THE MINISTRY OF CARING, INC.

ORGANIZATION-WIDE AUDIT

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS

DECEMBER 31, 2010 AND 2009

BELFINT
LYONS &
SHUMAN

CERTIFIED PUBLIC ACCOUNTANTS

THE MINISTRY OF CARING, INC.
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Independent Auditors' Report

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

We have audited the accompanying statements of financial position of The Ministry of Caring, Inc. (a nonprofit organization) as of December 31, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Ministry of Caring, Inc. as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2011, on our consideration of The Ministry of Caring, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of The Ministry of Caring, Inc. taken as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not required part of the basic 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 basic 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 basic financial statements as a whole.

Belfint, Lyons & Shuman, P.A.

August 29, 2011
Wilmington, Delaware

THE MINISTRY OF CARING, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009

	2010	2009
ASSETS		
Cash and Cash Equivalents	$ 1,372,808	$ 1,285,026
Grants Receivable	644,452	1,054,753
Promises to Give - Net	489,261	617,230
Prepaid Expenses and Other Assets	69,972	75,311
Due from Affiliated Organizations	36,065	39,734
Escrow Accounts	75,419	64,030
Investments	10,344,130	9,702,686
Property and Equipment - Net	16,789,498	16,458,696
Property Held on Behalf of Affiliated Entity	215,000	-
Beneficial Interest in Split-Interest Agreements	966,099	923,999
TOTAL ASSETS	$ 31,002,704	$ 30,221,465
LIABILITIES		
Accounts Payable	$ 188,696	$ 131,983
Accrued Expenses	234,217	217,463
Accrued Construction Costs Payable	181,662	168,499
Security and Other Deposits	33,883	22,792
Due to Affiliated Organizations	215,000	157,867
Line of Credit	769,291	905,822
Notes Payable	-	20,878
Mortgage Payable	344,446	344,446
TOTAL LIABILITIES	1,967,195	1,969,750
NET ASSETS		
Unrestricted	25,352,426	24,181,023
Temporarily Restricted	2,878,921	3,301,761
Permanently Restricted	804,162	768,931
TOTAL NET ASSETS	29,035,509	28,251,715
TOTAL LIABILITIES AND NET ASSETS	$ 31,002,704	$ 30,221,465

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

THE MINISTRY OF CARING, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND OTHER SUPPORT				
Contributions and Fundraising	$ 2,091,094	$ 203,120	$ -	$ 2,294,214
United Way of Delaware - Allocation	37,852	-	-	37,852
United Way - Designation and Personal Giving	111,678	-	-	111,678
Government Grants	5,586,839	-	-	5,586,839
Program Fees	1,004,771	-	-	1,004,771
Change in Value of Split-Interest Agreements	-	6,869	35,231	42,100
Investment Income - Perpetual Trust	12,505	-	-	12,505
Interest and Dividends	283,717	3,547	-	287,264
Net Gains on Investments	763,777	10,942	-	774,719
Gains on Disposal of Property and Equipment	4,000	-	-	4,000
Miscellaneous Income	69,249	-	-	69,249
Total Revenue	9,965,482	224,478	35,231	10,225,191
Net Assets Released from Restriction	647,318	(647,318)	-	-
TOTAL REVENUE AND OTHER SUPPORT	10,612,800	(422,840)	35,231	10,225,191
EXPENSES				
Program Services (80%), (79%)	7,564,702	-	-	7,564,702
Management and General (13%), (15%)	1,210,891	-	-	1,210,891
Fundraising (7%), (6%)	665,804	-	-	665,804
TOTAL EXPENSES	9,441,397	-	-	9,441,397
CHANGE IN NET ASSETS	1,171,403	(422,840)	35,231	783,794
NET ASSETS - Beginning of Year	24,181,023	3,301,761	768,931	28,251,715
NET ASSETS - End of Year	$ 25,352,426	$ 2,878,921	$ 804,162	$ 29,035,509

