



CUMMINGS-GRAYSON & CO., P.A.

MEMBER AICPA & FICPA

Certified Public Accountant

Since 1979

GRACE INTERNATIONAL, INC.

**FINANCIAL STATEMENTS WITH INDEPENDENT
AUDITOR'S REPORT THEREON ANNUAL AUDIT
FOR THE YEAR
ENDING DECEMBER 31, 2014**

GRACE INTERNATIONAL, INC.

Table of Contents

INDEPENDENT AUDITOR'S REPORT	1 - 2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6 - 11
STATEMENT OF FUNCTIONAL EXPENDITURES	12
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	13-14
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	15
MANAGEMENT LETTER	16



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Grace International, Inc.

We have audited the accompanying financial statements of Grace International, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities 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.

Auditor's 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 auditor's 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grace International, Inc. as of December 31, 2014, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Cummings-Grayson & Co.
CUMMINGS-GRAYSON & CO.

Miami, Florida

June 11, 2015

GRACE INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014

Assets

Cash and Cash Equivalents		\$120,519
Net Fixed Assets		3,231,304
Other Assets		<u>441,944</u>
Total Assets		<u><u>\$3,793,767</u></u>

Liabilities & Net Assets

Liabilities

Current Liabilities	\$0	
Long-term Liabilities	<u>110,000</u>	
Total Liabilities		\$110,000

Net Assets

Unrestricted Net Assets	\$3,683,767	
Temporarily Restricted	<u>0</u>	<u>3,683,767</u>
Net Assets		<u><u>\$3,793,767</u></u>

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

**GRACE INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
AS OF DECEMBER 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Donations - Operational	\$339,841	\$517,301	\$857,142
Donations - Haitian Ministries & Villages	12,173	0	12,173
Corporate Contributions	0	290,883	290,883
Contributed Services, Supplies & Materials	155,834	216,032	371,865
Patient Fees and Other Income	31,945	0	31,945
	<u>539,792</u>	<u>1,024,215</u>	<u>1,564,008</u>
Net assets released from restrictions	<u>1,024,215</u>	<u>(1,024,215)</u>	<u>0</u>
Total Revenues	<u>1,564,008</u>	<u>0</u>	<u>1,564,008</u>
Expenses			
Program Services	1,379,050	0	1,379,050
Supporting Services	91,960	0	91,960
Fundraising	71,980	0	71,980
Total Expenses	<u>1,542,990</u>	<u>0</u>	<u>1,542,990</u>
Increase in net assets	21,017	0	21,017
Net assets, beginning of the year	3,601,036	0	3,601,036
Prior period adjustment	61,714	-	61,714
Adjusted Net assets, beginning of the year	<u>3,662,750</u>	<u>0</u>	<u>3,662,750</u>
Net assets, end of year	<u>\$ 3,683,767</u>	<u>\$ -</u>	<u>\$3,683,767</u>

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

**GRACE INTERNATIONAL, INC.
CASH FLOW STATEMENT
AS OF YEAR ENDED DECEMBER 31, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (Decrease) in Net Assets **\$21,017**

Adjustments to reconcile net income to net cash provided

Prior Year Adjustments 61,714

Depreciation 75,729

NET CASH PROVIDED BY OPERATING ACTIVITIES **158,460**

CASH FLOW FROM INVESTING ACTIVITIES

Purchases and construction of Fixed Assets -190,529

NET CASH FLOW FROM INVESTING ACTIVITIES **-190,529**

CASH FLOW FROM FINANCING ACTIVITIES

Juerakhan Family Note Payable Increase 110,000

NET CASH FLOW FROM FINANCING ACTIVITIES 110,000

NET INCREASE (DECREASE) IN CASH **77,931**

CASH AT THE BEGINNING OF THE YEAR 42,589

CASH AT THE END OF THE YEAR **\$120,520**

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, 2014

1. Nature of Operation

Grace international Inc (the Organization) was organized in 1999, and is a not-for-profit organization located in Miami FL. The Organization 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 Organization 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 Organizations' accounting policies were not affected by the conversation to ASC.

