

MINISTRY OF CARING, INC.

**FINANCIAL STATEMENTS,
INDEPENDENT AUDITORS' REPORTS,
SINGLE AUDIT, AND SUPPLEMENTARY
INFORMATION**

DECEMBER 31, 2015 AND 2014

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Independent Auditors' Report

To the Board of Directors
Ministry of Caring, Inc.

We have audited the accompanying financial statements of Ministry of Caring, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Board of Directors of
Ministry of Caring, Inc.

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 Ministry of Caring, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2016 on our consideration of Ministry of Caring, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ministry of Caring, Inc.'s internal control over financial reporting and compliance.

Belfint, Lyons & Shuman, P.A.

September 8, 2016
Wilmington, Delaware

MINISTRY OF CARING, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Cash and Cash Equivalents	\$ 926,851	\$ 942,758
Cash and Cash Equivalents - Restricted for Investment in Capital	739,258	952,832
Grants Receivable	1,259,168	891,465
Promises to Give - Net	40,955	78,128
Prepaid Expenses and Other Assets	140,046	95,298
Due from Affiliated Organizations	273,278	206,718
Mortgage Escrow Accounts	336,700	326,503
Investments	13,549,693	13,248,382
Property and Equipment - Net	16,900,716	16,163,499
Beneficial Interest in Split-Interest Agreements	1,086,185	1,139,547
TOTAL ASSETS	\$ 35,252,850	\$ 34,045,130
LIABILITIES		
Accounts Payable	\$ 302,560	\$ 227,362
Accrued Expenses	124,156	259,961
Accrued Construction Costs Payable	500,817	181,987
Security and Other Deposits	25,447	32,735
Due to Affiliated Organizations	80,766	81,341
Line of Credit	1,433,662	455,464
Accrued Credit Losses (Loan Guarantee)	169,435	335,857
Mortgages Payable - Delaware State Housing Authority	944,446	944,446
TOTAL LIABILITIES	3,581,289	2,519,153
NET ASSETS		
Unrestricted	27,397,231	27,637,885
Temporarily Restricted	3,407,966	2,975,214
Permanently Restricted	866,364	912,878
TOTAL NET ASSETS	31,671,561	31,525,977
TOTAL LIABILITIES AND NET ASSETS	\$ 35,252,850	\$ 34,045,130

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

MINISTRY OF CARING, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
SUPPORT FROM OPERATIONS				
Contributions and Fundraising	\$ 1,743,873	\$ 97,517	\$ -	\$ 1,841,390
United Way	105,460	-	-	105,460
Government Grants	4,615,763	-	-	4,615,763
Program Fees	910,208	-	-	910,208
Miscellaneous Income	2,480	-	-	2,480
TOTAL SUPPORT FROM OPERATIONS	7,377,784	97,517	-	7,475,301
EXPENSES				
Program Services (81%), (80%)	7,525,819	-	-	7,525,819
Management and General (14%), (12%)	1,338,994	-	-	1,338,994
Fundraising (4%), (8%)	405,971	-	-	405,971
TOTAL EXPENSES	9,270,784	-	-	9,270,784
CHANGE IN NET ASSETS FROM OPERATIONS	(1,893,000)	97,517	-	(1,795,483)
OTHER SUPPORT AND REVENUE				
Contributions Restricted for Capital Investment	-	1,891,835	-	1,891,835
Change in Value of Split-Interest Agreements	-	(6,848)	(46,514)	(53,362)
Investment Income - Perpetual Trust	14,498	-	-	14,498
Interest and Dividends	269,140	4,048	-	273,188
Net Gains (Losses) on Investments	(193,007)	(3,127)	-	(196,134)
Reduction in Loss Contingency	-	-	-	-
Gain on Disposal of Equipment	11,042	-	-	11,042
TOTAL OTHER SUPPORT AND REVENUE	101,673	1,885,908	(46,514)	1,941,067
Net Assets Released from Restriction	1,550,673	(1,550,673)	-	-
CHANGE IN NET ASSETS	(240,654)	432,752	(46,514)	145,584
NET ASSETS - Beginning of Year	27,637,885	2,975,214	912,878	31,525,977
NET ASSETS - End of Year	\$ 27,397,231	\$ 3,407,966	\$ 866,364	\$ 31,671,561

2014			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 2,186,994	\$ 375,364	\$ -	\$ 2,562,358
117,613	-	-	117,613
3,921,182	-	-	3,921,182
1,158,580	-	-	1,158,580
10,374	-	-	10,374
<u>7,394,743</u>	<u>375,364</u>	<u>-</u>	<u>7,770,107</u>
7,246,593	-	-	7,246,593
1,097,637	-	-	1,097,637
<u>740,284</u>	<u>-</u>	<u>-</u>	<u>740,284</u>
<u>9,084,514</u>	<u>-</u>	<u>-</u>	<u>9,084,514</u>
<u>(1,689,771)</u>	<u>375,364</u>	<u>-</u>	<u>(1,314,407)</u>
-	-	-	-
-	15,248	16,874	32,122
14,282	-	-	14,282
227,702	3,814	-	231,516
1,046,473	13,411	-	1,059,884
311,730	-	-	311,730
4,104	-	-	4,104
<u>1,604,291</u>	<u>32,473</u>	<u>16,874</u>	<u>1,653,638</u>
<u>494,540</u>	<u>(494,540)</u>	<u>-</u>	<u>-</u>
409,060	(86,703)	16,874	339,231
<u>27,228,825</u>	<u>3,061,917</u>	<u>896,004</u>	<u>31,186,746</u>
<u>\$ 27,637,885</u>	<u>\$ 2,975,214</u>	<u>\$ 912,878</u>	<u>\$ 31,525,977</u>

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

MINISTRY OF CARING, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Program and Supporting Services</u>
SALARIES AND RELATED EXPENSES				
Salaries - Religious Employees	\$ 441,412	\$ 88,545	\$ 17,973	\$ 547,930
Salaries - Lay Employees	3,270,475	516,222	128,416	3,915,113
Employee Benefits	956,872	191,944	38,959	1,187,775
Payroll Taxes	232,783	46,695	9,478	288,956
TOTAL SALARIES AND RELATED EXPENSES	<u>4,901,542</u>	<u>843,406</u>	<u>194,826</u>	<u>5,939,774</u>
OTHER EXPENSES				
Advertising and Public Relations	1,961	393	80	2,434
Amortization	-	239	-	239
Assistance to Individuals and Groups	150,351	-	-	150,351
Automobile Expenses	65,790	13,197	2,679	81,666
Cleaning and Janitorial	53,382	11,151	4,471	69,004
Conferences and Training	7,944	1,594	323	9,861
Depreciation	735,335	147,505	29,939	912,779
Educational and Program Supplies	26,680	-	-	26,680
Food and Beverages	192,763	2,826	-	195,589
Fundraising Events	-	-	115,762	115,762
Interest Expense and Bank Fees	-	19,261	-	19,261
Insurance	111,978	22,462	4,560	139,000
Medical and Dental Supplies	103,712	-	-	103,712
Minor Equipment	19,135	3,838	779	23,752
Miscellaneous	16,313	3,272	665	20,250
Office Supplies	24,174	4,849	985	30,008
Other Supplies	14,704	2,950	598	18,252
Postage	8,083	1,621	330	10,034
Printing and Publications	43,053	8,636	1,753	53,442
Professional Fees	169,125	155,352	-	324,477
Repairs and Maintenance	226,561	36,448	18,224	281,233
Scholarships	-	-	-	-
Service Contracts	280,309	-	-	280,309
Utilities	372,924	59,994	29,997	462,915
TOTAL OTHER EXPENSES	<u>2,624,277</u>	<u>495,588</u>	<u>211,145</u>	<u>3,331,010</u>
TOTAL EXPENSES	<u>\$ 7,525,819</u>	<u>\$ 1,338,994</u>	<u>\$ 405,971</u>	<u>\$ 9,270,784</u>

2014

Program Services	Management and General	Fundraising	Total Program and Supporting Services
\$ 495,404	\$ 84,502	\$ 40,979	\$ 620,885
3,062,482	352,498	241,315	3,656,295
908,689	154,998	75,164	1,138,851
218,037	37,191	18,036	273,264
<u>4,684,612</u>	<u>629,189</u>	<u>375,494</u>	<u>5,689,295</u>
6,423	1,096	531	8,050
-	239	-	239
102,658	-	-	102,658
87,450	14,917	7,233	109,600
44,594	7,620	3,772	55,986
13,899	2,371	1,149	17,419
711,478	121,359	58,851	891,688
26,698	-	-	26,698
235,430	740	-	236,170
-	-	221,924	221,924
-	15,784	-	15,784
138,585	23,639	11,463	173,687
113,442	-	-	113,442
15,767	2,689	1,305	19,761
19,180	3,272	1,586	24,038
24,537	4,185	2,030	30,752
29,487	5,030	2,439	36,956
9,652	1,646	799	12,097
53,725	9,164	4,444	67,333
98,034	160,169	-	258,203
209,064	35,302	17,651	262,017
12,084	-	-	12,084
259,054	-	-	259,054
350,740	59,226	29,613	439,579
<u>2,561,981</u>	<u>468,448</u>	<u>364,790</u>	<u>3,395,219</u>
<u>\$ 7,246,593</u>	<u>\$ 1,097,637</u>	<u>\$ 740,284</u>	<u>\$ 9,084,514</u>

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

MINISTRY OF CARING, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Revenues and Other Support	\$ 7,049,969	\$ 8,260,220
Cash Paid to Suppliers and Employees	(8,444,674)	(8,254,772)
Interest Paid	(19,261)	(15,784)
Interest and Dividends Received	273,188	231,516
NET CASH FROM OPERATING ACTIVITIES	(1,140,778)	221,180
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(1,331,166)	(446,617)
Proceeds from Disposal of Property and Equipment	11,042	4,104
Purchase of Investments	(10,554,244)	(4,307,317)
Proceeds from Sale of Investments	10,092,251	4,876,242
Interest Earned but Retained in Mortgage Escrow Deposits	(1,155)	(702)
Distributions from Mortgage Escrow Deposits	16,806	12,538
Deposits into Mortgage Escrow	(25,848)	(17,179)
NET CASH FROM INVESTING ACTIVITIES	(1,792,314)	121,069
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Restricted		
for the Purchase of Property and Equipment	1,891,835	302,400
Proceeds from Line of Credit	1,053,198	61,665
Principal Payments on Line of Credit	(75,000)	(180,000)
Principal Payments on Loan Guarantee	(166,422)	-
Payments Received From Affiliated Entity - Net	-	82,587
NET CASH FROM FINANCING ACTIVITIES	2,703,611	266,652
NET CHANGE IN CASH AND CASH EQUIVALENTS	(229,481)	608,901
CASH AND CASH EQUIVALENTS - Beginning of Year	1,895,590	1,286,689
CASH AND CASH EQUIVALENTS - End of Year	\$ 1,666,109	\$ 1,895,590

See Note 15 for Supplemental Cash Flow Disclosures

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

MINISTRY OF CARING, INC.
STATEMENTS OF CASH FLOWS - CONTINUED
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 145,584	\$ 339,231
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities		
Depreciation and Amortization	913,018	891,927
(Gains) Losses on Investments	196,134	(1,059,884)
Gains on Disposal of Equipment	(11,042)	(4,104)
Discount on Promises to Give	-	1,592
Noncash Contributions Received	(35,452)	(36,012)
Contributions Restricted for the Purchase of Property and Equipment	(1,891,835)	(302,400)
Change in Value of Split-Interest Agreements	53,362	(32,122)
Reduction in Loss Contingency	-	(311,730)
Change in Assets		
Grants Receivable	(367,703)	918,318
Promises to Give	37,173	39,013
Prepaid Expenses and Other Assets	(44,987)	2,618
Due from Affiliated Organizations	(66,560)	(264,850)
Change in Liabilities		
Accounts Payable	75,198	40,165
Accrued Expenses	(135,805)	(1,426)
Security and Other Deposits	(7,288)	844
Due to Affiliated Organizations	(575)	-
Total Adjustments	(1,286,362)	(118,051)
NET CASH FROM OPERATING ACTIVITIES	\$ (1,140,778)	\$ 221,180

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

MINISTRY OF CARING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - Ministry of Caring, Inc. (Organization) is a nonprofit organization formed for the principal purpose of providing emergency, transitional, and permanent housing, meals, job search training, supportive services, and placement services to the needy. Services are provided through its 19 fiscally independent programs. The majority of the Organization's revenue is comprised of contributions and federal and state grants. The Organization operates in Wilmington, Delaware.