2009			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 2,094,642	$ 492,738	$ -	$ 2,587,380
40,811	-	-	40,811
113,255	-	-	113,255
5,593,682	-	-	5,593,682
1,068,417	-	-	1,068,417
-	22,790	64,035	86,825
19,959	-	-	19,959
292,357	3,844	-	296,201
722,251	13,437	-	735,688
20,149	-	-	20,149
70,033	-	-	70,033
10,035,556	532,809	64,035	10,632,400
787,512	(787,512)	-	-
10,823,068	(254,703)	64,035	10,632,400
7,139,058	-	-	7,139,058
1,332,105	-	-	1,332,105
560,609	-	-	560,609
9,031,772	-	-	9,031,772
1,791,296	(254,703)	64,035	1,600,628
22,389,727	3,556,464	704,896	26,651,087
$ 24,181,023	$ 3,301,761	$ 768,931	$ 28,251,715

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

THE MINISTRY OF CARING, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010			
	Program Services	Management and General	Fundraising	Total Program and Supporting Services
SALARIES AND RELATED EXPENSES				
Salaries - Religious Employees	$ 365,433	$ 56,691	$ 31,042	$ 453,166
Salaries - Lay Employees	3,223,217	500,030	273,798	3,997,045
Employee Benefits	939,232	145,707	79,783	1,164,722
Payroll Taxes	240,339	37,285	20,416	298,040
TOTAL SALARIES AND RELATED EXPENSES	4,768,221	739,713	405,039	5,912,973
OTHER EXPENSES				
Advertising and Public Relations	6,304	978	535	7,817
Amortization	-	239	-	239
Assistance to Individuals and Groups	434,379	-	-	434,379
Automobile Expenses	60,779	9,429	5,163	75,371
Cleaning	65,010	10,085	5,523	80,618
Conferences and Training	4,704	730	399	5,833
Depreciation	618,381	95,932	52,529	766,842
Educational and Program Supplies	22,648	-	-	22,648
Food and Beverages	203,330	1,792	-	205,122
Fundraising Events	-	-	134,891	134,891
Interest Expense and Bank Fees	-	27,773	-	27,773
Insurance	153,262	23,776	13,019	190,057
Medical and Dental Supplies	95,124	-	-	95,124
Minor Equipment	17,310	2,685	1,471	21,466
Miscellaneous	13,850	2,150	1,176	17,176
Office Supplies	28,280	4,387	2,403	35,070
Other Supplies	21,050	3,266	1,788	26,104
Postage	9,723	1,508	826	12,057
Printing and Publications	15,567	2,415	1,322	19,304
Professional Fees	-	207,013	-	207,013
Repairs and Maintenance	164,013	25,444	13,932	203,389
Scholarships	45,937	-	-	45,937
Service Contracts	469,034	-	-	469,034
Utilities	347,796	51,576	25,788	425,160
TOTAL OTHER EXPENSES	2,796,481	471,178	260,765	3,528,424
TOTAL EXPENSES	$ 7,564,702	$ 1,210,891	$ 665,804	$ 9,441,397

2009			
Program Services	Management and General	Fundraising	Total Program and Supporting Services
$ 361,968	$ 64,300	$ 25,909	$ 452,177
3,183,377	565,492	227,867	3,976,736
906,271	160,988	64,872	1,132,131
238,310	42,333	17,059	297,702
4,689,926	833,113	335,707	5,858,746
6,807	1,209	488	8,504
-	240	-	240
106,603	-	-	106,603
80,469	14,294	5,760	100,523
65,139	11,571	4,663	81,373
10,310	1,831	738	12,879
618,639	109,894	44,283	772,816
31,423	-	-	31,423
196,753	1,767	-	198,520
-	-	108,835	108,835
-	23,090	-	23,090
184,192	32,720	13,184	230,096
108,089	-	-	108,089
15,256	2,710	1,092	19,058
14,211	2,524	1,018	17,753
26,902	4,779	1,926	33,607
30,270	5,377	2,167	37,814
12,201	2,167	874	15,242
17,505	3,110	1,253	21,868
-	199,408	-	199,408
146,695	26,059	10,500	183,254
24,452	-	-	24,452
417,637	-	-	417,637
335,579	56,242	28,121	419,942
2,449,132	498,992	224,902	3,173,026
$ 7,139,058	$ 1,332,105	$ 560,609	$ 9,031,772