Basis of Presentation

The financial statements of the Organization 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 Organization to concentrations of credit risk consist principally of cash. The Organization 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 Organization has not experienced any losses in such accounts a

GRACE INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

2. Summary of Significant Accounting Policies (Continued)

And believes that it is not exposed to any significant credit risk on cash and cash equivalents, since the cash accounts average balance are 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 Organization 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 Organization 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, 2014

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, 2014, 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 2013, these amounts reflect contributed professional medical services and medical support 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 Organization 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, 2014.

Tax Exempt Status

The Organization is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code as a public charity. The Organization 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 Organization adapted the disclosures requirement for financial assets and liabilities, and effective January 1, 2009 the Organization adopted the disclosure requirements for nonfinancial assets and

GRACE INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

2. Summary of Significant Accounting Policies (Continued)

liabilities. The Organization has determined that none of its financial or nonfinancial assets or liabilities is measured at fair value. In addition to classifying net assets as unrestricted, temporarily restricted or permanently restricted, the Organization classifies its expenses as:

- **Program Services**, which includes Worship and Church Services, Ministry, Community Assistance, Discipleship, Outreach and Orphanages, 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 11, 2015, which is the date the financial statements were available for issuance, nothing was noted that would require an adjustment.

3. Property and Equipment

Property and equipment consists of the following at December 31, 2014:

Buildings	\$2,911,954
Construction in progress - Orphanage	185,000
Furniture, fixtures, and equipment	50,230
Vehicles	<u>63,093</u>
Total Property	\$3,210,278
Less accumulated depreciation	<u>(477,060)</u>
Subtotal	\$2,733,218
Land with well	<u>498,086</u>
Property and equipment, net	<u>\$3,231,304</u>

Buildings consist of the hospital and the resident guest house. During 2014, the medical guest house was disposed. The cost of demolition in the amount of \$26,395 increased the cost of the land, with the net transfer amounted to zero. Land allocation for the hospital was increased from \$259,159 to \$491,086, corresponding with the increase in value of land in Haiti, after the earthquake, evidenced by the comparable sales in the immediate vicinity.

**GRACE INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

4. Other Assets

Other Assets of \$441,944 consist of the land donated for the construction of the community center for Grace Lambi (\$250,000), land being purchased for the Organization located in the city of Waney (\$172,000), and other operational assets (\$19,944) under the villages being constructed under Grace Fuller for the villages.

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	\$ 37,714
Monies deposited on the purchase of land for Waney	<u>24,000</u>
Total Prior Period Adjustment	<u>\$ 61,714</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:

Operation of the Orphanages	\$ 128,666
Christmas Events	54,211
Lord's Kitchen Feeding Program	51,680
Ministerial Support	36,086
Haiti Hospital, Guest House	99,916
Widows Home	27,811
College Education	93,421
Grace Haiti Village and Community Buildings	290,883
Donated Services – Other Programs/Ministries	216,032
Sponsorships for Schools	<u>25,510</u>

Total purpose restrictions accomplished \$ 1,024,215

GRACE INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

Services	Dollar Value of Item
Grace Haiti – Construction and Development	\$ 149,171
Hospital	5,906
Orphanages	22,009
Training - Empowerment	11,074
Christmas Events	20,301
Organization Buildings' Construction	60,905
Ministry and Crusades	80,424
Food Ministry, Medical Center	22,075
Total	\$ 371,865

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

There are two leases executed by Grace International Inc., both are annual leases. One is for the office, the lessor being Bluth Plaza, Inc., for a monthly amount of \$1,050, ending January 31, 2016; and the other premises is leased from U.S. Coven Realty, Inc., with a monthly amount of \$2,000, lease ending March 31, 2015. Half of one premise is used by the CEO, when traveling in the United States, and is considered a part of the executive compensation.

