,646

Cash - Beginning of Year

1,702

CASH - END OF YEAR

\$ 18,348

NONCASH TRANSACTIONS

In-Kind Lease Revenue on Long-Term Lease Agreements	\$ 831
In-Kind Lease Expense on Long-Term Lease Agreements	\$ 26,400

See accompanying Notes to Financial Statements.

**GRACE AFTER FIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF 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 three classes of net assets: unrestricted, temporarily restricted and permanently restricted. 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:

Unrestricted net assets includes net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily restricted net assets 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets are assets required to be maintained in perpetuity with only the income used for operating activities due to donor-imposed restrictions. As of December 31, 2017, GAF did not have any permanently restricted net assets.

**GRACE AFTER FIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF 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, 2017.

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, 2017, 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 for doubtful accounts was deemed necessary as of December 31, 2017.

Contributions Received and Contributions Made

Contributions are recognized when unconditional commitments are received and recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**GRACE AFTER FIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF 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 unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted 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 temporarily restricted net assets to unrestricted net assets 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 providing program, fund-raising and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and fund-raising activities benefited.

NOTE 2 ECONOMIC DEPENDENCY AND CONCENTRATIONS OF REVENUE

GAF received grant revenue of \$213,281 which was derived from two governmental agencies, which constituted 62% of total revenue for the year ended December 31, 2017.

One donor contributed approximately 17% of total revenue and support for the year ended December 31, 2017.

GRACE AFTER FIRE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 3 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, 2017 .

NOTE 4 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2017 were restricted for the following purposes:

Purpose Restrictions

Table Talk Color Me Cameo	\$ 56,900
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Total Purpose Restricted Net Assets	\$ 56,900
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Time Restrictions

Veterans Service Grant - 2017	\$ 5,833
In-Kind Lease Receivable	60,364
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Total Time Restricted Net Assets	\$ 66,197
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Total Temporarily Restricted Net Assets	\$ 123,097
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NOTE 5 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, 2017**

NOTE 5 IN-KIND LEASE RECEIVABLE (CONTINUED)

The following is an estimated future amortization of the in-kind lease receivable as of December 31, 2017:

Year Ending December 31,	Amount
2018	\$ 24,764
2019	23,985
2020	11,615
Total	<u>\$ 60,364</u>

Total in-kind lease expense was \$26,400 for the year ended December 31, 2017.

NOTE 6 SUBSEQUENT EVENTS

Management has evaluated subsequent events through 5/15/2019, the date on which the financial statements were available to be issued.