For the years ended December 31, 2015 and 2014, 24% and 16%, respectively, of the Organization's unrestricted public support revenue was derived from contracts with the U.S. Department of Housing and Urban Development.

The financial statements include the activities of the following programs:

Administration, Emmanuel Dining Room, Mary Mother of Hope House II & III, Mary Mother of Hope House I, House of Joseph I, Job Placement Center, Mary Mother of Hope House Transitional Residence, Child Care Fund, St. Francis Transitional Residence, House of Joseph II, Samaritan Outreach, Pierre Toussaint Dental Office, House of Joseph Transitional Residence, Nazareth House, Bethany House I & II, Francis X. Norton Center, Maria Lorenza Longo House, Padre Pio House, and Ministry of Caring Guild.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Grants Receivable - The Organization considers grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been provided.

Promises to Give - Unconditional promises to give are recognized as revenues or gains in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Provisions for uncollectible receivables are charged to expense when determined to be uncollectible by management. It is the opinion of management that the expense computed under this method is not materially different than what the expense would be if the allowance method were used. The discount rate used on long-term promises to give was 1.72%. There were no promises to give written off to bad debt expense during the years ended December 31, 2015 and 2014.

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Fair values are estimated based upon quoted market prices. Purchases are recorded on the trade date. Realized gains and losses are determined on the basis of first-in, first-out. Unrealized gains and losses are included in the change in net assets.

MINISTRY OF CARING, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2015

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and Equipment - Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service or the purchased assets are acquired as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over the estimated useful life of the related asset. The Organization's capitalization threshold is \$1,000. Acquisitions below this amount are expensed.

Security Deposits - The Organization imposes a security deposit on transitional residents based upon approximately 30% of the resident's initial monthly gross income. The deposit is returned upon vacancy of the unit.

Recognition of Donor Restrictions - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Services - Donated services are recognized as contributions in accordance with the Financial Accounting Standards Board's Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provide receptionist, meal distribution to the homeless, and fundraising services throughout the year that are not recognized as contributions in the financial statements since the criteria for ASC 958 are not met.

Expense Allocation - The cost of providing various programs and other activities has been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising and Public Relations - Advertising and public relations costs are expensed as incurred.

MINISTRY OF CARING, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2015

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Amortization - Loan origination fees are reported net of accumulated amortization and included in other assets on the statements of financial position. Amortization is calculated using the straight-line method over the estimated useful life of 40 years.

Fair Value - The Organization follows the provisions of Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosure*. Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Since valuations are based on quoted market prices that are readily and regularly available in an active market, it does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Income Taxes - The Organization is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been determined by the Internal Revenue Service (IRS) not to be a “private foundation” within the meaning of Section 509(a)(2) of the IRC.

Income not related to the Organization’s tax-exempt purpose may be subject to taxation as unrelated business income. Accounting principles generally accepted in the United States of America impose a threshold for determining when an income tax benefit can be recognized in regard to uncertain tax positions. The Organization has determined that no liability for uncertain tax positions is required to be accrued and included in the statements of financial position as of December 31, 2015 and 2014.

The federal informational returns of the Organization for the years ended December 31, 2012, 2013, and 2014 are subject to examination by the IRS, generally for three years after they were filed.

MINISTRY OF CARING, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2015

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Subsequent Events - The Organization's policy is to evaluate events and transactions subsequent to its year end for potential recognition in the financial statements or disclosure in the notes to the financial statements. Management has evaluated events and transactions through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: GRANTS RECEIVABLE

Grants receivable consisted of the following as of December 31:

	<u>2015</u>	<u>2014</u>
State of Delaware - Grant-in-Aid	\$ 217,775	\$ 217,775
State of Delaware - Office of Health and Social Services	30,490	30,905
City of Wilmington - Community Development Block Grant	1,220	-
City of Wilmington - Emergency Solutions Grant	6,073	-
New Castle County - Community Development Block Grant	-	3,522
New Castle County - Emergency Solutions Grant	18,750	14,074
First State Community Action Agency	83,016	72,911
Henrietta Johnson Medical Center - Homeless Healthcare	11,498	3,510
State of Delaware - Purchase of Care Program	108,391	127,084
State of Delaware - Child and Adult Care Food Program	39,033	28,200
City of Wilmington - HOPWA	8,596	11,804
State of Delaware - Division of Public Health	56,504	84,535
Department of Veteran Affairs	1,792	-
Catholic Charities USA	1,149	-
U.S. Department of Housing and Urban Development		
Continuum of Care	404,710	85,157
HOPWA	130,374	203,656
State of Delaware - AmeriCorps State Caring Corps	139,797	8,332
	<u>\$ 1,259,168</u>	<u>\$ 891,465</u>
Total		

MINISTRY OF CARING, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2015

NOTE 3: PROMISES TO GIVE

Promises to give as of December 31 are unconditional and were receivable from various donors as follows:

	2015	2014
Receivable in Less than One Year	\$ 42,547	\$ 65,052
Receivable in One to Five Years	-	14,668
	42,547	79,720
Less Discounts to Net Present Value	1,592	1,592
Total Unconditional Promises to Give - Net	\$ 40,955	\$ 78,128

NOTE 4: MORTGAGE ESCROW DEPOSITS

Escrow deposits associated with mortgages payable for the properties at the Mary Mother of Hope House I program and the St. Francis Transitional Residence program are held with the Delaware State Housing Authority (DSHA) and consisted of the following as of December 31:

	2015	2014
<i>Delaware State Housing Authority Operating Reserve</i> - Funds may be utilized for the payment of operating expenses and loan delinquencies.		
- Mary Mother of Hope House I Fund	\$ 202,602	\$ 201,983
- St. Francis Transitional Residence Fund	16,413	16,317
<i>Insurance Reserve</i> - Funds may be utilized for insurance premiums. Minimum monthly deposits were \$200 for St. Francis Transitional Residence Fund and increased from \$1,000 to \$1,050 for Mary Mother of Hope House I Fund during 2015.		
- Mary Mother of Hope House I Fund	5,468	5,908
- St. Francis Transitional Residence Fund	9,192	11,308
<i>Reserve for Replacement</i> - Funds may be utilized for replacement of structural elements and mechanical equipment or for common area painting and decorating. Minimum monthly deposits increased from \$431 to \$442 for Mary Mother of Hope House I Fund and from \$512 to \$519 for St. Francis Transitional Residence Fund during 2015.		
- Mary Mother of Hope House I Fund	23,315	17,960
- St. Francis Transitional Residence Fund	77,158	70,532
<i>Interest Reserve</i> - Funds represent interest earned on the insurance reserve and may be utilized for operating expense deficits and loan delinquencies at DSHA's sole discretion.		
- Mary Mother of Hope House I Fund	120	90
- St. Francis Transitional Residence Fund	2,432	2,405
	\$ 336,700	\$ 326,503

MINISTRY OF CARING, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2015

NOTE 5: LOAN ORIGATION COSTS

Loan origination costs represent costs associated with obtaining financing. The intangible asset has an estimated useful life of 40 years and is amortized in accordance with Note 1. As of December 31, 2015 and 2014, loan origination costs were carried at \$4,569 and \$4,808, respectively, net of accumulated amortization of \$5,012 and \$4,773, respectively.

NOTE 6: INVESTMENTS

Investments consisted of the following as of December 31:

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
U.S. Treasury Securities	\$ 1,792,708	\$ 1,793,677	\$ 1,394,732	\$ 1,412,378
U.S. Agency Securities	947,724	963,295	838,440	867,257
Mutual Funds	489,969	488,040	393,151	399,968
Corporate Bonds	2,010,739	1,999,549	1,478,594	1,490,468
Domestic Equities	6,828,132	7,573,300	6,354,252	8,644,085
International Equities	726,516	707,590	383,194	409,226
Funds Held at Delaware Community Foundation	24,242	24,242	25,000	25,000
Total Investments	<u>\$ 12,820,030</u>	<u>\$ 13,549,693</u>	<u>\$ 10,867,363</u>	<u>\$ 13,248,382</u>

During the years ended December 31, 2015 and 2014, net gains on investments consisted of \$1,455,222 and \$843,427, respectively, of net realized gains and (\$1,651,356) and \$216,457, respectively, of net unrealized gains (losses).

NOTE 7: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	2015	2014
Land	\$ 924,886	\$ 924,886
Building and Improvements	24,348,325	24,346,393
Construction in Progress	2,177,001	759,720
Furniture and Equipment	3,208,668	2,989,905
Automobiles	425,361	414,414
	<u>31,084,241</u>	<u>29,435,318</u>
Accumulated Depreciation	14,183,525	13,271,819
Property and Equipment - Net	<u>\$ 16,900,716</u>	<u>\$ 16,163,499</u>

MINISTRY OF CARING, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2015

NOTE 8: SPLIT-INTEREST AGREEMENTS

The Organization has known remainder interests in two charitable remainder unitrusts. Upon the death of the income beneficiaries, the Organization will receive their designated percentage of the remaining principal in these trusts. The Organization reports the asset at its present value considering discount rates ranging from 4.68% to 6.80% and the estimated life expectancy of the beneficiaries. For the years ended December 31, 2015 and 2014, the Organization's beneficial interest in these split-interest agreements increased (decreased) (\$6,848) and \$15,248, respectively, which represented a change in the value of existing trusts. As of December 31, 2015 and 2014, the Organization's estimated present value interest in these trusts was \$307,058 and \$313,906, respectively.

The Organization has a beneficial interest in a charitable perpetual trust, the assets of which are not in the possession of the Organization. The beneficial interest allows the Organization to receive their pro rata share of an annual required minimum distribution. Distributions from the perpetual trust, reported as investment income - perpetual trust in the statements of activities, were \$14,498 and \$14,282 during the years ended December 31, 2015 and 2014, respectively. The Organization's beneficial interest in this trust is irrevocable; therefore, the Organization measures their beneficial interest in the trust's assets at fair value. Included in the statements of activities is an increase (decrease) in the Organization's beneficial interest in the trust of (\$46,514) and \$16,874 for the years ended December 31, 2015 and 2014, respectively, based on changes in value of trust assets. The Organization's beneficial interest in the perpetual trust included in the statements of financial position as of December 31, 2015 and 2014 was \$779,127 and \$825,641, respectively. The net assets associated with the Organization's beneficial interest in the perpetual trust are reported as permanently restricted.

NOTE 9: FINANCIAL INSTRUMENTS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash accounts and investments.

The Organization maintains its cash balances at two financial institutions in Wilmington, Delaware. The cash balances normally exceed federally insured limits. The Organization regularly monitors the cash balances and believes the risk of loss to be low. The uninsured balances as of December 31, 2015 and 2014 were \$849,739 and \$1,613,179, respectively.

