

**THE MINISTRY OF CARING, INC.**

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

**DECEMBER 31, 2011 AND 2010**

**THE MINISTRY OF CARING, INC.**  
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**DECEMBER 31, 2011**

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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, 2011 and 2010, 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 the 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, 2011 and 2010, 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 24, 2012, 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 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. as a whole. The accompanying 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 a 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Belfint, Lyons & Shurman, P.A.*

August 24, 2012  
Wilmington, Delaware

**THE MINISTRY OF CARING, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 835,492	\$ 1,372,808
Grants Receivable	692,582	644,452
Promises to Give - Net	450,840	489,261
Prepaid Expenses and Other Assets	86,242	69,972
Due from Affiliated Organizations	67,699	36,065
Mortgage Escrow Accounts	287,563	75,419
Investments	10,243,047	10,344,130
Property and Equipment - Net	17,149,670	16,789,498
Property Held on Behalf of Affiliated Entity	215,000	215,000
Beneficial Interest in Split-Interest Agreements	918,150	966,099
<b>TOTAL ASSETS</b>	<u><u>\$ 30,946,285</u></u>	<u><u>\$ 31,002,704</u></u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 252,968	\$ 188,696
Accrued Expenses	208,954	234,217
Accrued Construction Costs Payable	87,409	181,662
Security and Other Deposits	32,445	33,883
Due to Affiliated Organizations	334,850	215,000
Line of Credit	922,621	769,291
Accrued Credit Losses (Loan Guarantee)	652,587	-
Mortgages Payable - Delaware State Housing Authority	944,446	344,446
<b>TOTAL LIABILITIES</b>	<u>3,436,280</u>	<u>1,967,195</u>
<b>NET ASSETS</b>		
Unrestricted	24,144,904	25,352,426
Temporarily Restricted	2,582,994	2,878,921
Permanently Restricted	782,107	804,162
<b>TOTAL NET ASSETS</b>	<u>27,510,005</u>	<u>29,035,509</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 30,946,285</u></u>	<u><u>\$ 31,002,704</u></u>

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

**THE MINISTRY OF CARING, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<b>2011</b>			
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>REVENUE AND OTHER SUPPORT</b>				
Contributions and Fundraising	\$ 1,758,320	\$ 351,862	\$ -	\$ 2,110,182
United Way of Delaware - Allocation	43,161	-	-	43,161
United Way - Designation and Personal Giving	94,549	-	-	94,549
Government Grants	4,713,118	-	-	4,713,118
Program Fees	907,900	-	-	907,900
Change in Value of Split-Interest Agreements	-	(25,894)	(22,055)	(47,949)
Investment Income - Perpetual Trust	13,074	-	-	13,074
Interest and Dividends	285,747	3,499	-	289,246
Net Gains (Losses) on Investments	125,789	(1,598)	-	124,191
Gains on Disposal of Property and Equipment	-	-	-	-
Miscellaneous Income	57,097	-	-	57,097
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue	7,998,755	327,869	(22,055)	8,304,569
Net Assets Released from Restriction	623,796	(623,796)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	8,622,551	(295,927)	(22,055)	8,304,569
	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXPENSES</b>				
Program Services (78%), (80%)	7,117,209	-	-	7,117,209
Management and General (14%), (13%)	1,369,293	-	-	1,369,293
Fundraising (8%), (7%)	690,984	-	-	690,984
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENSES</b>	9,177,486	-	-	9,177,486
	<hr/>	<hr/>	<hr/>	<hr/>
<b>CHANGE IN NET ASSETS BEFORE CREDIT LOSS (LOAN GUARANTEE)</b>	(554,935)	(295,927)	(22,055)	(872,917)
<b>CREDIT LOSS (LOAN GUARANTEE)</b>	(652,587)	-	-	(652,587)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>CHANGE IN NET ASSETS</b>	(1,207,522)	(295,927)	(22,055)	(1,525,504)
<b>NET ASSETS - Beginning of Year</b>	25,352,426	2,878,921	804,162	29,035,509
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<b>NET ASSETS - End of Year</b>	\$ 24,144,904	\$ 2,582,994	\$ 782,107	\$ 27,510,005
	<hr/>	<hr/>	<hr/>	<hr/>

