



CUMMINGS-GRAYSON & CO., P.A.
MEMBER AICPA & FICPA

Certified Public Accountants
Since 1979

GRACE INTERNATIONAL, INC.

**FINANCIAL STATEMENTS WITH
INDEPENDENT ACCOUNTANT'S REVIEW REPORT
FOR THE YEAR ENDING DECEMBER 31, 2016**

GRACE INTERNATIONAL, INC.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees of
Grace International, Inc.

We have reviewed the accompanying financial statements of Grace International, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of my (our) procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information included in Schedule I is presented for purposes of additional analysis, and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the information and, accordingly, do not express an opinion on such information.


CUMMINGS-GRAYSON & CO., P.A.
Miami, Florida

June 30, 2017

GRACE INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016

Assets

Cash and Cash Equivalents		\$45,768
Net Fixed Assets		3,101,970
Other Assets		<u>689,555</u>
Total Assets		<u><u>\$3,837,293</u></u>

Liabilities

Current Liabilities	\$5,797	
Long-term Liabilities	<u>126,400</u>	
Total Liabilities		\$132,197

Net Assets

Unrestricted Net Assets	\$3,705,096	
Temporarily Restricted	<u>0</u>	<u>3,705,096</u>
Net Assets		<u><u>\$3,837,293</u></u>

The accompanying notes are an integral part of these financial statements.

GRACE INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
AS OF DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
Revenues			
Donations - Operational	\$242,646		\$242,646
Donations - Haitian Ministries & Villages		361,049	361,049
Tithes & Offerings	77,727		77,727
Contributed Services, Supplies & Materials	103,319		103,319
Patient Fees and Other Income	3,226		3,226
	426,919	361,049	787,968
Net assets released from restrictions	361,049	(361,049)	0
Total Revenues	787,968	0	787,968
Expenses			
Program Services	663,432	0	663,432
Supporting Services	48,621	0	48,621
Fundraising	56,061	0	56,061
	768,114	0	768,114
Total Expenses	768,114	0	768,114
Increase in net assets	19,854	0	19,854
Net assets, beginning of the year	3,656,930	0	3,656,930
Prior period adjustment	28,312		28,312
	3,685,242	0	3,685,242
Adjusted Net assets, beginning of the year	3,685,242	0	3,685,242
Net assets, end of year	\$ 3,705,097	\$ -	\$3,705,097

The accompanying notes are an integral part of these financial statements.

GRACE INTERNATIONAL, INC.
CASH FLOW STATEMENT
AS OF YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (Decrease) in Net Assets	\$19,854
Adjustments to reconcile net income to net cash provided	
Prior Year Adjustments	28,312
Depreciation	81,526
Net Cash provided by Operations	
Decrease in Other Assets	-31,919
Decrease in Current Liabilities	<u>-2,151</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	95,622

CASH FLOW FROM INVESTING ACTIVITIES

Purchases and construction of Fixed Assets	<u>-110,000</u>
NET CASH FLOW FROM INVESTING ACTIVITIES	-110,000

CASH FLOW FROM FINANCING ACTIVITIES

Marie Carmel Dossous Note Payable	76,900
Juerakhan Family Note Payable Decrease	<u>-59,900</u>
NET CASH FLOW FROM FINANCING ACTIVITIES	17,000
NET INCREASE (DESCREASE) IN CASH	2,622
CASH AT THE BEGINNING OF THE YEAR	<u>43,101</u>
CASH AT THE END OF THE YEAR	<u><u>\$45,723</u></u>

The accompanying notes are an integral part of these financial statements.

GRACE INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. Nature of Operation

Grace international Inc. (the ministry) was organized in 1999, and is a not-for-profit organization located in Miami FL. The ministry is dedicated to establishing and maintaining the public worship of God and to promoting the evangelical faith in accordance with the principles and doctrines of the Holy Scriptures. The ministry is supported primarily through contributions from the congregation, national and international organizations, and provides various programs to its members and community, including Christian education, pastoral care, missions, and other special programs. The bulk of its ministry is performed in Haiti, and focuses on the healthcare, education, nutritional and feeding of the Haitian people, including the preaching of the Word to all people in Haiti and the world.

2. Summary of Significant Accounting Policies

Codification – Basis of Accounting

Effective July 1, 2009, the Financial Accountant Standards Board's (FASB) Accountant Standards Codification (ASC) became the single official source of authoritative, non governmental U.S generally accepted accounting principle (GAAP). The historical GAAP hierarchy was eliminated, and the ASC became the only level of authoritative GAAP. The Ministry's' accounting policies were not affected by the conversation to ASC.

Basis of Presentation

The financial statements of the ministry have been prepared on the accrual basis of accounting, whereby revenues and expense are recorded as they are earned or incurred.