The Organization's investment portfolio is exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the Organization's account balances and the amounts reported in the statements of financial position.

MINISTRY OF CARING, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2015

NOTE 10: LINE OF CREDIT

The Organization has a line of credit through a financial institution secured by investment accounts held with the financial institution. Interest is calculated using the monthly London Interbank Offered Rate (LIBOR). The effective interest rate as of December 31, 2015 and 2014 was 0.922% and 0.669%, respectively. The available credit is reevaluated monthly and is based on the market value of the pledged collateral. As of December 31, 2015, the estimated market value of the Organization's investments pledged as collateral was \$9,193,842 and the available line of credit beyond the outstanding debt balance was \$4,996,618. The outstanding balance was \$1,433,662 and \$455,464 as of December 31, 2015 and 2014, respectively.

NOTE 11: MORTGAGES

The Organization has an interest-free deferred mortgage payable in the amount of \$344,446 with the Delaware State Housing Authority. Loan proceeds were utilized for the acquisition and rehabilitation of two existing properties located on Spruce and Jackson Streets. Principal payments are currently deferred. The mortgage payable matures in January 2035 and may be extended for successive five-year periods at the approval of the lender. Future principal payments will be determined after the project generates operating surpluses.

On February 9, 2011, the Organization entered into an additional interest-free deferred mortgage payable with the Delaware State Housing Authority in the amount of \$600,000. Loan proceeds were utilized for the renovation and expansion of the Organization's Mary Mother of Hope House I program located at 1103 W. 8th Street and to initially fund an Operating Deficit Reserve Account. Principal payments are currently deferred. The mortgage payable matures in February 2041 and may be extended for successive five-year periods at the approval of the lender. Future principal payments will be determined after the project generates operating surpluses.

NOTE 12: GUARANTEES OF DEBT (ACCRUED CREDIT LOSS)

The Organization has common board members with Sacred Heart Housing, Inc. On March 14, 2007, Sacred Heart Housing, Inc. obtained a line of credit through a financial institution secured by the Organization's investment accounts held with the financial institution. The available credit is reevaluated monthly and is based on the market value of the pledged collateral. As of December 31, 2015, the estimated market value of the Organization's investments pledged as collateral was \$4,715,962 and the available line of credit beyond the outstanding debt balance was \$3,182,013. As of December 31, 2015 and 2014, the outstanding debt balance owed by Sacred Heart Housing, Inc. was \$169,435 and \$335,857, respectively. The carrying value of Sacred Heart Housing, Inc.'s total assets as of December 31, 2015 and 2014 was \$76,378 and \$84,198, respectively. As a result, the Organization accrued a credit loss of \$169,435 and \$335,857 as of December 31, 2015 and 2014, respectively, equal to the total outstanding debt obligation for the amount of potential payment that the Organization would be required to make in accordance with the loan guarantee. Management believes that accruing the credit loss under the loan guarantee more accurately reflects the financial position of the Organization as of December 31, 2015 and 2014.

MINISTRY OF CARING, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2015

NOTE 12: GUARANTEES OF DEBT (ACCRUED CREDIT LOSS) - CONTINUED

During the year ended December 31, 2015, the outstanding balance of Sacred Heart Housing, Inc.'s line of credit decreased due to payments the Ministry of Caring, Inc. made toward the obligation. During the year ended December 31, 2014, the outstanding balance of Sacred Heart Housing, Inc.'s line of credit decreased due to payments made by Sacred Heart Housing, Inc. toward the obligation. As a result of the decrease in contingent liability, revenue in the amount of \$311,730 was recognized as a reduction in loss contingency.

NOTE 13: RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of assets restricted for the following purposes as of December 31:

	<u>2015</u>	<u>2014</u>
Beneficial Interest in Remainder Trusts	\$ 307,058	\$ 313,906
Child Care Scholarships	1,562,272	1,568,275
Child Care - Guardian Angels Playground Program	3,200	-
Cliff Abel Holiday Fund	17,391	10,987
Endowment Fund - Emmanuel Dining Room	106,509	106,739
Job Placement Center - Training	-	2,105
Job Placement Center - Computers	9,000	-
St. Patrick's House - Renovations	-	952,832
Village of St. John - Renovations	1,272,525	-
Security Cameras	109,533	-
Mary Mother of Hope House I	913	5,144
Immigration Program	3,000	-
Paperless Office Conversion	-	12,964
Other Donor-Restricted Projects	16,565	2,262
	<u>\$ 3,407,966</u>	<u>\$ 2,975,214</u>
Total		

Permanently restricted net assets consisted of assets restricted for the following purposes as of December 31:

	<u>2015</u>	<u>2014</u>
Beneficial Interest in Perpetual Trusts	\$ 779,127	\$ 825,641
Cash and Investment Balances to be Held Indefinitely to Generate Income for the Emmanuel Dining Room	87,237	87,237
	<u>\$ 866,364</u>	<u>\$ 912,878</u>
Total		

MINISTRY OF CARING, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2015

NOTE 14: ENDOWMENT FUNDS

The Organization's Endowment Fund (Fund) is a result of a gift instrument restricting the assets from the gift to be held in perpetuity to generate income to support the operations of the Emmanuel Dining Room. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the Fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies - The Organization has adopted investment and spending policies, approved by the Board of Directors, for the Fund's assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long term. Accordingly, the investment process seeks to achieve an after-cost total rate of return, including investment income as well as capital appreciation that exceeds distributions with acceptable levels of risk. Endowment assets are invested in the Organization's pooled investment portfolio consisting of a mix of government debt, corporate debt, and equity securities. These investments are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make distributions when needed, while growing the funds if possible. Investment risk is measured in terms of the total Fund; investment assets and allocation between asset classes and strategies are managed to not expose the Fund to unacceptable levels of risk.

Spending Policy - The Organization appropriates for distribution amounts approved by management or the Board of Directors. The Organization considers the long-term expected return on its investment assets and the nature and duration of the endowment funds.

MINISTRY OF CARING, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2015

NOTE 14: ENDOWMENT FUNDS - CONTINUED

The Fund's net asset composition by type of fund is as follows:

Endowment Net Asset Composition	Temporarily Restricted	Permanently Restricted	Total
As of December 31, 2015	\$ 106,509	\$ 87,237	\$ 193,746
As of December 31, 2014	\$ 106,739	\$ 87,237	\$ 193,976

Changes in the Fund's net assets for the years ended December 31, 2015 and 2014 were as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - January 1, 2014	\$ 90,792	\$ 87,237	\$ 178,029
<u>2014 Endowment Activity</u>			
Interest and Dividends	3,814	-	3,814
Unrealized Gains on Investments	501	-	501
Realized Gains on Investments	12,910	-	12,910
Investment Fees	(1,278)	-	(1,278)
Amounts Appropriated for Expenditure	-	-	-
Endowment Net Assets - December 31, 2014	106,739	87,237	193,976
<u>2015 Endowment Activity</u>			
Interest and Dividends	4,048	-	4,048
Unrealized Losses on Investments	(28,005)	-	(28,005)
Realized Gains on Investments	24,878	-	24,878
Investment Fees	(1,151)	-	(1,151)
Amounts Appropriated for Expenditure	-	-	-
Endowment Net Assets - December 31, 2015	\$ 106,509	\$ 87,237	\$ 193,746

MINISTRY OF CARING, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2015

NOTE 15: SUPPLEMENTAL CASH FLOW INFORMATION

Noncash investing and financing for the years ended December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Noncash Investing and Financing Activities		
Current Accrued Construction Costs Payable	\$ 500,817	\$ 181,987
Prior Accrued Construction Costs Payable	181,987	26,237
Donated Investments	35,452	36,012

NOTE 16: PENSION PLAN

The Ministry of Caring, Inc. sponsors a defined contribution plan for the exclusive benefit of eligible lay employees. A lay employee is eligible for participation upon completion of one year of service and attaining the age of 21. Employer contributions to the plan are funded monthly based on 5% of the participant's compensation as of December 31, 2015 and 2014. The plan provides for full vesting after five years of service. The account value of contributions is also fully vested when an employee reaches the age of 65, becomes totally and permanently disabled, or dies. In regard to religious employees, the Organization has separate Letters of Agreement with the various religious orders that provide for annual retirement payments directly to their respective religious communities. The amount of this contribution is specified by the agreements in force with the various religious orders. Pension plan expense for lay and religious employees was \$132,848 and \$19,420, respectively, for the year ended December 31, 2015 and \$109,372 and \$35,011, respectively, for the year ended December 31, 2014.

NOTE 17: RELATED-PARTY TRANSACTIONS

Board members and/or employees of the Organization serve as board members at the affiliated entities of Sacred Heart Village, Inc., Sacred Heart Housing, Inc., Mother Teresa House, Inc., and Sacred Heart Village II, Inc.

The Organization receives revenue for providing administrative services and reimbursement for paying expenses on behalf of Sacred Heart Village, Inc. For the years ended December 31, 2015 and 2014, revenue from administrative services on behalf of Sacred Heart Village, Inc. was \$102,102 and \$63,466, respectively.

The Organization has in the past advanced funds to Sacred Heart Village, Inc. In 2004, the Organization fully reserved as uncollectible a receivable from Sacred Heart Village, Inc. in the amount of \$160,095, which resulted from prior advances. As of December 31, 2015 and 2014, the receivable from that advance remains fully reserved.

MINISTRY OF CARING, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2015

NOTE 17: RELATED-PARTY TRANSACTIONS - CONTINUED

The Organization occasionally pays expenses on behalf of affiliated entities. These amounts are generally reimbursed to the Organization in a short period of time. Amounts remaining unreimbursed are included in due from affiliated organizations in the statements of financial position. Amounts due to or from affiliated organizations also arise from advances, payments made or received on behalf of other organizations, and services provided between organizations.

Due to and due from affiliated organizations consisted of the following as of December 31:

	<u>2015</u>	<u>2014</u>
Due from Affiliated Organizations		
Sacred Heart Village, Inc.	\$ 210,555	\$ 139,947
Sacred Heart Village, Inc. - Advance (Net of \$160,095 Allowance)	-	-
Sacred Heart Housing, Inc.	4,690	3,075
Mother Teresa House, Inc.	18,300	52,285
Sacred Heart Oratory	1,659	-
Sacred Heart Village II, Inc.	<u>38,074</u>	<u>11,411</u>
Total Due from Affiliated Organizations	<u>273,278</u>	<u>206,718</u>
Due to Affiliated Organizations		
Sacred Heart Housing, Inc. - Advance	80,766	80,766
Sacred Heart Oratory	<u>-</u>	<u>575</u>
Total Due to Affiliated Organizations	<u>80,766</u>	<u>81,341</u>
Net Due from (to) Affiliated Organizations	<u>\$ 192,512</u>	<u>\$ 125,377</u>

NOTE 18: COMMITMENTS AND CONTINGENCIES

During the year ended December 31, 2014, the Organization entered into a construction contract for the renovation of a recently acquired building in Wilmington, Delaware. The original contract amount was \$1,529,858 and increased to \$2,017,999 as of December 31, 2015 as a result of change orders. \$1,596,725 was incurred as of December 31, 2015. The project is expected to be completed during 2016.

In the normal course of business, there are various commitments and contingencies outstanding which are not reflected in these financial statements. In the opinion of management, the outcome of such events, if any, will not have a material effect on the Organization's financial statements.