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, 2014

	<u>Program</u>	<u>Support</u>	<u>Fundraising</u>	<u>Total</u>
Operational Expenditures				
Accreditation	\$975			\$975
Bank Service Charges	5,751			5,751
Contractual Services		19,800		19,800
Depreciation	75,729	0		75,729
Donations & Gifts	435,431			435,431
Executive Compensation	39,600	26,400		66,000
Fundraising			44,138	44,138
Gospel Crusades	80,339	20,085		100,424
Haiti - Guest House	56,316			56,316
Haiti - Churches	68,010	2,582		70,591
Haiti - Christmas Party	74,930			74,930
Haiti - Girls & Boys Orphanages	151,312			151,312
Haiti - Hospital & Medical Center	37,271			37,271
Haiti - Lord's Kitchen (Feeding)	69,171	1,285		70,456
Haiti - Operating Supplies			12,267	12,267
Haiti - Grace Office/Administrative	70,557			70,557
Haiti - Widows' Home	25,755			25,755
Haiti - College	59,958		15,574	75,532
Haiti - Sponsorships	26,035			26,035
Haiti - Grace Tabernacle Lamentin	11,599			11,599
Haiti - Grace Tabernacle Waney	46,156			46,156
Haiti - Women Conferences	24,648			24,648
Office Supplies	4,381	2,334		6,715
Professional Services		3,900		3,900
Rent	12,000	12,450		24,450
Utilities	3,126	3,125		6,251
Total Operational Expenses	<u>1,379,050</u>	<u>91,960</u>	<u>71,980</u>	<u>1,542,990</u>
Total Expenses	<u><u>\$1,379,050</u></u>	<u><u>\$91,960</u></u>	<u><u>\$71,980</u></u>	<u><u>\$1,542,990</u></u>

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



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
of Grace International, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Grace International, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 11, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Grace International, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Grace International, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Grace International, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grace International, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no

instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cummings-Grayson & Co.

CUMMINGS-GRAYSON & CO., INC.
Miami, Florida

June 11, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Grace International, Inc.

We have audited the financial statements of Grace International, Inc. as December 31, 2014, and have issued our report thereon dated June 11, 2015.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Grace International, Inc. is the responsibility of Grace International, Inc.'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Grace International, Inc., of compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We also noted no immaterial instances of noncompliance.

This report is intended for the information of the Board of Directors, management, and funding sources. However, this report is a matter of public record, and its distribution is not limited.

Cummings-Grayson & Co.

CUMMINGS-GRAYSON & CO., INC.

Miami, Florida

June 11, 2015



MANAGEMENT LETTER

Honorable Board of Directors,

Report on the Financial Statements.

We have audited the financial statements of the Grace International, Inc., as of and for the year ended December 31, 2014, and have issued our report thereon dated June 11, 2015.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Independent Auditor's Report on Compliance based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in those reports, which are dated June 11, 2015, should be considered in conjunction with this management letter.

Other Matter

Section 10.654(1)(e), Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Board of Directors and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Cummings-Grayson & Co.

CUMMINGS-GRAYSON & CO.

June 11, 2015

PRIOR YEAR FINDINGS

NONE NOTED

CURRENT YEAR FINDINGS

Finding 2014-01: Adjusting Journal Entries Used to Account for Program Activities

Criteria

As part of maintaining sound internal control over accounting and financial transactions, the use of source documents should be the basis of recording all transactions. All transactions should be supported by adequate documentation, which should include proper authorization and enough detail to provide a trail for audits and reviews.

Condition

During our audit, we noted that some disbursements were accounted for as petty cash transactions, and several checks were made payable to cash for program expenses. We were able to determine that the monies were spent for the various operational expenses, per the detailed ledgers of cash disbursements per program.

Effect of Condition

It was necessary to prepare adjusting entries, which were material, during the audit, in order to accurately reflect the balances of several accounts by program. This increases the risk that errors could exist in the Organization's financial data, and not be detected in a timely manner.

Recommendation

The use of source documents in capturing accounting transactions is the foundation of all accounting systems. Generally, the Organization does utilize source documents for all expenditures; and the checks made payable to cash are supported by receipts logged into the program ledger. We recommend, therefore, that the Organization monitor its procedures and incorporate the use of source documents to record all accounting transactions, particularly, cash transactions.

Management Response

In Haiti, during the past year, foreign checks were not accepted by the banking system, thus, the Organization was forced to withdraw cash to operate the programs and services overseas. A log was maintained for all monies received in Haiti by program and the expenses recorded daily.