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, liabilities, net assets, and change therein, and disclosure of contingent assets and liabilities, if any. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents include short- term, highly liquid investments which are readily convertible into cash within three months or less, and would consist of certificates of deposit, money market accounts and repurchase agreements. Cash equivalents, if applicable, would be carried at cost, which approximate fair value.

Concentrations of Credit Risk

Financial instruments which potentially could subject the Ministry to concentrations of credit risk consist principally of cash. The Ministry places its cash in highly rated financial institutions. On January 1, 2010, the Federal Deposit Insurance Corporation coverage returned to \$100,000 per depositor for all deposits except certain retirement account, which will continue to be insured to \$250,000 per owner. The Ministry has not experienced any losses in such accounts and believes that

GRACE INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

2. Summary of Significant Accounting Policies (Continued)

it is not exposed to any significant credit risk on cash and cash equivalents; since the cash accounts average balance is not greater than \$250,000.

Accounts and Grants Receivable

Receivables represent amounts due from affiliated agencies and other charitable organizations that are stated at the amount the Ministry expects to collect from outstanding balances, however, at year end, there no receivables to be reflected.

Property and Equipment

Property and equipment is valued at cost at the time of purchase or estimated fair value at the date of donation, if received as support. Depreciation expense is computed using the straight-line method over the estimated useful lives of the individual assets as follows:

- Computers, furniture and equipment 3-7 years
- Buildings and building improvements 27.5-39 years

Capitalization Policy

The Ministry capitalizes all fixed assets with an economic benefit longer than one year and cost of over \$500. All other items are expensed in the year purchased.

Revenue Recognition

In accordance with Statement ASC 958, *Not- For- Profit Entities*, contributions are recognized as revenue at their fair value when received. All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restriction. Program revenue Is recognized in the period in which the supported work is completed. Rental income is recognized in the period in which it is earned.

Restricted and unrestricted support

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reported as net assets released from restrictions.

Gifts of equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

GRACE INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

2. Summary of Significant Accounting Policies (Continued)

Donated goods and services

Donations of goods are recorded at their estimated fair market value on the date of gift, provided the fair market value is reasonably determinable. For the year ending December 31, 2016, donated goods included contributed food, supplies, and vehicles. Donations of professional services are recorded as both unrestricted contributions and as expense, in accordance with ASC 958. For the year ending December 31 2016, \$103,319 reflects contributed ministry, building, educational, and ministerial services.

GAAP also requires that unconditional promises to give (pledges) be recorded as receivables and revenues, and requires that organizations distinguish between contributions received for each net asset category in accordance with donor imposed restrictions.

Classes of Net Asset

In accordance with ASC 958, *Not-For-Profit Entities*, the Ministry reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets - Net assets that are not restricted by donors' stipulations. This may include net assets whose use is limited by internally imposed restrictions.

Temporarily Restricted Net Assets – Include those assets which are subject to donor restriction and for which the applicable restriction was not met as of the end of the current reporting period.

Permanently Restricted Net Assets – Include those assets which are subject to a non-expiring donor restriction, or where it is stipulated by donors that the principal remain in perpetuity, and only the income is available as unrestricted or temporarily restricted, as per the terms of the endowment. There were no permanently restricted net assets at December 31, 2016.

Tax Exempt Status

The ministry is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code as a public charity. The Ministry does not have income from debt- financed property; but if it did, and if income exceeded expenses, then profits would be subject to corporate income tax rates.

Fair Value Measurement for Financial assets and Financial Liabilities

ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This guidance only applies when the fair value measurement of assets and liabilities is required or permitted. Effective January 1, 2008, the Ministry adapted the disclosures requirement for financial assets and liabilities, and effective January 1, 2009 the Ministry adopted the disclosure requirements for nonfinancial assets and liabilities. The Ministry has determined that none of its financial assets or liabilities is measured at fair value.

GRACE INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

2. Summary of Significant Accounting Policies (Continued)

In addition to classifying net assets as unrestricted, temporarily restricted or permanently restricted, the Ministry classifies its expenses as:

- **Program Services**, which includes Worship and Ministry Services, Ministry, Community Assistance, Discipleship, Outreach and Orphanages, and World Missions.
- **Support Services**, which includes Management and General, Building maintenance and Depreciation.
- **Fundraising**, which includes fundraising, grant writing, and specific marketing to increase funds available for operations?

Functional Allocation of Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the statements of activity and of functional expenses. Accordingly, certain costs have been allocated among the programs and supported services benefited, based upon an analysis of personnel time allocated between programs and supporting services.

Subsequent Events

Subsequent events were evaluated through June 30, 2016, which is the date the financial statements were available for issuance, and nothing was noted that would require an adjustment.