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

THE MINISTRY OF CARING, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Revenues and Other Support	$ 9,594,041	$ 8,324,831
Cash Paid to Suppliers and Employees	(8,588,218)	(8,270,172)
Interest Paid	(7,531)	(23,090)
Interest and Dividends Received	287,264	296,201
NET CASH FROM OPERATING ACTIVITIES	1,285,556	327,770
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(1,084,481)	(1,747,826)
Proceeds from Disposal of Property and Equipment	4,000	31,589
Purchase of Investments	(5,731,218)	(5,427,080)
Proceeds from Sale of Investments	5,890,590	5,269,681
Repayments from (Payments Made to) Affiliated Organizations	(160,213)	57,562
Interest Earned but Retained in Escrow Accounts	(239)	(535)
Distributions from Escrow Accounts	-	30,609
Deposits into Escrow Accounts	(11,150)	(10,800)
NET CASH FROM INVESTING ACTIVITIES	(1,092,711)	(1,796,800)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Restricted for the Purchase of Property and Equipment	50,000	744,725
Contributions Received on Behalf of Affiliated Entity - Net	2,346	157,867
Proceeds from Line of Credit	6,606	375,102
Principal Payments on Line of Credit	(143,137)	(90,000)
Principal Payments on Notes Payable	(20,878)	(1,122)
NET CASH FROM FINANCING ACTIVITIES	(105,063)	1,186,572
NET CHANGE IN CASH AND CASH EQUIVALENTS	87,782	(282,458)
CASH AND CASH EQUIVALENTS - Beginning of Year	1,285,026	1,567,484
CASH AND CASH EQUIVALENTS - End of Year	$ 1,372,808	$ 1,285,026

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

THE MINISTRY OF CARING, INC.
STATEMENTS OF CASH FLOWS - CONTINUED
YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 783,794	$ 1,600,628
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities		
Depreciation and Amortization	767,081	773,056
Gains on Investments	(774,719)	(735,688)
Gains on Disposal of Property and Equipment	(4,000)	(20,149)
Discount on Promises to Give	4,268	(17,181)
Noncash Contributions Received	(26,097)	(193,593)
Contributions Restricted for the Purchase of Property and Equipment	(50,000)	(744,725)
Change in Value of Split-Interest Agreements	(42,100)	(86,825)
Change in Assets		
Grants Receivable	410,301	(158,259)
Promises to Give	123,701	(49,974)
Prepaid Expenses and Other Assets	5,100	(18,856)
Due from Affiliated Organizations	3,669	-
Change in Liabilities		
Accounts Payable	56,713	22,179
Accrued Expenses	16,754	(37,869)
Security and Other Deposits	11,091	(4,974)
Total Adjustments	501,762	(1,272,858)
NET CASH FROM OPERATING ACTIVITIES	$ 1,285,556	$ 327,770

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

THE MINISTRY OF CARING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities **-** The Ministry of Caring, Inc. (Organization) is a nonprofit organization formed for the principal purpose of providing emergency housing, meals, job search training, supportive services and placement services to the needy. Services are provided through its 20 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.

The financial statements include 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 Transitional Residence, Bethany House, Francis X. Norton Center, Sacred Heart Transitional Residence, Maria Lorenza Longo House, Padre Pio House, and The 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. Discount rates used on long-term promises to give ranged from 4.13% to 4.60%. There were no promises to give written off to bad debt expense during the years ended December 31, 2010 and 2009.

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.

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

Property and Equipment **-** Purchased property and equipment is 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 or acquired assets are placed in service 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. Expenses whose functional classification is not identifiable with a particular component of the activity are allocated to functional categories based on a pro rata allocation consistent with payroll expenses for each fund.

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

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 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, 2010 and 2009.