MINISTRY OF CARING, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2015

NOTE 19: FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis as of December 31 are as follows:

	2015			
	Total Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
U.S. Treasury Securities	\$ 1,793,677	\$ 1,793,677	\$ -	\$ -
U.S. Agency Securities	963,295	963,295	-	-
Mutual Funds	488,040	488,040	-	-
Corporate Bonds	1,999,549	-	1,999,549	-
Domestic Equities	7,573,300	7,573,300	-	-
International Equities	707,590	707,590	-	-
Funds Held at Delaware Community Foundation	<u>24,242</u>	<u>-</u>	<u>24,242</u>	<u>-</u>
Total Investments	<u>13,549,693</u>	<u>11,525,902</u>	<u>2,023,791</u>	<u>-</u>
Beneficial Interest in Split- Interest Agreements				
Charitable Remainder Trusts	307,058	-	-	307,058
Charitable Perpetual Trusts	<u>779,127</u>	<u>-</u>	<u>779,127</u>	<u>-</u>
Total Split-Interest Agreements	<u>1,086,185</u>	<u>-</u>	<u>779,127</u>	<u>307,058</u>
Total Assets	<u>\$ 14,635,878</u>	<u>\$ 11,525,902</u>	<u>\$ 2,802,918</u>	<u>\$ 307,058</u>

MINISTRY OF CARING, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2015

NOTE 19: FAIR VALUE MEASUREMENTS - CONTINUED

	2014			
	Total Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
U.S. Treasury Securities	\$ 1,412,378	\$ 1,412,378	\$ -	\$ -
U.S. Agency Securities	867,257	867,257	-	-
Mutual Funds	399,968	399,968	-	-
Corporate Bonds	1,490,468	-	1,490,468	-
Domestic Equities	8,644,085	8,644,085	-	-
International Equities	409,226	409,226	-	-
Funds Held at Delaware Community Foundation	25,000	-	25,000	-
Total Investments	13,248,382	11,732,914	1,515,468	-
Beneficial Interest in Split- Interest Agreements				
Charitable Remainder Trusts	313,906	-	-	313,906
Charitable Perpetual Trusts	825,641	-	825,641	-
Total Split-Interest Agreements	1,139,547	-	825,641	313,906
Total Assets	\$ 14,387,929	\$ 11,732,914	\$ 2,341,109	\$ 313,906

Assets measured at fair value on a recurring basis using significant unobservable inputs (level 3):

Beneficial Interest in Split-Interest Agreements	
Balance - January 1, 2014	\$ 298,658
Change in Value of Split-Interest Agreements	<u>15,248</u>
Balance - December 31, 2014	313,906
Change in Value of Split-Interest Agreements	<u>(6,848)</u>
Balance - December 31, 2015	<u>\$ 307,058</u>

The change in value of split-interest agreements is attributable to the revaluation of the Organization's beneficial interests based on applicable mortality tables and current and anticipated market conditions.

MINISTRY OF CARING, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2015

NOTE 20: CONDITIONAL PROMISES TO GIVE

During the year ended December 31, 2015, a donor promised to give the Organization \$200,000 for the Village of St. John, contingent upon the Delaware State Housing Authority's approval of the Organization's tax credit application. This promise to give will be recognized as revenue when the respective condition is met.

NOTE 21: LEASES

The Organization leases office equipment for various terms under operating lease agreements. The leases expire at various dates through August 2019. Rental expense for the years ended December 31, 2015 and 2014 was \$53,442 and \$67,333, respectively. As of December 31, 2015, future minimum lease payment are as follows:

2016	\$	53,751
2017		24,439
2018		2,117
2019		<u>536</u>
	\$	<u><u>80,843</u></u>

SINGLE AUDIT



Independent Auditors' 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
Ministry of Caring, Inc.

We have audited, in accordance with 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 Ministry of Caring, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 8, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ministry of Caring, 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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.

To the Board of Directors
Ministry of Caring, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ministry of Caring, Inc.'s financial statements are free of 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.

Belfint, Lyons & Shuman, P.A.

September 8, 2016
Wilmington, Delaware



***Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control over Compliance Required by the Uniform Guidance***

To the Board of Directors
Ministry of Caring, Inc.

Report on Compliance for Each Major Federal Program

We have audited Ministry of Caring, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Ministry of Caring, Inc.'s major federal programs for the year ended December 31, 2015. Ministry of Caring, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Ministry of Caring, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ministry of Caring, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

To the Board of Directors
Ministry of Caring, Inc.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Ministry of Caring, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Ministry of Caring, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002, and 2015-003. Our opinion on each major federal program is not modified with respect to these matters.

Ministry of Caring, Inc.'s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Ministry of Caring, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Ministry of Caring, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ministry of Caring, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ministry of Caring, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal

To the Board of Directors
Ministry of Caring, Inc.

control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002, and 2015-003, that we consider to be significant deficiencies.

Ministry of Caring, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Ministry of Caring, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Belfint, Lyons & Shuman, P.A.

September 8, 2016
Wilmington, Delaware

MINISTRY OF CARING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA#</u>	<u>Expenditures</u>	<u>Expenditures to Subrecipients</u>
Department of Agriculture			
Child and Adult Care Food Program State of Delaware - Department of Education	10.558	\$ 158,738	\$ -
Department of Housing and Urban Development			
Community Development Block Grants/Entitlement Grants City of Wilmington	14.218	35,967	-
Emergency Solutions Grants City of Wilmington	14.231	17,637	-
New Castle County	14.231	<u>18,750</u>	<u>-</u>
		<u>36,387</u>	<u>-</u>
Housing Opportunities for Persons with AIDS Direct Award City of Wilmington	14.241 14.241	267,974 47,944	- -
		<u>315,918</u>	<u>-</u>
Continuum of Care Direct Award	14.267	1,491,375	-
Department of Health and Human Services			
Consolidated Health Centers Grant Henrietta Johnson Medical Center	93.224	46,091	-
Community Services Block Grant First State Community Action Agency	93.569	314,705	-
Corporation for National and Community Service			
AmeriCorps State of Delaware - Department of Health and Social Services	94.006	208,123	-
Department of Homeland Security			
Emergency Food and Shelter National Board Program Jewish Family Services of Delaware	97.024	<u>64,600</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 2,671,904</u>	<u>\$ -</u>

MINISTRY OF CARING, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2015

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Ministry of Caring, Inc. under programs of the federal government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the activities of the operations of Ministry of Caring, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Ministry of Caring, Inc.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Ministry of Caring, Inc. has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2015

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditors' Report Issued:	Unmodified
Internal Control Over Financial Reporting:	
• Material Weakness(es) Identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
• Significant Deficiencies Identified that are Not Considered to be Material Weaknesses?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Noncompliance Material to Financial Statements Noted?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Federal Awards

Internal Control Over Major Programs:	
• Material Weakness(es) Identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
• Significant Deficiencies Identified that are not Considered to be Material Weaknesses?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Type of Auditors' Report Issued on Compliance for Major Programs:	Unmodified
Any Audit Findings Disclosed that are Required to be Reported in Accordance with 2 CFR section 200.516(a)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Identification of Major Programs:

CFDA Number(s)

Name of Federal Program

14.267

Continuum of Care

Dollar Threshold Used to Distinguish Between Type A and Type B Programs:	\$ 750,000
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Auditee Qualified as Low-Risk Auditee?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2015

II. Financial Statement Findings

There were no current year financial statement findings.

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2015

III. Federal Award Findings and Questioned Costs

Finding Reference Number: 2015-001

Type of Finding: Noncompliance and Significant Deficiency in Internal Control over Compliance

Major Program: 14.267 - Continuum of Care (Grantor - Department of Housing and Urban Development)

Compliance Requirement: Allowable Costs/Cost Principles

Criteria: The requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance), Subpart E, *Cost Principles*, include the following:

- The total cost of a federal award is the sum of the allowable direct and allocable indirect costs less any applicable credits.
- A cost is allocable to a particular federal award if the goods or services involved are chargeable or assignable to that federal award or the cost objective in accordance with the relative benefits received.
- Indirect Facilities and Administrative Costs are those costs incurred for a common purpose benefiting more than one cost objective, and not readily assignable to the cost objectives specifically benefited.
- A Direct Allocation Method for allocating indirect costs is acceptable provided each joint cost is prorated using a basis that accurately measures the benefits provided to each federal award and other activity of an entity. The basis must be established in accordance with reasonable criteria, and be supported by current data.

Indirect costs should be allocated equitably to all programs and cost centers of an organization.

Condition: During the year ended December 31, 2015, the Organization had U.S. Department of Housing and Urban Development (HUD), Continuum of Care grant contracts for 8 of its programs. These contracts are funded on the basis of cost reimbursement. The Organization prepares monthly schedules identifying allowable direct and allocable indirect costs incurred during the month and submits to HUD on a monthly basis based upon the reimbursable costs identified on these schedules.

During the year ended December 31, 2015, the Organization incurred allocable facilities maintenance costs in the amount of \$424,044. The Organization allocates these indirect facility maintenance costs based on a calculation that includes the total square footage of the building space occupied by the program, the number of clients served by the program on a monthly basis, and a program's classification as residential or nonresidential.

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2015

III. Federal Award Findings and Questioned Costs - Continued

Finding Reference Number: 2015-001 - Continued

Condition - Continued: The allocated facility maintenance costs as calculated by the Organization's cost allocation plan is consistent with the amounts reported in the Organization's general ledger, both in total and by program.

The following table summarizes the total allocable indirect facilities and maintenance costs incurred by the Organization during 2015, the allocation of those costs based on the Organization's cost allocation plan, reimbursed allocable indirect facilities, and maintenance costs based on reimbursement requests submitted corresponding to the periods January through December 2015.

Program	Facility Maintenance Costs for 2015		Amount of Request in Excess of Costs Incurred
	Per Cost Allocation Schedule and General Ledger	Per Monthly Grant Reimbursements	
<i>Programs with HUD Contract</i>			
Hope House Transitional Residence	\$ 21,518	\$ -	\$ -
Saint Francis Transitional Residence	39,210	12,000	-
House of Joseph II	34,247	20,250	-
Samaritan Rapid Rehousing	21,358	-	-
House of Joseph Transitional Res.	35,385	59,385	24,000
Nazareth House	32,765	12,000	-
Bethany House	45,666	14,168	-
Samaritan Permanent Housing	34,342	34,342	-
	264,491		24,000
<i>Programs without HUD Contracts</i>			
Administration	1,594	N/A	
Emmanuel Dining Room	28,372	N/A	
Hope House II/III	22,713	N/A	
Hope House I	18,529	N/A	
House of Joseph	5,619	N/A	
Job Placement Center	4,144	N/A	
Child Care Center	37,738	N/A	
Dental Office	6,375	N/A	
Francis X. Norton Center	1,594	N/A	
Maria Longo House	15,780	N/A	
Padre Pio House	17,095	N/A	
	159,553		
Total	\$ 424,044		\$ 24,000

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2015

III. Federal Award Findings and Questioned Costs - Continued

Finding Reference Number: 2015-001 - Continued

Condition - Continued

The preceding table identifies that the Organization submitted reimbursement requests for facilities and maintenance costs for its House of Joseph Transitional Residence program for amounts in excess of costs allocable to the program by \$24,000 during the year ended December 31, 2015.

Cause: Amounts included on the schedule used to identify program allocable costs from which the reimbursement requests were prepared did not agree to amounts reported in the Organization's general ledger. A reconciliation by accounting staff between the general ledger and the reimbursement request did not occur.

Effect: Requests for reimbursement were made in excess of amounts allowed based on the provisions of the Uniform Guidance.

Potential Questioned Costs: \$24,000

Recommendation: We recommend the Organization implement procedures to ensure the proper amounts of eligible costs are submitted for reimbursement. The procedures should include reconciling eligible costs on reimbursement requests to amounts recorded in the Organization's general ledger.

