

Grace Like Rain, Inc. dba Giving Grace

**Financial Statements
December 31, 2021**

Grace Like Rain, Inc. dba Giving Grace

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Independent Auditors' Report

To the Board of Directors of
Grace Like Rain, Inc. dba Giving Grace

Opinion

We have audited the accompanying financial statements of Grace Like Rain, Inc. dba Giving Grace (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grace Like Rain, Inc. dba Giving Grace as of December 31, 2021, and the change 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 (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Grace Like Rain, Inc. dba Giving Grace and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Grace Like Rain, Inc. dba Giving Grace's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Grace Like Rain, Inc. dba Giving Grace's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Grace Like Rain, Inc. dba Giving Grace's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



A Limited Liability Partnership

Arlington, Texas
November 9, 2022

Grace Like Rain, Inc. dba Giving Grace
Statement of Financial Position
December 31, 2021

Assets

Cash	\$ 129,643
Cash restricted for capital campaign	15,000
Accounts receivable	206
Property	<u>3,893,332</u>
Total assets	<u><u>\$ 4,038,181</u></u>

Liabilities and Net Assets

Liabilities:	
Accounts payable	\$ 24,366
Accrued expenses	7,056
Refundable advance	80,932
Line of credit	<u>103,262</u>
Total liabilities	215,616
Net Assets:	
Without donor restrictions	3,807,565
With donor restrictions	<u>15,000</u>
Total net assets	<u><u>3,822,565</u></u>
Total liabilities and net assets	<u><u>\$ 4,038,181</u></u>

See notes to financial statements.

Grace Like Rain, Inc. dba Giving Grace
Statement of Activities
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	\$ 356,578	\$ -	\$ 356,578
Grants	306,688	-	306,688
Special events (net of direct costs of \$78,354)	133,488	-	133,488
In-kind contributions	19,007	-	19,007
Other income	1,283	-	1,283
Total revenue and support	817,044	-	817,044
Expenses:			
Program services	565,477	-	565,477
Management and general	137,114	-	137,114
Fundraising	143,996	-	143,996
Total expenses	846,587	-	846,587
Change in net assets	(29,543)	-	(29,543)
Net assets at beginning of year	3,837,108	15,000	3,852,108
Net assets at end of year	\$ 3,807,565	\$ 15,000	\$ 3,822,565

See notes to financial statements.

Grace Like Rain, Inc. dba Giving Grace
Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 275,875	\$ 78,996	\$ 61,300	\$ 416,171
Payroll taxes	26,658	1,272	3,069	30,999
Advertising and promotion	-	-	28,320	28,320
Professional services	-	38,042	43,362	81,404
Client assistance	169,203	-	-	169,203
Insurance	-	9,722	-	9,722
Office	-	379	1,191	1,570
Occupancy	93,741	8,703	6,754	109,198
Events	-	-	78,354	78,354
Total expenses by function	565,477	137,114	222,350	924,941
Less expenses included with revenues on the statement of activities - Direct costs of special events	-	-	(78,354)	(78,354)
Total	\$ 565,477	\$ 137,114	\$ 143,996	\$ 846,587

See notes to financial statements.

Grace Like Rain, Inc. dba Giving Grace
Statement of Cash Flows
Year Ended December 31, 2021

Cash flows from operating activities:	
Change in net assets	\$ (29,543)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in operating assets and liabilities:	
Accounts receivable	8,947
Other current assets	500
Accounts payable	10,352
Accrued expenses	(189)
Refundable advance	33,137
	23,204
Net cash provided by operating activities	23,204
Cash flows from investing activities:	
Payments received on note receivable	20,000
Proceeds from line of credit	115,849
Payments on line of credit	(12,587)
Purchases of property	(33,342)
	89,920
Net cash provided by investing activities	89,920
Change in cash	113,124
Cash at beginning of year	31,519
Cash at end of year	\$ 144,643
Reconciliation of cash and restricted cash reported within the statement of financial position to the statement of cash flows:	
Cash	\$ 129,643
Cash restricted for capital campaign	15,000
Total cash reported on the statement of cash flows	\$ 144,643

See notes to financial statements.

Grace Like Rain, Inc. dba Giving Grace

Notes to Financial Statements

1. Organization

Grace Like Rain, Inc. dba Giving Grace (Organization) is a Texas nonprofit organization incorporated in 2016. The Organization is a non-profit ministry existing to provide moms and dads of young children a helping hand in times of crises and homelessness.

The Organization is committed to extending God's love to families who have suffered homelessness, parental incarceration, financial devastation, and other times of severe need by providing programming, training, education, resources, housing, and tangible assistance.