The federal informational returns of the Organization for the years ended December 31, 2007, 2008 and 2009 are subject to examination by the IRS, generally for three years after they were filed.

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:

	2010	2009
State of Delaware - Grant-in-Aid	$ 166,300	$ 184,700
State of Delaware - Office of Health and Social Services	34,292	68,583
City of Wilmington - Community Development Block Grant	39,448	19,970
New Castle County - Community Development Block Grant	3,427	3,620
New Castle County - Emergency Shelter Grant	6,610	5,437
New Castle County - Rapid Re-Housing	1,691	-
First State Community Action Agency	21,077	114,568
Henrietta Johnson Medical Center - Homeless Healthcare	33,137	21,316
State of Delaware - Purchase of Care Program	53,680	61,153
State of Delaware - Child and Adult Care Food Program	13,008	13,459
State of Delaware - Criminal Justice Council	24,283	45,366
City of Wilmington - HOPWA	4,451	14,557
State of Delaware - Department of Labor	2,469	1,335
State of Delaware - Division of Public Health	28,601	45,113
Delaware State Housing Authority	11,116	-
U.S. Department of Housing and Urban Development		
Supporting Housing Program	112,005	99,744
Economic Development Initiative	-	279,165
HOPWA	56,865	53,178
State of Delaware - AmeriCorps State Caring Corps	30,879	23,489
Delaware Museum of Natural History	1,113	-
Total	$ 644,452	$ 1,054,753

NOTE 3: PROMISES TO GIVE

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

	2010	2009
Receivable in Less than One Year	$ 252,067	$ 353,615
Receivable in One to Five Years	275,097	297,250
	527,164	650,865
Less Discounts to Net Present Value	37,903	33,635
Total Unconditional Promises to Give - Net	$ 489,261	$ 617,230

NOTE 4: ESCROW ACCOUNTS

Escrow accounts are held with the Delaware State Housing Authority (DSHA) and consisted of the following as of December 31:

	2010	2009
Delaware State Housing Authority Operating Reserve - Funds may be utilized for the payment of operating expenses and loan delinquencies.	$ 16,192	$ 16,135
Insurance Reserve - Funds may be utilized for insurance premiums. Minimum monthly deposits were $475.	10,364	4,664
Reserve for Replacement - Funds may be utilized for replacement of structural elements and mechanical equipment or for common area painting and decorating. Minimum monthly deposits increased from $425 to $460 during 2010.	46,540	40,940
Interest Reserve - Funds represent interest earned on the insurance reserve and may be utilized for operating expense deficits and loan delinquencies at DSHA's sole discretion.	2,323	2,291
	$ 75,419	$ 64,030

NOTE 5: LOAN ORIGINATION COSTS

Loan origination costs represent costs associated with obtaining financing. The intangible has an estimated useful life of 40 years and is amortized in accordance with Note 1. As of December 31, 2010 and 2009, loan origination costs are carried at $5,765 and $6,004, respectively, net of accumulated amortization of $3,816 and $3,577, respectively.

NOTE 6: INVESTMENTS

Investments consisted of the following as of December 31:

	2010		2009	
	Cost	Fair Value	Cost	Fair Value
Corporate Bonds	$ 784,428	$ 820,035	$ 711,829	$ 741,820
Government Securities	2,296,949	2,393,581	2,623,430	2,709,246
Common Stocks and Mutual Funds	6,410,476	7,130,514	6,110,953	6,251,620
Total Investments	$ 9,491,853	$ 10,344,130	$ 9,446,212	$ 9,702,686

During the years ended December 31, 2010 and 2009, respectively, net gains on investments consisted of $178,916 and ($934,800) of net realized gains (losses) and $595,803 and $1,670,488 of net unrealized gains.