2010			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 2,091,094	\$ 203,120	\$ -	\$ 2,294,214
37,852	-	-	37,852
111,678	-	-	111,678
5,586,839	-	-	5,586,839
1,004,771	-	-	1,004,771
-	6,869	35,231	42,100
12,505	-	-	12,505
283,717	3,547	-	287,264
763,777	10,942	-	774,719
4,000	-	-	4,000
69,249	-	-	69,249
9,965,482	224,478	35,231	10,225,191
647,318	(647,318)	-	-
10,612,800	(422,840)	35,231	10,225,191
7,564,702	-	-	7,564,702
1,210,891	-	-	1,210,891
665,804	-	-	665,804
9,441,397	-	-	9,441,397
1,171,403	(422,840)	35,231	783,794
-	-	-	-
1,171,403	(422,840)	35,231	783,794
24,181,023	3,301,761	768,931	28,251,715
\$ 25,352,426	\$ 2,878,921	\$ 804,162	\$ 29,035,509

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

**THE MINISTRY OF CARING, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<b>2011</b>			
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Program and Supporting Services</b>
<b>SALARIES AND RELATED EXPENSES</b>				
Salaries - Religious Employees	\$ 370,243	\$ 72,105	\$ 36,435	\$ 478,783
Salaries - Lay Employees	3,070,586	597,996	302,174	3,970,756
Employee Benefits	996,624	194,092	98,078	1,288,794
Payroll Taxes	228,331	44,467	22,470	295,268
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>4,665,784</b>	<b>908,660</b>	<b>459,157</b>	<b>6,033,601</b>
<b>OTHER EXPENSES</b>				
Advertising and Public Relations	6,958	1,355	685	8,998
Amortization	-	239	-	239
Assistance to Individuals and Groups	69,911	-	-	69,911
Automobile Expenses	68,794	13,398	6,770	88,962
Cleaning	61,046	1,016	508	62,570
Conferences and Training	5,419	1,055	534	7,008
Depreciation	674,913	131,439	66,418	872,770
Educational and Program Supplies	22,913	-	-	22,913
Food and Beverages	190,207	735	-	190,942
Fundraising Events	-	-	99,247	99,247
Interest Expense and Bank Fees	-	22,337	-	22,337
Insurance	159,835	31,128	15,729	206,692
Medical and Dental Supplies	97,844	-	-	97,844
Minor Equipment	17,207	3,351	1,693	22,251
Miscellaneous	9,849	1,919	969	12,737
Office Supplies	21,226	4,134	2,089	27,449
Other Supplies	32,544	6,338	3,202	42,084
Postage	9,133	1,779	899	11,811
Printing and Publications	14,656	2,854	1,443	18,953
Professional Fees	45,144	174,274	-	219,418
Repairs and Maintenance	149,486	14,820	7,410	171,716
Scholarships	41,620	-	-	41,620
Service Contracts	432,016	-	-	432,016
Utilities	320,704	48,462	24,231	393,397
<b>TOTAL OTHER EXPENSES</b>	<b>2,451,425</b>	<b>460,633</b>	<b>231,827</b>	<b>3,143,885</b>
<b>TOTAL EXPENSES</b>	<b>\$ 7,117,209</b>	<b>\$ 1,369,293</b>	<b>\$ 690,984</b>	<b>\$ 9,177,486</b>



2010			
Program Services	Management and General	Fundraising	Total Program and Supporting Services
\$ 365,433	\$ 56,691	\$ 31,042	\$ 453,166
3,223,217	500,030	273,798	3,997,045
939,232	145,707	79,783	1,164,722
240,339	37,285	20,416	298,040
4,768,221	739,713	405,039	5,912,973
6,304	978	535	7,817
-	239	-	239
434,379	-	-	434,379
60,779	9,429	5,163	75,371
65,010	10,085	5,523	80,618
4,704	730	399	5,833
618,381	95,932	52,529	766,842
22,648	-	-	22,648
203,330	1,792	-	205,122
-	-	134,891	134,891
-	27,773	-	27,773
153,262	23,776	13,019	190,057
95,124	-	-	95,124
17,310	2,685	1,471	21,466
13,850	2,150	1,176	17,176
28,280	4,387	2,403	35,070
21,050	3,266	1,788	26,104
9,723	1,508	826	12,057
15,567	2,415	1,322	19,304
-	207,013	-	207,013
164,013	25,444	13,932	203,389
45,937	-	-	45,937
469,034	-	-	469,034
347,796	51,576	25,788	425,160
2,796,481	471,178	260,765	3,528,424
\$ 7,564,702	\$ 1,210,891	\$ 665,804	\$ 9,441,397