The Organization's desire is that every family that enters their program in need will become a part of their extended family, one day fully able to serve others in the same way they were served.

Every family will be encouraged to grow in their relationship with Christ and be given the opportunity to connect with local churches.

As the families in need receive the ministry and help from the Organization finding stability, support, and purpose, it is their vision that those same families will join their team in the mission to rescue and resource others.

The primary source of support to the Organization is voluntary contributions from individuals and churches located primarily in Denton County, Texas.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Financial Statement Presentation

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

Net assets without donor restrictions – Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

Grace Like Rain, Inc. dba Giving Grace

Notes to Financial Statements

Net assets with donor restrictions – Net assets subject to donor stipulations that will be met by actions of the Organization and/or the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with provisions of additional donor-imposed stipulations or a board of directors approved spending policy. As of December 31, 2021, no such net asset restrictions existed.

Revenue and support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Donor restricted contributions whose restrictions are met in the same year the contributions are received are reported as net assets without donor restrictions. Expirations on net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Financial Instruments and Credit and Market Risk Concentrations

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash. Cash is placed with high credit quality financial institutions to minimize risk. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, amounts on deposit may exceed insured limits. The Organization had no uninsured balances at December 31, 2021.

Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received in advance of conditions being met are reported as refundable advances.

Revenue from special events is recognized when the event occurs.

Donated Rent and program supplies are accounted for as in-kind support at their estimated value at the date of receipt.

Grace Like Rain, Inc. dba Giving Grace

Notes to Financial Statements

Income Taxes

The Organization is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code (IRC) and has not been classified as a private foundation as defined in the IRC. Income generated from activities unrelated to the Organization's exempt purposes is subject to tax under IRC Section 511. The Organization had no unrelated business income for the year ended December 31, 2021. Accordingly, no provision has been made for income tax in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Organization's tax returns and recognition of a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2021, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

Allocation of Functional Expenses

The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the various functions benefited. The financial statements report certain categories of expenses that are attributed to more than one program or support function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries and wages, office, and occupancy expense are allocated based on estimates of time and effort.

Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of 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.

New Accounting Pronouncements

Changes to GAAP are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASUs) to the FASB's Accounting Standards Codification.

The Organization considers the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Organization's financial position and changes in net assets.

Grace Like Rain, Inc. dba Giving Grace

Notes to Financial Statements

In 2016, the FASB issued its leasing standard in ASU 2016-02, *Leases*, for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use assets and related lease liabilities on the statement of financial position for all lease arrangements with terms longer than 12 months. The pattern of expense recognition in the statement of activities will depend on a lease's classification. For not-for-profit organizations, the standard takes effect for fiscal years beginning after December 15, 2021.

In 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, in an effort to increase transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU address stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP's programs and other activities. The ASU requires NFPs to present contributed nonfinancial assets (gifts in kind) as a separate line item in the statement of activities.

The Organization is currently assessing the impact that adopting this new guidance will have on the financial statements.

3. Property

Property consists of the following at December 31, 2021:

Land	\$ 3,808,600
Construction in progress	<u>84,732</u>
	<u>\$ 3,893,332</u>

4. Line of Credit

The Organization has a revolving line of credit for up to \$150,000 with a bank maturing April 26, 2022. The line of credit bears interest at 4.75%. The line of credit is collateralized by assets of the Organization. At December 31, 2021, the Organization had an outstanding balance of \$103,262. The line of credit was paid in full upon maturity in April 2022.

5. Refundable Advance

During 2020, the Organization received a Community Development Block Grant (CDBG) for the development of property owned by the Organization. Under the grant agreement, certain funds spent for the development of the property are reimbursable by the grant upon request. As of December 31, 2021, the Organization had received \$80,932 from the CDBG and the related revenue has been deferred until the completion of the development project per the terms of the grant agreement.

Grace Like Rain, Inc. dba Giving Grace
Notes to Financial Statements

6. Net Assets with Donor Restrictions

During the year ended December 31, 2020 the Organization began a capital campaign for the construction of an affordable housing community. As of December 31, 2021, the Organization had net assets with donor restrictions totaling \$15,000 restricted for the capital campaign.

7. In-kind Contributions

In-kind contributions received during the year ended December 31, 2021 consist of the following:

Rent	\$ 12,000
Program supplies	<u>7,007</u>
	<u>\$ 19,007</u>

8. Operating Leases

The Organization leases a facility used in its operations pursuant to a non-cancelable lease agreement dated July 1, 2020. This lease was amended on November 16, 2021 to extend the terms 12 months expiring on December 31, 2022. Rent expense on the operating lease included in the accompanying financial statements totaled \$71,097 for the year ended December 31, 2021 and are included in occupancy expense on the accompanying statement of activities. Future minimum rental payments for this lease for the year ended December 31, 2022 total \$33,924.

9. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows as of December 31, 2021:

Cash	\$ 144,643
Accounts receivable	<u>206</u>
Total financial assets	144,849
Less amounts unavailable for general expenditures within one year, due to:	
Cash restricted for capital campaign	<u>(15,000)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 129,849</u>

Grace Like Rain, Inc. dba Giving Grace

Notes to Financial Statements

The Organization monitors its liquidity in order to meet operating needs and other contractual commitments while maintaining sufficient resources to meet donor restrictions placed on contributed financial assets. The Organization has a goal to maintain its financial assets to be available as its general expenditures, liabilities, and other obligations as they come due.

10. Subsequent Events

In April 2022, the Organization obtained a note payable to a bank in the amount of \$87,500. The note bears interest at 4% and is collateralized by land. The Organization will make monthly principle and interest payments of \$1,614 until maturity in April 2024 with final payment of \$56,277.

The Organization has evaluated subsequent events through the date the financial statements were available to be issued and determined no additional disclosures are required.



November 9, 2022

To the Board of Directors of
Grace Like Rain, Inc.

We have audited the financial statements of Grace Like Rain (Organization) for the year ended December 31, 2021, and have issued our report thereon dated November 9, 2022. Professional standards require that we provide you with information about our responsibilities under U.S. generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 19, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's allocation of the costs of providing various programs and supporting services on a functional basis is based on direct and allocated costs.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The following material misstatement detected as a result of audit procedures has been corrected by management:

- To properly record accrued accounts payable resulting in an increase in accounts payable and a decrease to net income in the amount of \$17,641.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 9, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Grace Like Rain, Inc.

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New Accounting Pronouncements and Other Developments

Please refer to Exhibit A for new accounting pronouncements from the Financial Accounting Standards Board (FASB) that should be considered for any potential impact on the Organization's financial statements.

This information is intended solely for the use of the board of directors of the Organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Sutton Frost Cary".

A Limited Liability Partnership

Exhibit A

New Accounting Pronouncements

1. ASU 2016-02, Leases

Background

In February 2016, the FASB issued ASU 2016-02, *Leases*. Under its core principle, a lessee will recognize lease assets and liabilities on the statement of financial position for all arrangements with terms longer than 12 months. Lessor accounting remains largely consistent with existing accounting principles generally accepted in the United States of America (GAAP). The ASU is available on the FASB website.

Main Provisions

Lessee Accounting Model

The new standard applies a right-of-use (ROU) model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. The lease term is the noncancelable period of the lease, and includes both periods covered by an option to extend the lease, if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease, if the lessee is reasonably certain not to exercise that termination option.

For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize an ROU asset or lease liability. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally in a straight-line pattern.

At inception, lessees must classify all leases as either finance or operating. Statement of financial position recognition of finance and operating leases is similar, but the pattern of expense recognition in the statement of activities will differ depending on the lease classification. A finance lease is a lease arrangement in which the lessee effectively obtains control of the underlying asset. In an operating lease, the lessee does not effectively obtain control of the underlying asset. If any of the following criteria is met at commencement, a lessee effectively obtains control of an underlying asset and will account for the lease as a finance lease:

- The lease transfers ownership of the underlying asset to the lessee by the end of the lease term.

- The lease grants the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise.
- The lease term is for the major part of the remaining economic life of the underlying asset.
- The sum of the present value of the lease payments and the present value of any residual value guaranteed by the lessee amounts to substantially all of the fair value of the underlying asset.
- The underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term.

The following table compares lessee accounting for finance and operating leases:

Financial Statement	Finance Lease	Operating Lease
Statement of Financial Position	Recognize an ROU asset and a lease liability, initially measured at the present value of the lease payments. Include initial direct costs in the initial measurement of the ROU asset.	Recognize an ROU asset and a lease liability, initially measured at the present value of the lease payments. Include initial direct costs in the initial measurement of the ROU asset.
Statement of Activities	Recognize interest on the lease liability separately from amortization of the ROU asset.	Recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, generally on a straight-line basis.
Statement of Cash Flows	Classify repayments of the principal portion of the lease liability within financing activities and payments of interest on the lease liability and variable lease payments within operating activities.	Classify all cash payments for leases within operating activities.

After inception, the lessee's ROU asset will be assessed for impairment.