NOTE 7: PROPERTY AND EQUIPMENT

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

	2010	2009
Land	$ 893,586	$ 877,432
Building and Improvements	20,022,462	19,735,273
Construction in Progress	2,877,233	2,248,480
Furniture and Equipment	2,371,686	2,206,138
Automobiles	375,700	375,700
Property Held on Behalf of Affiliated Entity	215,000	-
	26,755,667	25,443,023
Less: Property Held on Behalf of Affiliated Entity	(215,000)	-
Property and Equipment - Used In Operations	26,540,667	25,443,023
Accumulated Depreciation	9,751,169	8,984,327
Property and Equipment - Net	$ 16,789,498	$ 16,458,696

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, 2010 and 2009, the

NOTE 8: SPLIT-INTEREST AGREEMENTS - CONTINUED

Organization's beneficial interest in these split-interest agreements increased $6,869 and $22,790, respectively, which represented a change in the value of existing trusts. As of December 31, 2010 and 2009, the Organization's estimated present value interest in these trusts was $249,174 and $242,305, 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 $12,505 and $19,959 during the years ended December 31, 2010 and 2009, 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 in the Organization's beneficial interest in the trust of $35,231 and $64,035 for the years ended December 31, 2010 and 2009, respectively, based on changes in value of trust assets. The Organization's beneficial interest in the perpetual trust included in the statement of financial position as of December 31, 2010 and 2009 was $716,925 and $681,694, 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 three 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 balance as of December 31, 2010 and 2009 was $551,028 and $645,490, 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.

NOTE 10: LINE OF CREDIT

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, 2010 and 2009 was 0.761% and 0.741%, respectively. The available

NOTE 10: LINE OF CREDIT - CONTINUED

credit is reevaluated monthly and is based on the market value of the pledged collateral. As of December 31, 2010, the estimated market value of the Organization's investments pledged as collateral was $5,971,688 and the available line of credit beyond the outstanding debt balance was $2,430,081. The outstanding balance was $769,291 and $905,822 as of December 31, 2010 and 2009, respectively.

NOTE 11: NOTES PAYABLE

Notes payable consisted of the following as of December 31:

	2010	2009
Note Payable (Bank) - Monthly payments of $122 including interest at 5.90%. The note was scheduled to mature in October 2012 and was secured by an automobile. This note was satisfied in full in 2010.	$ -	$ 3,804
Note Payable (Bank) - Monthly payments of $547 including interest at 5.79%. The note was scheduled to mature in October 2012 and was secured by an automobile. This note was satisfied in full in 2010.	-	17,074
Total Notes Payable	$ -	$ 20,878

NOTE 12: 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.

NOTE 13: GUARANTEES OF DEBT

The Organization has common board members with Sacred Heart Housing, Inc. On March 14, 2007, Sacred Heart Housing 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, 2010, the estimated market value of the Organization's investments pledged as collateral was $3,984,977 and the available line of credit beyond the outstanding debt balance was $1,963,510. The outstanding debt balance was $689,507 as of December 31, 2010.

NOTE 14: RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of assets restricted for the following purposes:

	2010	2009
Beneficial Interest in Remainder Trusts	$ 249,174	$ 242,305
Child Care Scholarships	1,898,978	2,016,004
Education Scholarships	21,484	-
Cliff Abel Holiday Fund	29,058	15,192
Endowment Fund - Emmanuel Dining Room	45,281	31,581
Freezer/HVAC - Emmanuel Dining Room	63,327	-
Job Placement Center	-	1,721
Josephine Bakhita House - Construction	465,779	474,093
Mary Mother of Hope House I - Construction	-	517,412
615 North Jackson Street - Construction	48,872	-
Paperless Office Conversion	35,000	-
Pierre Toussaint Dental Office	-	1,323
Child Care Training and Supplies	8,408	1,155
Childhood Obesity Program	10,300	-
Other Donor Restricted Projects	3,260	975
Total	$ 2,878,921	$ 3,301,761

Permanently restricted net assets consisted of assets restricted for the following purposes:

	2010	2009
Beneficial Interest in Perpetual Trusts	$ 716,925	$ 681,694
Cash and Investment Balances to be Held Indefinitely to Generate Income for the Emmanuel Dining Room	87,237	87,237
Total	$ 804,162	$ 768,931

NOTE 15: 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.