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

**THE MINISTRY OF CARING, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Revenues and Other Support	\$ 7,612,241	\$ 9,594,041
Cash Paid to Suppliers and Employees	(8,276,490)	(8,588,218)
Interest Paid	(22,337)	(7,531)
Interest and Dividends Received	<u>289,246</u>	<u>287,264</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>(397,340)</u>	<u>1,285,556</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(1,163,277)	(1,084,481)
Proceeds from Disposal of Property and Equipment	-	4,000
Purchase of Investments	(4,455,380)	(5,731,218)
Proceeds from Sale of Investments	4,702,508	5,890,590
Advances from (Payments Made to) Affiliated Organizations - Net	136,700	(160,213)
Interest Earned but Retained in Mortgage Escrow Deposits	(1,596)	(239)
Distributions from Mortgage Escrow Deposits	7,022	-
Deposits into Mortgage Escrow	<u>(117,570)</u>	<u>(11,150)</u>
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<u>(891,593)</u>	<u>(1,092,711)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Contributions Restricted		
for the Purchase of Property and Equipment	262,205	50,000
Contributions Received on Behalf of Affiliated Entity - Net	-	2,346
Proceeds from Line of Credit	183,330	6,606
Proceeds from Mortgage Payable - Delaware State Housing Authority	336,082	-
Principal Payments on Line of Credit	(30,000)	(143,137)
Principal Payments on Notes Payable	<u>-</u>	<u>(20,878)</u>
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<u>751,617</u>	<u>(105,063)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(537,316)	87,782
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	<u>1,372,808</u>	<u>1,285,026</u>
<b>CASH AND CASH EQUIVALENTS - End of Year</b>	<u><u>\$ 835,492</u></u>	<u><u>\$ 1,372,808</u></u>

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, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	<u>\$ (1,525,504)</u>	<u>\$ 783,794</u>
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities		
Depreciation and Amortization	873,009	767,081
Gains on Investments	(124,191)	(774,719)
Gains on Disposal of Property and Equipment	-	(4,000)
Discount on Promises to Give	(16,828)	4,268
Noncash Contributions Received	(21,854)	(26,097)
Contributions Restricted for the Purchase of Property and Equipment	(262,205)	(50,000)
Change in Value of Split-Interest Agreements	47,949	(42,100)
Change in Assets		
Grants Receivable	(48,130)	410,301
Promises to Give	55,249	123,701
Prepaid Expenses and Other Assets	(16,509)	5,100
Due from Affiliated Organizations	(31,634)	3,669
Change in Liabilities		
Accounts Payable	64,272	56,713
Accrued Expenses	(25,263)	16,754
Security and Other Deposits	(1,438)	11,091
Due to Affiliated Organizations	(16,850)	-
Accrued Credit Losses (Loan Guarantee)	<u>652,587</u>	<u>-</u>
Total Adjustments	<u>1,128,164</u>	<u>501,762</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u><u>\$ (397,340)</u></u>	<u><u>\$ 1,285,556</u></u>

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

**THE MINISTRY OF CARING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**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 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.

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, 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 4.34% to 4.60%. There were no promises to give written off to bad debt expense during the years ended December 31, 2011 and 2010.

***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.

***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

**THE MINISTRY OF CARING, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2011**

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

***Property and Equipment - continued*** - 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.

***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.

**THE MINISTRY OF CARING, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2011**

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

**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, 2011 and 2010.

The federal informational returns of the Organization for the years ended December 31, 2008, 2009, and 2010 are subject to examination by the IRS, generally for three years after they were filed.

**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.

**THE MINISTRY OF CARING, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2011**

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

*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:

	2011	2010
State of Delaware - Grant-in-Aid	\$ 212,210	\$ 166,300
State of Delaware - Office of Health and Social Services	33,844	34,292
City of Wilmington - Community Development Block Grant	9,081	39,448
New Castle County - Community Development Block Grant	1,593	3,427
New Castle County - Emergency Shelter Grant	4,258	6,610
New Castle County - Rapid Re-Housing	-	1,691
First State Community Action Agency	65,076	21,077
Henrietta Johnson Medical Center - Homeless Healthcare	30,199	33,137
Jewish Family Services of Delaware - Emergency Food and Shelter Program	52,163	-
State of Delaware - Purchase of Care Program	54,951	53,680
State of Delaware - Child and Adult Care Food Program	13,808	13,008
State of Delaware - Criminal Justice Council	-	24,283
City of Wilmington - HOPWA	6,297	4,451
State of Delaware - Department of Labor	-	2,469
State of Delaware - Department of Natural Resources and Environmental Control	448	-
State of Delaware - Division of Public Health	12,898	28,601
Delaware State Housing Authority	9,005	11,116
U.S. Department of Housing and Urban Development		
Supporting Housing Program	153,972	147,354
HOPWA	15,396	21,516
State of Delaware - AmeriCorps State Caring Corps	17,383	30,879
Delaware Museum of Natural History	-	1,113
	<hr/>	<hr/>
Total	<u>\$ 692,582</u>	<u>\$ 644,452</u>