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2015

III. Federal Award Findings and Questioned Costs - Continued

Finding Reference Number: 2015-002

Type of Finding: Noncompliance and Significant Deficiency in Internal Control over Compliance

Major Program: 14.267 - Continuum of Care (Grantor - Department of Housing and Urban Development)

Compliance Requirement: Program Income

Criteria: The requirements of Title 24 U.S. *Code of Federal Regulations* (CFR) Part 5, *General HUD Program Requirements; Waivers*, include the following:

- Recipients are not required to impose occupancy charges on program participants as a condition of residing in the housing. However, if occupancy charges are imposed, they may not exceed the higher of:
 - 30% of the family's monthly adjusted income (adjustment factors include the number of people in the family, age of family members, medical expenses, and child-care expenses) or
 - 10% of the family's monthly gross income.

Condition: Our testing for compliance with the requirements of CFR Part 5 included a sample of 23 tenants from 6 different programs. Audit procedures determined that 4 tenants were charged rent which exceeded the maximum limit as follows:

- 2 tenants at the Nazareth House were incorrectly charged rent based on 30% of their gross income, instead of monthly adjusted income. These tenants had children living with them; therefore, they should have received an allowance for each dependent which would have reduced their gross income.
- 1 tenant at House of Joseph II was charged a flat rate of \$530 per month which exceeded the greater of 30% of their monthly adjusted income or 10% of their gross monthly income.
- 1 tenant at House of Joseph II was charged 64% of their monthly gross income.

Cause: Error in the methodology for calculating tenant rent resulted in the finding.

Effect: 4 tenants were charged monthly rent amounts which exceeded the maximum allowed by the Uniform Guidance.

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2015

III. Federal Award Findings and Questioned Costs - Continued

Finding Reference Number: 2015-002 - Continued

Recommendation: We recommend the Organization implement procedures to ensure all transitional and permanent houses are calculating rent based on the criteria in the Title 24 U.S. Code of Federal Regulations. More specifically, we recommend the Organization distribute a rent calculation worksheet to all the houses which will ensure a uniform method is being utilized that is in compliance with the Title 24 U.S. Code of Federal Regulations.

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2015

III. Federal Award Findings and Questioned Costs - Continued

Finding Reference Number: 2015-003

Type of Finding: Noncompliance and Significant Deficiency in Internal Control over Compliance

Major Program: 14.267 - Continuum of Care (Grantor - Department of Housing and Urban Development)

Compliance Requirement: Allowable Costs/Cost Principles

Criteria: The requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance), Subpart E, *Cost Principles*, include the following:

- The total cost of a federal award is the sum of the allowable direct and allocable indirect costs less any applicable credits.
- A cost is allocable to a particular federal award if the goods or services involved are chargeable or assignable to that federal award or the cost objective in accordance with the relative benefits received.

The requirements of Title 24 U.S. Code of Federal Regulations (CFR) Part 5, General HUD Program Requirements; Waivers, states that grant funds may be used to pay the costs of the day-to-day operations of transitional and permanent housing and include scheduled payments to a reserve for replacement of major systems of the housing (provided that the payments be based on the useful life of the system and expected replacement cost).

Condition: During the year ended December 31, 2015, the Organization had U.S. Department of Housing and Urban Development (HUD), Continuum of Care grant contracts for 8 of its programs. These contracts are funded on the basis of cost reimbursement. The Organization prepares monthly schedules identifying allowable direct and allocable indirect costs incurred during the month and submits to HUD on a monthly basis based upon the reimbursable costs identified on these schedules.

During the year ended December 31, 2015, the Organization submitted reimbursement requests for replacement reserve funding under a contract with Nazareth Permanent Housing. However, the Organization does not have a regulatory agreement requiring that a reserve be established, and a separate reserve account was not established or funded during the year. During the year ended December 31, 2015, the total amount submitted for reimbursement was \$6,141.

Cause: The primary cause for the finding was human error in determining what constitutes as eligible replacement reserve costs in accordance with the Uniform Guidance.

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2015

III. Federal Award Findings and Questioned Costs - Continued

Finding Reference Number: 2015-003 - Continued

Effect: The Organization submitted for reimbursement for replacement reserve costs that did not meet the criteria of eligible costs under the Uniform Guidance.

Potential Questioned Costs: \$6,141

Recommendation: We recommend the Organization implement procedures to ensure only eligible costs as defined by the Uniform Guidance are submitted for reimbursement.

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2015

IV. Corrective Action Plan

Finding Reference Number: 2015-001

Major Program: 14.267 - Continuum of Care (Grantor - Department of Housing and Urban Development)

Condition: The Organization submitted reimbursement requests for facilities and maintenance costs for its House of Joseph Transitional Residence program for amounts in excess of costs allocable to the program by \$24,000 during the year ended December 31, 2015.

Corrective Action Plan: The Organization has implemented procedures to ensure the proper amounts of eligible costs are submitted for reimbursement. This was implemented in July 2016. Procedures to include reconciliation to the general ledger will be implemented in September 2016.

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2015

IV. Corrective Action Plan - Continued

Finding Reference Number: 2015-002

Major Program: 14.267 - Continuum of Care (Grantor - Department of Housing and Urban Development)

Condition: Our testing for compliance with the requirements of CFR Part 5 included a sample of 23 tenants from 6 different programs. Audit procedures determined that 4 tenants were charged rent which exceeded the maximum limit as follows:

- 2 tenants at the Nazareth House were incorrectly charged rent based on 30% of their monthly gross income, instead of monthly adjusted income. These tenants had children living with them; therefore, they should have received an allowance for each dependent which would have reduced their gross income.
- 1 tenant at House of Joseph II was charged a flat rate of \$530 per month which exceeded the greater of 30% of their monthly adjusted income or 10% of their monthly gross income.
- 1 tenant at House of Joseph II was charged 64% of their monthly gross income.

Corrective Action Plan: The Organization corrected the mistaken calculation in the fourth quarter of 2015. In July of this year, the Organization again explained and reviewed the proper procedures with the Program Directors. The Organization plans to develop and distribute a template to all the programs to use in September 2016.

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2015

IV. Corrective Action Plan - Continued

Finding Reference Number: 2015-003

Major Program: 14.267 - Continuum of Care (Grantor - Department of Housing and Urban Development)

Condition: During the year ended December 31, 2015, the Organization submitted reimbursement requests for replacement reserve funding under a contract with Nazareth Permanent Housing. However, the Organization does not have a regulatory agreement requiring that a reserve be established and a separate reserve account was not established or funded during the year. During the year ended December 31, 2015, the total amount submitted for reimbursement was \$6,141.

Corrective Action Plan: This draw-down was consistent with the approved budgeted detail in the HUD budget application (ESNAPS). The breakdown occurred as the replacement reserve was not funded with a separate temporarily restricted account. This reserve was segregated on the general ledger in August 2016, and will be placed in a new, separate bank account in September 2016.

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2015

V. Status of Prior Year Findings

Finding Reference Number: 2014-01

Housing Opportunities for Persons with AIDS - CFDA 14.241

Condition - The population of residents receiving benefits funded by CFDA 14.241 (HOPWA) grant proceeds consisted of 14 annual residents of House of Joseph II. We tested eligibility in a sample size of 3 to determine if required documentation existed for each resident file. Procedures determined that for each resident file tested, the following required documentation was omitted:

- Annual Income Verification
- Lease Agreement
- Documentation of Habitability Inspection

Status - The Organization implemented the planned corrective action and no similar findings were identified in the current year.

Finding Reference Number: 2014-02

Continuum of Care - CFDA 14.267

Condition - Audit procedures determined that the Organization submitted for reimbursement and was reimbursed for costs incurred by the Organization after a grant contract period. The costs were reimbursed by the U.S. Department of Housing and Urban Development (HUD) under a contract with the Organization's Samaritan Outreach program. The contract expired on January 31, 2014 and was not renewed by HUD.

For the month of January 2014, the Organization submitted a reimbursement request associated with supportive service reimbursements for future dental plans of 14 clients. In addition, the Organization submitted a "prepaid voucher" for the month of January 2014 for dental services. Subsequent to receipt of the grant awards, HUD provided authorization for the use of vouchers for this expense reimbursement.

Status - The Organization implemented the planned corrective action and no similar findings were identified in the current year.

SUPPLEMENTARY INFORMATION

MARY MOTHER OF HOPE HOUSE I FUND



BELFINT • LYONS • SHUMAN
Certified Public Accountants

www.belfint.com

Independent Auditors' Report on Supplementary Information Required by DSHA

To the Board of Trustees
Ministry of Caring, Inc.

We have audited the financial statements of Ministry of Caring, Inc. as of and for the years ended December 31, 2015 and 2014, and our report thereon dated September 8, 2016, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information required by DSHA for Mary Mother of Hope House I Fund 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.

Belfint, Lyons & Shuman, P.A.

September 8, 2016
Wilmington, Delaware

**MARY MOTHER OF HOPE HOUSE I FUND
OF MINISTRY OF CARING, INC.
DSHA PROJECT NO. DE-HDF-353-FY10-01
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015**

ASSETS

Cash and Cash Equivalents	\$ 8,607
Grants Receivable	91,882
Prepaid Expenses	4,947
Investments	227,989
Property and Equipment - Net	<u>24,375</u>

TOTAL ASSETS

\$ 357,800

LIABILITIES

Accounts Payable	\$ 23,016
Accrued Expenses	7,367
Due to Other Funds - Net	<u>3,908</u>

TOTAL LIABILITIES

34,291

NET ASSETS

Unrestricted	322,596
Temporarily Restricted	<u>913</u>

TOTAL NET ASSETS

323,509

TOTAL LIABILITIES AND NET ASSETS

\$ 357,800

DSHA STATEMENT OF PROFIT AND LOSS

Project Name: Mary Mother of Hope House I Fund

Project Number: DE-HDF-353-FY10-01

Year Ending: 12/31/15

Part I	Description of Account	Amount	
RENTAL INCOME 5100	Rent Revenue - Gross Potential	5120	\$ -
	Tenant Assistance Payments	5121	
	Rent Revenue - Stores and Commercial	5140	
	Garage and Parking Space	5170	
	Flexible Subsidy Revenue	5180	
	Miscellaneous Rent Revenue	5190	
	Excess Rent	5191	
	Rent Revenue - Insurance	5192	
	Special Claims Revenue	5193	
	Retained Excess Income	5194	
	Lease Revenue (Nursing Homes)	5195	
	Total Rent Revenue		
VACANCIES 5200	Apartments	5220	
	Stores and Commercial	5240	
	Rental Concessions	5250	
	Garage and Parking Space	5270	
	Miscellaneous	5290	
	Total Vacancies		
	Net Rent Revenue (Rent Revenue less Vacancies)		\$ -
FINANCIAL REVENUE 5400	Nursing Homes/Assisted Living/Board & Care/Other Elderly Care/Coop/and Other Revenue	5300	
	Members Group Life Insurance Expense (Co-ops)	5320	
	Financial Revenue - Project Operations	5410	
	Revenue from Investments - Residual Receipts	5430	
	Revenue from Investments - Replacement Reserve	5440	
	Expiration of Gift Donor Restrictions (Non-Profits)	5460	
	Gifts (Non-Profits)	5470	81,488
Revenue from Investments - Miscellaneous	5490	1,122	
Total Financial Revenue			\$ 82,610
OTHER REVENUE 5900	Laundry and Vending Revenue	5910	
	Tenant Charges (NSF and Late Charges)	5920	
	Damages and Cleaning Fees	5930	
	Forfeited Tenant Security Deposits	5940	
	Interest Reduction Payments Revenue	5945	
	Miscellaneous Revenue (Specify): Grants and Program Fees	5990	381,294
	Total Other Revenue		
	Total Revenue		\$ 463,904
ADMINISTRATIVE EXPENSES 6200 6300	Conventions and Meetings	6203	2,900
	Management Consultants	6204	7,519
	Advertising and Marketing	6210	
	Social Activity	6215	
	Other Renting Expenses	6250	
	Office Salaries	6310	278,225
	Office Expenses	6311	8,107
	Office of Model Apartment Rent	6312	