NOTE 15: ENDOWMENT FUNDS - CONTINUED

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 in 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, which 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.

NOTE 15: 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, 2010	$ 45,281	$ 87,237	$ 132,518
As of December 31, 2009	$ 31,581	$ 87,237	$ 118,818

Changes in the Fund's net assets for the years ended December 31, 2010 and 2009 were as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - January 1, 2009	$ 14,928	$ 87,237	$ 102,165
2009 Endowment Activity			
Interest and Dividends	3,844	-	3,844
Unrealized Gains (Losses) on Investments	19,954	-	19,954
Realized Gains (Losses) on Investments	(6,517)	-	(6,517)
Investment Fees	(628)	-	(628)
Amounts Appropriated for Expenditure	-	-	-
Endowment Net Assets - December 31, 2009	31,581	87,237	118,818
2010 Endowment Activity			
Interest and Dividends	3,547	-	3,547
Unrealized Gains (Losses) on Investments	10,053	-	10,053
Realized Gains (Losses) on Investments	889	-	889
Investment Fees	(789)	-	(789)
Amounts Appropriated for Expenditure	-	-	-
Endowment Net Assets - December 31, 2010	$ 45,281	$ 87,237	$ 132,518

NOTE 16: SUPPLEMENTAL CASH FLOW INFORMATION

Noncash investing and financing for the years ended December 31, 2010 and 2009 consisted of the following:

	2010	2009
Noncash Investing and Financing Activities		
Current Accrued Construction Costs Payable	$ 181,662	$ 168,499
Prior Accrued Construction Costs Payable	168,499	386,560
Donated Investments	26,097	27,902
Notes Payable Incurred to Acquire Automobiles	-	22,000
Donated Property and Equipment	-	165,691
Property and Equipment Received and Held on Behalf of Affiliated Entity	215,000	-

NOTE 17: 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 8% of the participants' compensation as of December 31, 2010 and 2009. 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 $266,797 and $36,336, respectively, for the year ended December 31, 2010 and $238,075 and $36,468, respectively, for the year ended December 31, 2009.

NOTE 18: RELATED PARTY TRANSACTIONS

The Organization has common board members with Sacred Heart Village, Inc. The Organization receives revenue for providing administrative services and paying expenses on behalf of Sacred Heart Village, Inc. For the years ended December 31, 2010 and 2009, revenue from administrative services and expenses paid on behalf of Sacred Heart Village, Inc. was $43,425 and $51,719, respectively. As of December 31, 2010 and 2009, the Organization's net receivable from Sacred Heart Village, Inc. was $35,596 and $3,035, 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, 2010 and 2009, this receivable is still fully reserved and is not reflected in the statements of financial position.

NOTE 18: RELATED PARTY TRANSACTIONS - CONTINUED

Sacred Heart Housing, Inc. and the Mother Teresa House are entities affiliated with the Organization through common board members and management. At times, the Organization receives revenue for resources provided and expenses paid on behalf of these entities. For the year ended December 31, 2010, revenue from Sacred Heart Housing, Inc. and Mother Teresa House for administrative services and expenses paid was $4,290 and $38,231, respectively. For the year ended December 31, 2009, revenue from Sacred Heart Housing, Inc. and Mother Teresa House for administrative services and expenses paid was $0. As of December 31, 2010, the receivable from Sacred Heart Housing, Inc. and the Mother Teresa House was $0 and $469, respectively. As of December 31, 2009, the receivable from Sacred Heart Housing, Inc. and the Mother Teresa House was $13,769 and $22,930, respectively.

Included in due to affiliated organizations in the statements of financial position are contributions and funding received by the Organization on behalf of the Mother Teresa House, during this affiliated entity's start-up period. The balance for the contributions and funding received on behalf of the Mother Teresa House for the years ended December 31, 2010 and 2009 was $0 and $157,867, respectively.