**THE MINISTRY OF CARING, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2011**

**NOTE 3: PROMISES TO GIVE**

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

	2011	2010
Receivable in Less than One Year	\$ 323,156	\$ 252,067
Receivable in One to Five Years	148,759	275,097
	471,915	527,164
Less Discounts to Net Present Value	21,075	37,903
Total Unconditional Promises to Give - Net	<u>\$ 450,840</u>	<u>\$ 489,261</u>

**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:

	2011	2010
<b><i>Delaware State Housing Authority Operating Reserve</i></b> - Funds may be utilized for the payment of operating expenses and loan delinquencies.		
- Mary Mother of Hope House I Fund	\$ 200,539	\$ -
- St. Francis Transitional Residence Fund	16,246	16,192
<b><i>Insurance Reserve</i></b> - Funds may be utilized for insurance premiums. Minimum monthly deposits were \$475.		
- Mary Mother of Hope House I Fund	3,800	-
- St. Francis Transitional Residence Fund	9,042	10,364
<b><i>Reserve for Replacement</i></b> - Funds may be utilized for replacement of structural elements and mechanical equipment or for common area painting and decorating. Minimum monthly deposits were \$400 for Mary Mother of Hope House I Fund and increased from \$460 to \$475 for St. Francis Transitional Residence Fund during 2011.		
- Mary Mother of Hope House I Fund	3,203	-
- St. Francis Transitional Residence Fund	52,374	46,540
<b><i>Interest Reserve</i></b> - 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	3	-
- St. Francis Transitional Residence Fund	2,356	2,323
	<u>\$ 287,563</u>	<u>\$ 75,419</u>



**THE MINISTRY OF CARING, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2011**

**NOTE 5: LOAN ORIGATION 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, 2011 and 2010, loan origination costs are carried at \$5,525 and \$5,765, respectively, net of accumulated amortization of \$4,056 and \$3,816, respectively.

**NOTE 6: INVESTMENTS**

Investments consisted of the following as of December 31:

	2011		2010	
	Cost	Fair Value	Cost	Fair Value
Corporate Bonds	\$ 1,002,904	\$ 1,030,501	\$ 784,428	\$ 820,035
Government Securities	2,370,860	2,590,208	2,296,949	2,393,581
Common Stocks and Mutual Funds	6,265,612	6,622,338	6,410,476	7,130,514
Total Investments	<u>\$ 9,639,376</u>	<u>\$ 10,243,047</u>	<u>\$ 9,491,853</u>	<u>\$ 10,344,130</u>

During the years ended December 31, 2011 and 2010, respectively, net gains on investments consisted of \$372,797 and \$178,916 of net realized gains and (\$248,606) and \$595,803 of net unrealized gains (losses).

**NOTE 7: PROPERTY AND EQUIPMENT**

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

	2011	2010
Land	\$ 896,586	\$ 893,586
Building and Improvements	23,915,686	20,022,462
Construction in Progress	25,754	2,877,233
Furniture and Equipment	2,559,883	2,371,686
Automobiles	375,700	375,700
Property Held on Behalf of Affiliated Entity	<u>215,000</u>	<u>215,000</u>
	27,988,609	26,755,667
Less: Property Held on Behalf of Affiliated Entity	<u>(215,000)</u>	<u>(215,000)</u>
Property and Equipment - Used In Operations	27,773,609	26,540,667
Accumulated Depreciation	<u>10,623,939</u>	<u>9,751,169</u>
Property and Equipment - Net	<u>\$ 17,149,670</u>	<u>\$ 16,789,498</u>

**THE MINISTRY OF CARING, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2011**

**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, 2011 and 2010, the Organization's beneficial interest in these split-interest agreements increased (decreased) (\$25,894) and \$6,869, respectively, which represented a change in the value of existing trusts. As of December 31, 2011 and 2010, the Organization's estimated present value interest in these trusts was \$223,280 and \$249,174, 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 \$13,074 and \$12,505 during the years ended December 31, 2011 and 2010, 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 (\$22,055) and \$35,231 for the years ended December 31, 2011 and 2010, 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, 2011 and 2010 was \$694,870 and \$716,925, 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, 2011 and 2010 was \$455,045 and \$551,028, 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.