DSHA STATEMENT OF PROFIT AND LOSS - CONTINUED

ADMINISTRATIVE EXPENSES 6200 6300 (Continued)	Management Fee	6320	\$ -	
	Manager or Superintendent Salaries	6330		
	Administrative Rent Free Unit	6331		
	Legal Expenses - Project	6340		
	Auditing Expense - Project	6350	3,947	
	Bookkeeping Fees/Accounting Services	6351		
	Telephone and Answering Services	6360	2,796	
	Bad Debt Expense	6370		
	Miscellaneous Administrative Expenses	6390		
	Total Administrative Expenses			\$ 303,494
UTILITIES EXPENSE 6400	Fuel Oil/Coal	6420	1,776	
	Electricity (Lights and misc. power)	6450	14,524	
	Water	6451		
	Gas	6452		
	Sewer	6453	8,748	
	Total Utilities Expenses			\$ 25,048
OPERATING AND MAINTENANCE 6500	Janitor and Cleaning Payroll	6510		
	Janitorial Supplies	6515	3,395	
	Janitorial Cleaning Contracts	6517		
	Exterminating Contract/Payroll	6519		
	Exterminating Supplies	6520		
	Operating and Maintenance Rent Free Unit	6521		
	Garbage and Trash Removal	6525		
	Fire Safety/Equipment and Contract	6528		
	Security Payroll/Contract	6530		
	Security Rent Free Unit	6531		
	Grounds Payroll	6535		
	Grounds Supplies	6536		
	Grounds Contract	6537		
	Repairs Payroll	6540	18,529	
	Repairs Material	6541	8,608	
	Repairs Contracts	6542	6,325	
	Elevator Maintenance	6545		
	Heating/Cooling/Repairs and Maintenance	6546		
	Swimming Pool Maintenance/Contract	6547		
	Snow Removal	6548		
	Decorating Payroll/Contract	6560		
Decorating Supplies	6561			
Vehicle and Maintenance Equipment Operation	6570			
Miscellaneous Operating and Maintenance Expense	6590	30,764		
Total Operating and Maintenance Expense			\$ 67,621	
TAXES AND INSURANCE 6700	Real Estate Taxes	6710		
	Payroll Taxes (FICA) (Project's Share)	6711	19,481	
	Property and Liability Insurance (Hazard)	6720	12,290	
	Fidelity Bond Insurance	6721		
	Workers' Compensation	6722	10,505	
	Health Insurance and Other Employee Benefits	6723	78,093	
	Miscellaneous Taxes, Licenses, Permits and Insurance	6790	1,300	
	Total Taxes and Insurance			\$ 121,669
	Total Operating Expenses			\$ 517,832

DSHA STATEMENT OF PROFIT AND LOSS - CONTINUED

		Net Operating Income		
FINANCIAL EXPENSES 6800	Interest on Bonds Payable	6819		
	Interest on Mortgage Payable	6820		
	Interest on Notes Payable (Long Term)	6830		
	Interest on Notes Payable (Short Term)	6840		
	Mortgage Insurance Premium/Service Charge	6850		
	Miscellaneous Financial Expenses	6890		
	Total Financial Expenses			
	Nursing Homes/Assisted Living/Board & Care/Other Elderly Care/Co-op/and Other Expenses	6900		\$ -
	Total Cost of Operations before Depreciation			\$ 517,832
	Profit (Loss) before Depreciation		(53,928)	
DEPRECIATION 6600	Depreciation Expenses	6600	4,419	
	Amortization Expense	6610		
	Operating Profit or (Loss)			\$ (58,347)
CORPORATE OR MORTGAGOR ENTITY EXPENSES 7100	Entity Revenue	7105		
	Officers' Salaries	7110		
	Legal Expenses	7120		
	Federal, State, and Other Income Taxes	7130		
	Interest Income	7140		
	Interest on Notes Payable	7141		
	Interest on Mortgage Payable	7142		
	Other Expenses	7190		
	Net Entity Expenses			\$ -
	Profit or Loss (Net Income or Loss)			\$ (58,347)
Part II*				
	1. Total principal payments required under the mortgage, even if payments under a Workout Agreement are less or more than those required under the mortgage.			\$ -
	2. Replacement Reserve deposits required by the Regulatory Agreement or Amendments Thereto, even if payments may be temporarily suspended or waived.			\$ 5,293
	3. Replacement or Painting reserve releases which are included as expense items on this Profit and Loss Statement.			\$ -
	4. Project Improvement Reserve Releases under the Flexible Subsidy Program that are included as expense items on this Profit and Loss Statement.			\$ -

*Part II - Must be completed for all financial statements.

**MARY MOTHER OF HOPE HOUSE I FUND
OF MINISTRY OF CARING, INC.
DSHA DEVELOPMENT NO. DE-HDF-353-FY10-01
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2015**

UNRESTRICTED NET ASSET BALANCE - Beginning of Year	\$	380,478
Change in Unrestricted Net Assets		<u>(57,882)</u>
UNRESTRICTED NET ASSET BALANCE - End of Year	\$	<u><u>322,596</u></u>
TEMPORARILY RESTRICTED NET ASSET BALANCE - Beginning of Year	\$	1,378
Change in Temporarily Restricted Net Assets		<u>(465)</u>
TEMPORARILY RESTRICTED NET ASSET BALANCE - End of Year	\$	<u><u>913</u></u>

IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST

Examination Item Reference (cont.)

	<u>Yes, No or N/A</u>	<u>Working Paper Reference</u>
E. Does the balance in the security deposit account equal or exceed the liability? Note: The liability difference should include the accrued interest payable.	<u>N/A</u>	<u></u>
F. Does the owner and/or the management agent have a fidelity bond in an amount at least equal to potential collections for two months which provides coverage for all employees handling cash?	<u>N/A</u>	<u></u>
G. Did cash disbursements exclude payments for items listed below:		
(1) Legal expenses incurred in the sale of partnership interest or in connection with permanent closing?	<u>N/A</u>	<u></u>
(2) The fee for the preparation of a partner's, shareholder's or individual's federal, state, or local income tax returns?	<u>N/A</u>	<u></u>
(3) Expenses for advice to an owner on tax consequences of foreclosure?	<u>N/A</u>	<u></u>
(4) Reimbursement to the owners or affiliates for prior advances, capital expenditures and/or development acquisition costs while the mortgage/grant is in default, under modification, forbearance or provisional workout arrangements?	<u>N/A</u>	<u></u>
(5) Were all disbursements from the operating account(s) made exclusively for operation or obligations of the development?	<u>Yes</u>	<u>WP# 8002</u>
(6) Were letter of credit fees paid for out of operations or obligations of the development?	<u>N/A</u>	<u></u>

IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST

Examination Item Reference (cont.)

	<u>Yes, No or N/A</u>	<u>Working Paper Reference</u>
H. Were distributions made to, or on behalf of, the owners limited to those authorized by the Regulatory Agreement or the distributions in accordance with prior written approval of DSHA while the development was in a surplus cash position?	<u>N/A</u>	<u> </u>
(1) Developments operating under a modification or forbearance agreement and/or a provisional workout arrangement are not in a "surplus cash" position for distributions.	<u>N/A</u>	<u> </u>
I. Were residual receipts deposited with the mortgagee within 30 days after mortgagee request for such deposit? (HUD Section 8/202/236 projects only)	<u>N/A</u>	<u> </u>
J. Were excess rental collections in Section 236 developments remitted to HUD each month?	<u>N/A</u>	<u> </u>
K. Does the mortgagor/grantee have a formal rent collection policy and is it posted?	<u>N/A</u>	<u> </u>
L. Is the collection policy uniformly enforced?	<u>N/A</u>	<u> </u>
M. Do tenants' accounts receivable consist exclusively of amounts due from those other than employees?	<u>N/A</u>	<u> </u>
N. Is there a formal procedure to write off bad debts?	<u>N/A</u>	<u> </u>
O. Have write-offs of tenants' accounts been less than one percent of the gross rent?	<u>N/A</u>	<u> </u>
P. Are accounts receivable other than tenants' receivable composed exclusively of amounts due from unrelated persons or firms?	<u>Yes</u>	<u>WP# 2321</u>
Q. Were there indications that payments for services, supplies or materials were substantially in excess of amounts normally paid for such services, etc.?	<u>No</u>	<u> </u>

IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST

Examination Item Reference (cont.)

	<u>Yes, No or N/A</u>	<u>Working Paper Reference</u>
R. Were accounts payable remitted in a timely manner so as to not incur late charges/penalties?	<u>Yes</u>	<u>WP# 4103</u>
S. Has the mortgagee made the required deposits to the mortgage escrow accounts as required by the loan documents?	<u>Yes</u>	<u>WP# 5012</u>
4. <u>Management Compensation</u>		
A. Was compensation to the management agent limited to the amounts prescribed in the Management Agreement?	<u>N/A</u>	<u> </u>
B. Were development expenses paid in accordance with the management agreement (no expenses that management agents are required to pay charged to the development)?	<u>N/A</u>	<u> </u>
5. <u>Rents and Occupancy</u>		
A. On nonsubsidized tax credit developments, is the gross potential rental income from apartments equal to or less than that shown on the most recent rent schedule?	<u>N/A</u>	<u> </u>
B. On subsidized developments, are dwelling unit rents the same as those approved by DSHA/HUD/RD on the most recent rent schedule?	<u>N/A</u>	<u> </u>
6. <u>RD/HUD Subsidy Payments (Section 8/515 Developments Only)</u>		
A. Were the amounts requested from DSHA/HUD/RD adequately supported by the accounting records?	<u>N/A</u>	<u> </u>
B. Were subsidy receipts recorded in the proper accounts?	<u>N/A</u>	<u> </u>
C. Utility allowance payments were paid to residents within five days of receipt from DSHA/HUD/RD and in an amount equal to the corresponding utility allowance subsidy amounts received.	<u>N/A</u>	<u> </u>

Delaware State Housing Authority
COMPUTATION OF SURPLUS CASH AND DISTRIBUTIONS

Property Name	Fiscal Period Ending	DSHA/HDF Number
Mary Mother of Hope House I Fund	12/31/2015	DE-HDF-353-FY10-01

PART A. - COMPUTE SURPLUS CASH

Section 1 - Cash

1.	Cash	\$ <u>8,607</u>	
2.	Tenant Subsidy Vouchers due for Period Covered by Financial Statements	\$ _____	
3.	Other (Describe) _____	\$ _____	
	(A) Total Cash (Add Lines 1, 2, & 3)		\$ <u>8,607</u>

Section 2 - Current Obligations

4.	Accrued Mortgage Interest Payables	\$ _____	
5.	Delinquent Mortgage Principal Payments	\$ _____	
6.	Delinquent Deposits to Reserve for Replacements	\$ _____	
7.	Accounts Payable (due within 30 days)	\$ <u>23,016</u>	
8.	Loans and Notes Payable (due within 30 days)	\$ _____	
9.	Deficient Tax Insurance/Mortgage Insurance Escrow	\$ _____	
10.	Accrued Expenses (not escrowed)	\$ <u>7,367</u>	
11.	Paid Rents	\$ _____	
12.	Tenant Security Deposits Liability	\$ _____	
13.	Other (Describe) _____	\$ _____	
	(B) Total Liabilities		\$ <u>30,383</u>
	(C) Surplus Cash (Deficiency)		\$ <u>(21,776)</u>
	Line (A) Minus Line (B)		

PART B - COMPUTE OWNERS' DISTRIBUTIONS & REQUIRED HDF LOAN BALANCE REDUCTION

1.	Surplus Cash		\$ <u>N/A</u>
2.	a. Beginning Balance: Accrued Distributions from Prior Year(s) Unpaid	\$ _____	
	Annual Distribution Earned During Fiscal Period Covered	\$ _____	
	Annual Distribution Paid During Audit Year Against Audit Year	\$(_____)	
	Annual Distribution Paid During Audit Year Against Prior Year(s)	\$(_____)	
	b. Ending Balance: Distributions Unpaid From Audit Year and Prior Year(s) at Audit Year End (Amount Carried on Balance Sheet)	\$ _____	
3.	Amount available for distribution (the Lesser of Line 1 or Line 2b)	\$ _____	
4.	Amount due DSHA to be Applied to DSHA Permanent Loan (Line 1 minus Line 3)	\$ _____	

Prepared By: _____ Date: _____ Reviewed By: _____ Date: _____

SUPPLEMENTARY INFORMATION

ST. FRANCIS TRANSITIONAL RESIDENCE FUND



BELFINT • LYONS • SHUMAN
Certified Public Accountants

www.belfint.com

Independent Auditors' Report on Supplementary Information Required by DSHA

To the Board of Trustees
Ministry of Caring, Inc.