Due to affiliated organizations as of December 31, 2010 also includes the value of property held by the Organization on behalf of and to be used for the proposed Sacred Heart Village II project. During the year ended December 31, 2010, Sacred Heart Housing, Inc., upon approval of its board of directors, transferred property to the Organization to be held on behalf of Sacred Heart Village II during its start-up period. The estimated value of the property was $215,000 at the time of transfer and is included in property and equipment and due to affiliated organizations in the statement of financial position as of December 31, 2010. In the event that the Sacred Heart Village II project does not receive the funds necessary to be established as a separate affiliated entity, the property will revert back to Sacred Heart Housing, Inc.

During the year ended December 31, 2009, the Organization transferred a property classified as construction-in-progress to Sacred Heart Housing, Inc. in exchange for a property which was classified as construction-in-progress upon receipt. The property received was capitalized at its carrying value at the time of transfer. The exchange transaction resulted in a gain of $83,191 and is included in the statements of activities as contributions.

NOTE 19: FAIR VALUE MEASUREMENTS

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

	Total Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2010				
Investments				
Corporate Bonds	$ 820,035	$ -	$ 820,035	$ -
Government Securities	2,393,581	2,393,581	-	-
Common Stocks and Mutual Funds	7,130,514	7,130,514	-	-
Total Investments	10,344,130	9,524,095	820,035	-
Beneficial Interest in Split-Interest Agreements				
Charitable Remainder Trusts	249,174	-	-	249,174
Charitable Perpetual Trusts	716,925	-	716,925	-
Total Split-Interest Agreements	966,099	-	716,925	249,174
Total Assets	$ 11,310,229	$ 9,524,095	$ 1,536,960	$ 249,174
2009				
Investments				
Corporate Bonds	$ 741,820	$ -	$ 741,820	$ -
Government Securities	2,709,246	2,709,246	-	-
Common Stocks and Mutual Funds	6,251,620	6,251,620	-	-
Total Investments	9,702,686	8,960,866	741,820	-
Beneficial Interest in Split-Interest Agreements				
Charitable Remainder Trusts	242,305	-	-	242,305
Charitable Perpetual Trusts	681,694	-	681,694	-
Total Split-Interest Agreements	923,999	-	681,694	242,305
Total Assets	$ 10,626,685	$ 8,960,866	$ 1,423,514	$ 242,305

NOTE 19: FAIR VALUE MEASUREMENTS – CONTINUED

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

Beneficial Interest in Split-Interest Agreements	
Balance - January 1, 2009	$ 219,515
Change in Value of Split-Interest Agreements	22,790
Balance - December 31, 2009	242,305
Change in Value of Split-Interest Agreements	6,869
Balance - December 31, 2010	$ 249,174

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.

NOTE 20: COMMITMENTS AND CONTINGENCIES

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.

The Organization entered into a construction contract for renovations to the building located at its Hope House I program. The contracted cost to complete the project is $2,266,332. As of December 31, 2010 and 2009, costs of $2,221,585 and $1,393,655, respectively, have been incurred in relation to this contract and have been capitalized as construction in process on the statements of financial position. The project is expected to be completed during 2011.

NOTE 21: SUBSEQUENT EVENTS

In February 2011, the Organization entered into a loan agreement with the Delaware State Housing Authority in the amount of $600,000. The proceeds from the loan were used for the renovation and expansion of the Organization's Mary Mother of Hope House I program. The loan is in the form of an interest-free deferred mortgage payable with principal payments deferred for the term of 30 years until maturity in January 2031 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.