**THE MINISTRY OF CARING, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2011**

**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, 2011 and 2010 was 0.805% and 0.761%, respectively. The available credit is reevaluated monthly and is based on the market value of the pledged collateral. As of December 31, 2011, the estimated market value of the Organization's investments pledged as collateral was \$6,173,523 and the available line of credit beyond the outstanding debt balance was \$2,583,357. The outstanding balance was \$922,621 and \$769,291 as of December 31, 2011 and 2010, 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, 2011, the estimated market value of the Organization's investments pledged as collateral was \$3,792,223 and the available line of credit beyond the outstanding debt balance was \$1,864,416. As of December 31, 2011, the outstanding debt balance owed by Sacred Heart Housing, Inc. was \$652,587. The carrying value of Sacred Heart Housing, Inc.'s total assets as of December 31, 2011 was \$87,050. As a result, the Organization accrued a credit loss of \$652,587 as of December 31, 2012 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, 2011.

**THE MINISTRY OF CARING, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2011**

**NOTE 13: RESTRICTED NET ASSETS**

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

	2011	2010
Beneficial Interest in Remainder Trusts	\$ 223,280	\$ 249,174
Child Care Scholarships	1,801,352	1,898,978
Education Scholarships	20,134	21,484
Cliff Abel Holiday Fund	36,020	29,058
Endowment Fund - Emmanuel Dining Room	46,391	45,281
Freezer/HVAC - Emmanuel Dining Room	26,595	63,327
Job Placement Center - Training	20,000	-
Josephine Bakhita House - Renovations	-	465,779
615 North Jackson Street - Renovations	201,968	48,872
House of Joseph I - Renovations	33,048	-
Paperless Office Conversion	23,782	35,000
Pierre Toussaint Dental Office	4,000	-
Child Care Training and Supplies	15,559	8,408
Employee Health Program	17,855	-
Housing Needs Campaign	100,000	-
Childhood Obesity Program	-	10,300
Other Donor-Restricted Projects	13,010	3,260
	<u>\$ 2,582,994</u>	<u>\$ 2,878,921</u>
Total	<u>\$ 2,582,994</u>	<u>\$ 2,878,921</u>

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

	2011	2010
Beneficial Interest in Perpetual Trusts	\$ 694,870	\$ 716,925
Cash and Investment Balances to be Held Indefinitely to Generate Income for the Emmanuel Dining Room	87,237	87,237
	<u>\$ 782,107</u>	<u>\$ 804,162</u>
Total	<u>\$ 782,107</u>	<u>\$ 804,162</u>

**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 MINISTRY OF CARING, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2011**

**NOTE 14: 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.

**THE MINISTRY OF CARING, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2011**

**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, 2011	\$ 46,391	\$ 87,237	\$ 133,628
As of December 31, 2010	\$ 45,281	\$ 87,237	\$ 132,518

Changes in the Fund's net assets for the years ended December 31, 2011 and 2010 were as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - January 1, 2010	\$ 31,581	\$ 87,237	\$ 118,818
<u>2010 Endowment Activity</u>			
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
<u>2011 Endowment Activity</u>			
Interest and Dividends	3,499	-	3,499
Unrealized Gains (Losses) on Investments	(7,562)	-	(7,562)
Realized Gains (Losses) on Investments	5,964	-	5,964
Investment Fees	(791)	-	(791)
Amounts Appropriated for Expenditure	-	-	-
Endowment Net Assets - December 31, 2011	\$ 46,391	\$ 87,237	\$ 133,628

**THE MINISTRY OF CARING, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2011**

**NOTE 15: SUPPLEMENTAL CASH FLOW INFORMATION**

Noncash investing and financing for the years ended December 31, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Noncash Investing and Financing Activities		
Current Accrued Construction Costs Payable	\$ 87,409	\$ 181,662
Prior Accrued Construction Costs Payable	181,662	168,499
Donated Investments	21,854	26,097
Mortgage Payable Incurred to Fund Mortgage Escrow Deposits	100,000	-
Mortgage Payable Incurred to Acquire Property and Equipment	163,918	-
Property and Equipment Received and Held on Behalf of Affiliated Entity	-	215,000

**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% and 8% of the participants' compensation as of December 31, 2011 and 2010, respectively. 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 \$248,068 and \$33,295, respectively, for the year ended December 31, 2011 and \$266,797 and \$36,336, respectively, for the year ended December 31, 2010.