We have audited the financial statements of Ministry of Caring, Inc. as of and for the years ended December 31, 2015 and 2014, and our report thereon dated September 8, 2016, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information required by DSHA for Saint Francis Transitional Residence Fund 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.

Belfint, Lyons & Shuman, P.A.

September 8, 2016
Wilmington, Delaware

**ST. FRANCIS TRANSITIONAL RESIDENCE FUND
OF MINISTRY OF CARING, INC.
DSHA PROJECT NO. DE 26B93-0325
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015**

ASSETS	
Cash and Cash Equivalents	\$ 4,682
Grants Receivable	25,458
Prepaid Expenses and Refundable Deposits	852
Escrow Accounts	28,037
Replacement Reserve	77,158
Investments	135,465
Property and Equipment - Net	148,980
Loan Origination Costs - Net	<u>4,567</u>
TOTAL ASSETS	<u><u>\$ 425,199</u></u>
LIABILITIES	
Accounts Payable	\$ 9,562
Accounts Payable - Due to Other Funds	473,327
Accrued Expenses	784
Security Deposits	1,384
Mortgage Payable - DSHA	<u>344,446</u>
TOTAL LIABILITIES	829,503
NET ASSETS	
Unrestricted	<u>(404,304)</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 425,199</u></u>

DSHA STATEMENT OF PROFIT AND LOSS

Project Name: Saint Francis Transitional Residence Fund
Project Number: DE 26B93 - 0325

Year Ending: 12/31/15

Part I	Description of Account	Amount	
RENTAL INCOME 5100	Rent Revenue - Gross Potential	5120	\$ 13,125
	Tenant Assistance Payments	5121	
	Rent Revenue - Stores and Commercial	5140	
	Garage and Parking Space	5170	
	Flexible Subsidy Revenue	5180	
	Miscellaneous Rent Revenue	5190	3,500
	Excess Rent	5191	
	Rent Revenue - Insurance	5192	
	Special Claims Revenue	5193	
	Retained Excess Income	5194	
	Lease Revenue (Nursing Homes)	5195	
	Total Rent Revenue		
VACANCIES 5200	Apartments	5220	
	Stores and Commercial	5240	
	Rental Concessions	5250	
	Garage and Parking Space	5270	
	Miscellaneous	5290	
Total Vacancies			\$ -
Net Rent Revenue (Rent Revenue less Vacancies)			\$ 16,625
	Nursing Homes/Assisted Living/Board & Care/Other Elderly Care/Co-op/and Other Revenue	5300	
	Members Group Life Insurance Expense (Co-ops)	5320	
FINANCIAL REVENUE 5400	Financial Revenue - Project Operations	5410	
	Revenue from Investments - Residual Receipts	5430	44
	Revenue from Investments - Replacement Reserve	5440	224
	Expiration of Gift Donor Restrictions (Non-Profits)	5460	
	Gifts (Non-Profits)	5470	417
	Revenue from Investments - Miscellaneous	5490	934
Total Financial Revenue			\$ 1,619
OTHER REVENUE 5900	Laundry and Vending Revenue	5910	94
	Tenant Charges (NSF and Late Charges)	5920	
	Damages and Cleaning Fees	5930	
	Forfeited Tenant Security Deposits	5940	
	Interest Reduction Payments Revenue	5945	
	Miscellaneous Revenue (Specify): Government Grants	5990	223,489
Total Other Revenue			\$ 223,583
Total Revenue			\$ 241,827
ADMINISTRATIVE EXPENSES 6200 6300	Conventions and Meetings	6203	391
	Management Consultants	6204	833
	Advertising and Marketing	6210	
	Social Activity	6215	
	Other Renting Expenses	6250	
	Office Salaries	6310	58,893
	Office Expenses	6311	684
	Office of Model Apartment Rent	6312	

DSHA STATEMENT OF PROFIT AND LOSS - CONTINUED

ADMINISTRATIVE EXPENSES 6200 6300 (Continued)	Management Fee	6320	\$ 13,364	
	Manager or Superintendent Salaries	6330		
	Administrative Rent Free Unit	6331	3,500	
	Legal Expenses - Project	6340		
	Auditing Expense - Project	6350	3,947	
	Bookkeeping Fees/Accounting Services	6351		
	Telephone and Answering Services	6360	742	
	Bad Debt Expense	6370		
	Miscellaneous Administrative Expenses	6390	40	
	Total Administrative Expenses			
UTILITIES EXPENSE 6400	Fuel Oil/Coal	6420	648	
	Electricity (Lights and Miscellaneous Power)	6450	522	
	Water	6451		
	Gas	6452		
	Sewer	6453	8,499	
	Total Utilities Expenses			
OPERATING AND MAINTENANCE 6500	Janitor and Cleaning Payroll	6510		
	Janitorial Supplies	6515	40	
	Janitorial Cleaning Contracts	6517		
	Exterminating Contract/Payroll	6519		
	Exterminating Supplies	6520		
	Operating and Maintenance Rent Free Unit	6521		
	Garbage and Trash Removal	6525		
	Fire Safety/Equipment and Contract	6528		
	Security Payroll/Contract	6530		
	Security Rent Free Unit	6531		
	Grounds Payroll	6535		
	Grounds Supplies	6536		
	Grounds Contract	6537		
	Repairs Payroll	6540	39,210	
	Repairs Material	6541	15,648	
	Repairs Contracts	6542	1,325	
	Elevator Maintenance	6545		
	Heating/Cooling/Repairs and Maintenance	6546		
	Swimming Pool Maintenance/Contract	6547		
	Snow Removal	6548		
	Decorating Payroll/Contract	6560		
	Decorating Supplies	6561		
Vehicle and Maintenance Equipment Operation	6570			
Miscellaneous Operating and Maintenance Expense	6590			
Total Operating and Maintenance Expense				\$ 56,223
TAXES AND INSURANCE 6700	Real Estate Taxes	6710		
	Payroll Taxes (FICA) (Project's Share)	6711	4,019	
	Property and Liability Insurance (Hazard)	6720	4,254	
	Fidelity Bond Insurance	6721		
	Workers' Compensation	6722	2,737	
	Health Insurance and other Employee Benefits	6723	226	
	Miscellaneous Taxes, Licenses, Permits, and Insurance	6790		
	Total Taxes and Insurance			
	Total Operating Expenses			\$ 159,522

DSHA STATEMENT OF PROFIT AND LOSS - CONTINUED

		Net Operating Income		
FINANCIAL EXPENSES 6800	Interest on Bonds Payable	6819		
	Interest on Mortgage Payable	6820		
	Interest on Notes Payable (Long Term)	6830		
	Interest on Notes Payable (Short Term)	6840		
	Mortgage Insurance Premium/Service Charge	6850		
	Miscellaneous Financial Expenses	6890		
Total Financial Expenses				\$ -
	Nursing Homes/Assisted Living/Board & Care/Other Elderly Care/Co-op/and Other Expenses	6900	145,924	\$ 145,924
Total Cost of Operations before Depreciation				\$ 305,446
Profit (Loss) before Depreciation			(63,619)	
DEPRECIATION 6600	Depreciation Expenses	6600	19,475	
	Amortization Expense	6610	239	
Operating Profit or (Loss)				\$ (83,333)
CORPORATE OR MORTGAGOR ENTITY EXPENSES 7100	Entity Revenue	7105		
	Officers' Salaries	7110		
	Legal Expenses	7120		
	Federal, State, and Other Income Taxes	7130		
	Interest Income	7140		
	Interest on Notes Payable	7141		
	Interest on Mortgage Payable	7142		
	Other Expenses	7190		
Net Entity Expenses				\$ -
Profit or Loss (Net Income or Loss)				\$ (83,333)
Part II*				
1. Total principal payments required under the mortgage, even if payments under a Workout Agreement are less or more than those required under the mortgage.			\$ -	
2. Replacement Reserve deposits required by the Regulatory Agreement or Amendments Thereto, even if payments may be temporarily suspended or waived.			\$ 6,214	
3. Replacement or Painting reserve releases which are included as expense items on this Profit and Loss Statement.			\$ -	
4. Project Improvement Reserve Releases under the Flexible Subsidy Program that are included as expense items on this Profit and Loss Statement.			\$ -	

*Part II - Must be completed for all financial statements.

**ST. FRANCIS TRANSITIONAL RESIDENCE FUND
OF MINISTRY OF CARING, INC.
DSHA PROJECT NO. DE-26B93-0325
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2015**

UNRESTRICTED NET ASSET BALANCE - Beginning of Year	\$ (320,971)
Change in Unrestricted Net Assets	<u>(83,333)</u>
UNRESTRICTED NET ASSET BALANCE - End of Year	<u><u>\$ (404,304)</u></u>
TEMPORARILY RESTRICTED NET ASSET BALANCE - Beginning of Year	\$ -
Change in Temporarily Restricted Net Assets	<u>-</u>
TEMPORARILY RESTRICTED NET ASSET BALANCE - End of Year	<u><u>\$ -</u></u>

IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST

Examination Item Reference (cont.)

	<u>Yes, No or N/A</u>	<u>Working Paper Reference</u>
E. Does the balance in the security deposit account equal or exceed the liability? Note: The liability difference should include the accrued interest payable.	<u>Yes</u>	<u>WP# 4106</u>
F. Does the owner and/or the management agent have a fidelity bond in an amount at least equal to potential collections for two months which provides coverage for all employees handling cash?	<u>Yes</u>	<u>WP# 8004</u>
G. Did cash disbursements exclude payments for items listed below:		
(1) Legal expenses incurred in the sale of partnership interest or in connection with permanent closing?	<u>N/A</u>	<u> </u>
(2) The fee for the preparation of a partner's, shareholder's or individual's federal, state, or local income tax returns?	<u>N/A</u>	<u> </u>
(3) Expenses for advice to an owner on tax consequences of foreclosure?	<u>N/A</u>	<u> </u>
(4) Reimbursement to the owners or affiliates for prior advances, capital expenditures and/or development acquisition costs while the mortgage/grant is in default, under modification, forbearance or provisional workout arrangements?	<u>N/A</u>	<u> </u>
(5) Were all disbursements from the operating account(s) made exclusively for operation or obligations of the development?	<u>Yes</u>	<u>WP# 8002</u>
(6) Were letter of credit fees paid for out of operations or obligations of the development?	<u>N/A</u>	<u> </u>

IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST

Examination Item Reference (cont.)