ADDITIONAL INFORMATION

THE MINISTRY OF CARING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2010

Federal Grantor/Pass-Through Grantor/Program Title	CFDA#	Expenditures
Direct Programs		
Department of Housing and Urban Development		
Supportive Housing Program	14.235	$ 2,080,438
Economic Development Initiative, Special Project	14.251	195,835
Total Direct Programs		2,276,273
Pass-Through Programs		
Department of Agriculture		
State of Delaware - Department of Education		
Child and Adult Care Food Program	10.558	166,892
Department of Housing and Urban Development		
City of Wilmington		
Community Development Block Grants - Entitlement Grants	14.218	74,673
Housing Opportunities for Persons with AIDS	14.241	58,250
ARRA - Homeless Prevention and Rapid Re-Housing Program	14.262	105,000
New Castle County		
ARRA - Homeless Prevention and Rapid Re-Housing Program	14.262	82,470
Community Development Block Grants - Entitlement Grants	14.218	29,976
Emergency Shelter Grants	14.231	20,597
Department of Justice		
State of Delaware - Criminal Justice Council		
Second Chance Act Prisoner Reentry Initiative	16.812	85,017
Corporation for National and Community Service		
State of Delaware - Department of Health and Social Services		
AmeriCorps - State Commissions	94.003	126,445
Department of Health and Human Services		
Henrietta Johnson Medical Center		
Consolidated Health Centers Grant	93.224	100,743
First State Community Action Agency		
Community Services Block Grant	93.569	231,994
ARRA - Community Services Block Grant	93.710	433,806
State of Delaware - Department of Health and Social Services		
Child Care and Development Block Grant	93.575	624,513
Department of Homeland Security		
Jewish Family Services of Delaware		
Emergency Food and Shelter National Board Program	97.024	96,726
Total Pass-Through Programs		2,237,102
Total Expenditures of Federal Awards		$ 4,513,375

THE MINISTRY OF CARING, INC.
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2010

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Ministry of Caring, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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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
The Ministry of Caring, Inc.

We have audited the financial statements of The Ministry of Caring, Inc. (a nonprofit organization) as of and for the year ended December 31, 2010, and have issued our report thereon dated August 29, 2011. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Ministry of Caring, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The 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*.

This report is intended solely for the information and use of the board of directors, management, others within the entity and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Belfint, Lyons & Shuman, P.A.

August 29, 2011
Wilmington, Delaware

Barry A. Crozier, CPA • Daniel J. Protokowicz, CPA • Michael D. Wollaston, CPA • Peter J. Wisnington, CPA
Michael T. French, CPA • Jordon N. Rosen, CPA • Kamini D. Patel, CPA • Gregory J. Sarnecki, CPA • Stephen D. Ritchie, CPA
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Independent Auditors' Report on Compliance with Requirements That Could Have A Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited The Ministry of Caring, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each The Ministry of Caring, Inc.'s major federal programs for the year ended December 31, 2010. The 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of The Ministry of Caring, Inc.'s management. Our responsibility is to express an opinion on The Ministry of Caring, Inc.'s compliance based on our audit.

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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 The Ministry of Caring, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of The Ministry of Caring, Inc.'s compliance with those requirements.

In our opinion, The Ministry of Caring, Inc. complied, in all material respects, with the 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, 2010.

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

Internal Control Over Compliance

Management of The Ministry of Caring, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered The Ministry of Caring, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 The 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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board of directors, management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Belfint, Lyons & Shuman, P.A.

August 29, 2011
Wilmington, Delaware

THE MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2010

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditors' Report Issued:	Unqualified	
Internal Control Over Financial Reporting:		
• Material Weakness(es) Identified?	___ Yes	x No
• Significant Deficiencies Identified that are Not Considered to be Material Weaknesses?	___ Yes	x No
Noncompliance Material to Financial Statements Noted?	___ Yes	x No

Federal Awards

Internal Control Over Major Programs:		
• Material Weakness(es) Identified?	___ Yes	x No
• Significant Deficiencies Identified that are Not Considered to be Material Weaknesses?	___ Yes	x No
Type of Auditors' Report Issued on Compliance for Major Programs:	Unqualified	
Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section 510(a) of Circular A-133?	___ Yes	x No

Identification of Major Programs:

CFDA Number(s)	Name of Federal Program
14.235	Supportive Housing Program
93.710/93.569	Community Services Block Grant
93.575	Child Care and Development Block Grant

Dollar Threshold Used to Distinguish Between Type A and Type B Programs:	$ 300,000	
Auditee Qualified as Low-Risk Auditee?	x Yes	___ No

THE MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2010

II. FINDINGS

Current Year Findings

There were no current year findings.

Prior Year Findings

There were no findings reported in the prior year.