Other Considerations

Identification of a Lease

The new standard defines a lease as a contract that conveys the right to use an underlying asset for a period of time in exchange for consideration.

Components

Lessees and lessors are required to separate the lease components from the nonlease components (for example, maintenance services or other activities that transfer a good or service to the customer) in a contract, and account for the nonlease components according to other applicable guidance. However, a practical expedient is available whereby lessees may elect, by class of underlying asset, not to separate lease components from nonlease components, and to account for all components as a single lease component.

Modifications

The new standard provides guidance for determining whether lease modifications should be accounted for as separate leases. It also specifies the modification accounting for both lessees and lessors.

Disclosures

Lessees are required to provide certain qualitative and quantitative disclosures to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Other

The new standard provides guidance on combining contracts, purchase options, reassessment of the lease term, and remeasurement of lease payments. It also contains comprehensive implementation guidance with practical examples.

Effective Date

The majority of not-for-profit entities will apply the new standard for annual periods beginning after December 15, 2021.

2. ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities (NFP) for Contributed Nonfinancial Assets*.

The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The ASU requires an NFP to present contributed nonfinancial assets as a separate line items in the statement of activities (SOA), apart from contributions of cash or other financial assets, and additional quantitative and qualitative disclosures are required, as follows:

- Disaggregation of gifts-in-kind by asset category and corresponding asset value,
- Whether the asset was monetized or used,
- If used, a description of the programs or services that used the asset,
- If monetized, information about the reporting entity's monetization policy.
- The valuation techniques used to value the asset, including the principal market used to arrive at a fair value measure, and
- A description of any donor-imposed restrictions

The FASB ASU requires the new standard to be applied retrospectively, with amendments taking effect for annual reporting periods beginning after June 15, 2021. The ASU does allow for early adoption.

ML
 11/3/2022

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
AJE01	12/31/2021	General Fund - Fund Balance	3000	310-1			-100.00		
AJE01	12/31/2021	Volunteer Communication	5650	310-1		100.00			
		To roll net assets							
AJE02	12/31/2021	Construction In Progress	1800	310-1		3,800.00			
AJE02	12/31/2021	Pre Development	8200	310-1			-3,800.00		
		To capitalize item from R&M testing							
AJE03	12/31/2021	Accounts Payable	2001	510-2			-17,641.00		
AJE03	12/31/2021	Contract Services	6450	510-2		17,641.00			
		To properly accrue AP.							
CJE01	12/31/2021	In-kind Donations	4750	800-2			-19,007.00		
CJE01	12/31/2021	Homeless Prevention/Rapid Rehousing	6000	800-2		12,000.00			
CJE01	12/31/2021	Supplies for Families	6600	800-2		3,000.00			
CJE01	12/31/2021	Emergency Shelter (Wheeler House)	6900	800-2		300.00			
CJE01	12/31/2021	Christmas	7450	800-2		690.00			
CJE01	12/31/2021	Move In Supplies	7600	800-2		200.00			
CJE01	12/31/2021	Move In Supplies	7600	800-2		2,817.00			
		To properly record in-kind donations for 2021							
						40,548.00	-40,548.00		
Net Income (Loss) (29,543.00)									



November 9, 2022

Sutton Frost Cary LLP
Certified Public Accountants
600 Six Flags Drive, Suite 600
Arlington, TX 76011

This representation letter is provided in connection with your audit of the financial statements of Grace Like Rain, Inc. (Organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 19, 2022, including our responsibility for the preparation and fair presentation of the financial statements in accordance with GAAP.
- The financial statements referred to above are fairly presented in conformity with GAAP.
- We acknowledge our responsibility for 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.
- We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.



- Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with GAAP.
- All events subsequent to the date of the financial statements and for which GAAP requires adjustment or disclosure have been adjusted or disclosed.
- We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Organization's accounts.
- Significant estimates and material concentrations have been appropriately disclosed in accordance with GAAP.
- Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with GAAP.
- As part of your audit, you prepared the financial statements, related notes and Form 990. We acknowledge our responsibility as it relates to those nonattest/nonaudit services, included that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements, related notes and Form 990.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including any information obtained from outside the general and subsidiary ledgers), documentation and other matters.
 - Additional information that you have requested from us for the purpose of the audit.



- Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
- Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:
 - Management,
 - Employees who have significant roles in internal control or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators or others.
- We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- We have disclosed to you the identity of the Organization's related parties and all the related party relationships and transactions, including any side agreements.
- The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.



- We are responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to us.
- Grace Like Rain, Inc. is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

Signature: Paul A. Staudacher

Name: Paul A. Staudacher

Title: Board President