	<u>Yes, No or N/A</u>	<u>Working Paper Reference</u>
H. Were distributions made to, or on behalf of, the owners limited to those authorized by the Regulatory Agreement or the distributions in accordance with prior written approval of DSHA while the development was in a surplus cash position?	<u>N/A</u>	<u></u>
(1) Developments operating under a modification or forbearance agreement and/or a provisional workout arrangement are not in a “surplus cash” position for distributions.	<u>N/A</u>	<u></u>
I. Were residual receipts deposited with the mortgagee within 30 days after mortgagee request for such deposit? (HUD Section 8/202/236 projects only)	<u>N/A</u>	<u></u>
J. Were excess rental collections in Section 236 developments remitted to HUD each month?	<u>N/A</u>	<u></u>
K. Does the mortgagor/grantee have a formal rent collection policy and is it posted?	<u>Yes</u>	<u>WP# 8004</u>
L. Is the collection policy uniformly enforced?	<u>Yes</u>	<u>WP# 8004</u>
M. Do tenants’ accounts receivable consist exclusively of amounts due from those other than employees?	<u>N/A</u>	<u></u>
N. Is there a formal procedure to write off bad debts?	<u>No</u>	<u>WP# 8004</u>
O. Have write-offs of tenants' accounts been less than one percent of the gross rent?	<u>Yes</u>	<u>WP# 8004</u>
P. Are accounts receivable other than tenants’ receivable composed exclusively of amounts due from unrelated persons or firms?	<u>Yes</u>	<u>WP# 2321</u>
Q. Were there indications that payments for services, supplies or materials were substantially in excess of amounts normally paid for such services, etc.?	<u>No</u>	<u></u>

IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST

Examination Item Reference (cont.)

	<u>Yes, No or N/A</u>	<u>Working Paper Reference</u>
R. Were accounts payable remitted in a timely manner so as to not incur late charges/penalties?	<u>Yes</u>	<u>WP# 4103</u>
S. Has the mortgagee made the required deposits to the mortgage escrow accounts as required by the loan documents?	<u>Yes</u>	<u>WP# 5010</u>
4. <u>Management Compensation</u>		
A. Was compensation to the management agent limited to the amounts prescribed in the Management Agreement?	<u>N/A</u>	<u></u>
B. Were development expenses paid in accordance with the management agreement (no expenses that management agents are required to pay charged to the development)?	<u>N/A</u>	<u></u>
5. <u>Rents and Occupancy</u>		
A. On nonsubsidized tax credit developments, is the gross potential rental income from apartments equal to or less than that shown on the most recent rent schedule?	<u>N/A</u>	<u></u>
B. On subsidized developments, are dwelling unit rents the same as those approved by DSHA/HUD/RD on the most recent rent schedule?	<u>N/A</u>	<u></u>
6. <u>RD/HUD Subsidy Payments (Section 8/515 Developments Only)</u>		
A. Were the amounts requested from DSHA/HUD/RD adequately supported by the accounting records?	<u>N/A</u>	<u></u>
B. Were subsidy receipts recorded in the proper accounts?	<u>N/A</u>	<u></u>
C. Utility allowance payments were paid to residents within five days of receipt from DSHA/HUD/RD and in an amount equal to the corresponding utility allowance subsidy amounts received.	<u>N/A</u>	<u></u>

Delaware State Housing Authority
COMPUTATION OF SURPLUS CASH AND DISTRIBUTIONS

Property Name	Fiscal Period Ending	DSHA/HDF Number
<u>Saint Francis Transitional Residence Fund</u>	<u>12/31/2015</u>	<u>DE 26B93-0325</u>

PART A. - COMPUTE SURPLUS CASH

Section 1 - Cash

1.	Cash	\$ <u>4,682</u>	
2.	Tenant Subsidy Vouchers due for Period Covered by Financial Statements	\$ _____	
3.	Other (Describe) _____	\$ _____	
	(A) Total Cash (Add Lines 1, 2, & 3)		\$ <u>4,682</u>

Section 2 - Current Obligations

4.	Accrued Mortgage Interest Payables	\$ _____	
5.	Delinquent Mortgage Principal Payments	\$ _____	
6.	Delinquent Deposits to Reserve for Replacements	\$ _____	
7.	Accounts Payable (due within 30 days)	\$ <u>482,889</u>	
8.	Loans and Notes Payable (due within 30 days)	\$ _____	
9.	Deficient Tax Insurance/Mortgage Insurance Escrow	\$ _____	
10.	Accrued Expenses (not escrowed)	\$ <u>784</u>	
11.	Paid Rents	\$ _____	
12.	Tenant Security Deposits Liability	\$ <u>1,384</u>	
13.	Other (Describe) _____	\$ _____	
	(B) Total Liabilities		\$ <u>485,057</u>
	(C) Surplus Cash (Deficiency)		\$ <u>(480,375)</u>
	Line (A) Minus Line (B)		

PART B - COMPUTE OWNERS' DISTRIBUTIONS & REQUIRED HDF LOAN BALANCE REDUCTION

1.	Surplus Cash		\$ <u>N/A</u>
2.	a. Beginning Balance: Accrued Distributions from Prior Year(s) Unpaid	\$ _____	
	Annual Distribution Earned During Fiscal Period Covered	\$ _____	
	Annual Distribution Paid During Audit Year Against Audit Year	\$(_____)	
	Annual Distribution Paid During Audit Year Against Prior Year(s)	\$(_____)	
	b. Ending Balance: Distributions Unpaid From Audit Year and Prior Year(s) at Audit Year End (Amount Carried on Balance Sheet)	\$ _____	
5.	Amount available for distribution (the Lesser of Line 1 or Line 2b)	\$ _____	
6.	Amount due DSHA to be Applied to DSHA Permanent Loan (Line 1 minus Line 3)	\$ _____	

Prepared By: _____ Date: _____ Reviewed By: _____ Date: _____

SUPPLEMENTARY INFORMATION

EMMANUEL DINING ROOM FUND



BELFINT • LYONS • SHUMAN
Certified Public Accountants

www.belfint.com

*Independent Auditors' Report on Supplementary Information Required
by United Way of Delaware*

To the Board of Trustees
Ministry of Caring, Inc.

We have audited the financial statements of Ministry of Caring, Inc. as of and for the years ended December 31, 2015 and 2014, and our report thereon dated September 8, 2016, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information required by United Way of Delaware for Emmanuel Dining Room Fund 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.

Belfint, Lyons & Shuman, P.A.

September 8, 2016
Wilmington, Delaware

**EMMANUEL DINING ROOM FUND
OF MINISTRY OF CARING, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015**

ASSETS	
Cash and Cash Equivalents	\$ 14,669
Grants Receivable	46,630
Prepaid Expenses and Other Current Assets	2,364
Investments	447,351
Property and Equipment - Net	67,729
Due from Other Funds	<u>126,738</u>
TOTAL ASSETS	<u>\$ 705,481</u>
LIABILITIES	
Accounts Payable	\$ 33,732
Accrued Expenses	<u>5,858</u>
TOTAL LIABILITIES	<u>41,130</u>
NET ASSETS	
Unrestricted	470,605
Temporarily Restricted	106,509
Permanently Restricted	<u>87,237</u>
TOTAL NET ASSETS	<u>664,351</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 705,481</u>

**EMMANUEL DINING ROOM FUND
OF MINISTRY OF CARING, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT				
Contributions and Fundraising	\$ 475,976	\$ -	\$ -	\$ 475,976
Contributed Rent	63,000	-	-	63,000
United Way - Designation and Personal Giving	84,543	-	-	84,543
Government Grants	93,260	-	-	93,260
Interest and Dividends	5,629	4,048	-	9,677
Net Losses on Investments	(4,349)	(3,127)	-	(7,476)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue	718,059	921	-	718,980
Net Assets Released from Restrictions	1,151	(1,151)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUE AND OTHER SUPPORT	719,210	(230)	-	718,980
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENSES	698,859	-	-	698,859
	<hr/>	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS BEFORE ASSISTANCE FROM (TO) OTHER FUNDS	20,351	(230)	-	20,121
	<hr/>	<hr/>	<hr/>	<hr/>
ASSISTANCE FROM (TO) OTHER FUNDS				
Assistance from (to) Other Funds - Net	(46,086)	-	-	(46,086)
	<hr/>	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS	(25,735)	(230)	-	(25,965)
	<hr/>	<hr/>	<hr/>	<hr/>
NET ASSETS - Beginning of Year	496,340	106,739	87,237	690,316
	<hr/>	<hr/>	<hr/>	<hr/>
NET ASSETS - End of Year	\$ 470,605	\$ 106,509	\$ 87,237	\$ 664,351
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SUPPLEMENTARY INFORMATION

MINISTRY OF CARING GUILD



BELFINT • LYONS • SHUMAN
Certified Public Accountants

www.belfint.com

*Independent Auditors' Report on Supplementary Information -
Ministry of Caring Guild*

To the Board of Trustees
Ministry of Caring, Inc.

We have audited the financial statements of Ministry of Caring, Inc. as of and for the years ended December 31, 2015 and 2014, and our report thereon dated September 8, 2016, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information for Ministry of Caring Guild 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.

Belfint, Lyons & Shuman, P.A.

September 8, 2016
Wilmington, Delaware

**MINISTRY OF CARING GUILD
OF MINISTRY OF CARING, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014**

	2015	2014
ASSETS		
Cash and Cash Equivalents	\$ 9,553	\$ 30,465
Prepaid Expenses and Other Current Assets	-	1,410
Due from Other Funds	24,224	-
TOTAL ASSETS	\$ 33,777	\$ 31,875
LIABILITIES		
Accounts Payable and Other Current Liabilities	\$ 1,902	\$ -
Due to Other Funds	-	2,382
TOTAL LIABILITIES	1,902	2,382
NET ASSETS		
Unrestricted	31,875	29,493
TOTAL LIABILITIES AND NET ASSETS	\$ 33,777	\$ 31,875

**MINISTRY OF CARING GUILD
OF MINISTRY OF CARING, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
REVENUE AND OTHER SUPPORT		
Auction	\$ 130,202	\$ 121,661
Eleganza Fashion Show	79,785	35,057
Voices of Caring	25,999	22,215
Recognition Dinner	4,420	7,185
Beauty and Blessed	5,998	5,203
Mardi Gras	-	10,925
Membership Income and Other Contributions	875	3,333
Interest Income	3	3
Assistance from Ministry of Caring, Inc.	2,382	5,106
	<u>249,664</u>	<u>210,688</u>
TOTAL REVENUE AND OTHER SUPPORT		
FUNDRAISING EXPENSES		
Auction	24,220	26,147
Eleganza Fashion Show	16,220	12,750
Voices of Caring	9,387	9,021
Recognition Dinner	3,108	2,705
Beauty and Blessed	375	512
Mardi Gras	-	4,832
General Expenses	3,990	4,285
Contributions and Assistance to Ministry of Caring, Inc.	189,982	145,330
	<u>247,282</u>	<u>205,582</u>
TOTAL FUNDRAISING EXPENSES		
CHANGE IN UNRESTRICTED NET ASSETS	2,382	5,106
UNRESTRICTED NET ASSETS - Beginning of Year	<u>29,493</u>	<u>24,387</u>
UNRESTRICTED NET ASSETS - End of Year	<u>\$ 31,875</u>	<u>\$ 29,493</u>