3. Property and Equipment

Property and equipment consists of the following at December 31, 2016:

Buildings	\$3,056,954
Furniture, fixtures, and equipment	11,214
Fence, Storage, Water Well	<u>56,138</u>
Total Property	\$3,124,306
Less accumulated depreciation	<u>(513,423)</u>
Subtotal	\$2,610,883
Land with well	<u>491,086</u>
Property and equipment, net	<u>\$3,101,969</u>

4. Other Assets

Other assets of \$689,555 consist of the construction in progress for the orphanage, land donated for the construction of the community center for Grace Lambi Village (\$250,000), land being purchased for the ministry located in Waney in the amount of \$194,555.

GRACE INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

5. Prior Period Adjustment

Net assets were adjusted due to the following:

Beginning cash balances of programs operated by Grace Haiti in the country of Haiti	\$ 21,085
Credit card and automobile liabilities	<u>7,227</u>
Total Prior Period Adjustment	<u>\$ 28,312</u>

6. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, by the satisfaction of donor requirements: Purpose restrictions accomplished:

Boys Orphanage	\$ 30,558
Christmas Party	31,009
Widow's and Other Charity	8,603
Haiti Village	34,232
Girl's Orphanage	55,633
Office & Administrative	56,834
Guest House	18,381
Hospital & Medical Center	34,632
Lord's Kitchen	17,625
Ministry & Crusades	18,231
Operating Expenses	24,421
Sponsorships & Scholarships	<u>30,891</u>
Net Assets Released	<u>\$361,049</u>

GRACE INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

8. Donated Services and Materials (reflected at management’s estimated fair value amount)

Services	Dollar Value
Grace Haiti Village	\$34,955
Food Ministry	7,725
Orphanages	16,801
Training & Education	3,476
Ministry & Crusades	16,608
Medical Services	12,746
Christmas Events	11,008
Total	103,319

Both FASB (SFAS) 116 and 117 require specific disclosures for not-for-profit entities, particularly, contributed services, encouraging the fair value of contributed services to be disclosed. Per FASB116, in the year received, contributed services are recognized as a contribution and an expense if the service received (a) create or enhance non-financial assets or (b) required specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation. This determination of the contributed amounts is management’s best estimate as to their value, and utilization of the United States standard volunteer hourly rate.

9. Leases

Two leases were executed by Grace International, Inc. and both are annual leases. One is for the office, with the lessor being Bluth Plaza, Inc., for a monthly amount of \$700, ending January 31, 2017; and storage of \$570 monthly for two spaces.

10. Related Party Transactions

The Organization has a related party relationship with a non-profit organization, Mission Eglise De Dieu Sainte Cite dba Grace Haiti, which manages and operates most of the programs in Haiti. The Executive Board includes Bishop Joel Jeune and Pastor Doris Jeune, who functions as Grace International, Inc.’s Executive Board as well. Mission Eglise De Dieu Sainte Cite has other board members consisting of pastors and leaders in Haiti. Related party transactions are conducted on an at arm’s length basis with terms comparable to transactions with third parties. The one operation that is being managed jointly is the construction and development of the villages in Haiti. The villages are donated to Grace Haiti.

GRACE INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Program</u>	<u>Support</u>	<u>Fundraising</u>	<u>Total</u>
Operational Expenditures				
Advertising and Promotion	4,910		5,000	9,910
Auto Expenses	1,223			1,223
Bank Service Charges	4,641			4,641
Conferences, conventions & meetings			5,000	5,000
Contractual Services	37,987			37,987
Depreciation	81,526			81,526
Donations & Gifts	921			921
Dues & Subscriptions	2,346			2,346
Executive Compensation	48,400	24,200	24,200	96,800
Fundraising			10,861	10,861
Haiti - Boys Orphanage	30,558			30,558
Haiti - Christmas Party	31,009			31,009
Haiti - Donations & Widow's Help	8,603			8,603
Haiti - Grace Haiti Village	34,232			34,232
Haiti - Girls Orphanage	55,633			55,633
Haiti - Grace Office/Administrative	56,834			56,834
Haiti - Grace Tabernacle Lamentin	26,140			26,140
Haiti - Grace Tabernacle Waney	49,307			49,307
Haiti - Guest House	18,381			18,381
Haiti - Hospital & Medical Center	34,632			34,632
Haiti - Lord's Kitchen (Feeding)	17,625			17,625
Haiti - Ministry Support & Crusades	18,231			18,231
Haiti - Operating Expenses		24,421		24,421
Haiti - Sponsorships, & Scholarships	30,891			30,891
Insurance	1,540			1,540
Professional Services	8,600			8,600
Office Expense	25,123			25,123
Travel			11,000	11,000
Interest	1,900			1,900
Pastors' Allowance	16,354			16,354
Rent/Lease	14,727			14,727
Internet and Website Maintenance	1,159			1,159
Total Operational Expenses	<u>663,432</u>	<u>48,621</u>	<u>56,061</u>	<u>768,114</u>
Total Expenses	<u>\$663,432</u>	<u>\$48,621</u>	<u>\$56,061</u>	<u>\$768,114</u>

The accompanying notes are an integral part of these financial statements.