**NOTE 17: RELATED PARTY TRANSACTIONS**

The Organization has common board members with Sacred Heart Village, Inc., Sacred Heart Housing, Inc., Mother Teresa House, Inc. and a proposed Sacred Heart Village II Project.

The Organization receives revenue for providing administrative services and paying expenses on behalf of Sacred Heart Village, Inc. For the years ended December 31, 2011 and 2010, revenue from administrative services and expenses paid on behalf of Sacred Heart Village, Inc. was \$61,190 and \$43,425, 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, 2011 and 2010, this receivable is still fully reserved.

**THE MINISTRY OF CARING, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2011**

**NOTE 17: RELATED PARTY TRANSACTIONS - CONTINUED**

The Organization occasionally pays expenses on behalf of Sacred Heart Housing, Inc. For the years ended December 31, 2011 and 2010, reimbursed expenses paid on behalf of Sacred Heart Housing, Inc. were \$748 and \$4,290, respectively. In addition, during the year ended December 31, 2011, the Organization received contribution income and net advances from Sacred Heart Housing, Inc. totaling \$54,000 and \$84,391, respectively.

The Organization receives revenue for providing administrative services and paying expenses on behalf of Mother Teresa House. For the years ended December 31, 2011 and 2010, revenue from administrative services and expenses paid on behalf of Mother Teresa House was \$12,336 and \$38,231, respectively.

Due to affiliated organizations as of December 31, 2011 and 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 statements of financial position as of December 31, 2011 and 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. An appraisal dated July 2012 valued the property at \$325,000. In addition, during the year ended December 31, 2011, the Organization was advanced \$52,284 from Sacred Heart Housing, Inc. to be held on behalf of Sacred Heart Village II.

Due to and due from affiliated organizations consisted of the following as of December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Due From Affiliated Organizations		
Sacred Heart Village, Inc.	\$ 61,760	\$ 35,596
Sacred Heart Village, Inc. - Advance (Net of \$160,095 Allowance)	-	-
Sacred Heart Housing, Inc.	3,075	-
Mother Teresa House, Inc.	<u>2,864</u>	<u>469</u>
Total Due From Affiliated Organizations	<u>67,699</u>	<u>36,065</u>
Due to Affiliated Organizations		
Sacred Heart Housing, Inc. - Advance	84,391	-
Sacred Heart Village II	35,459	-
Sacred Heart Village II - Property Held on Behalf	<u>215,000</u>	<u>215,000</u>
Total Due To Affiliated Organizations	<u>334,850</u>	<u>215,000</u>
Net Due From (To) Affiliated Organizations	<u>\$ (267,151)</u>	<u>\$ (178,935)</u>



**THE MINISTRY OF CARING, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2011**

**NOTE 18: FAIR VALUE MEASUREMENTS**

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

	2011			
	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				
Corporate Bonds	\$ 1,030,501	\$ -	\$ 1,030,501	\$ -
Government Securities	2,590,208	2,590,208	-	-
Common Stocks and Mutual Funds	6,622,338	6,622,338	-	-
Total Investments	10,243,047	9,212,546	1,030,501	-
Beneficial Interest in Split- Interest Agreements				
Charitable Remainder Trusts	223,280	-	-	223,280
Charitable Perpetual Trusts	694,870	-	694,870	-
Total Split-Interest Agreements	918,150	-	694,870	223,280
Total Assets	<u>\$ 11,161,197</u>	<u>\$ 9,212,546</u>	<u>\$ 1,725,371</u>	<u>\$ 223,280</u>
	2010			
	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				
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	<u>\$ 11,310,229</u>	<u>\$ 9,524,095</u>	<u>\$ 1,536,960</u>	<u>\$ 249,174</u>

**THE MINISTRY OF CARING, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2011**

**NOTE 18: 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, 2010	\$ 242,305
Change in Value of Split-Interest Agreements	<u>6,869</u>
Balance - December 31, 2010	249,174
Change in Value of Split-Interest Agreements	<u>(25,894)</u>
Balance - December 31, 2011	<u><u>\$ 223,280</u></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.

**NOTE 19: 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.

## **SINGLE AUDIT**



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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, 2011, and have issued our report thereon dated August 24, 2012. 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 24, 2012  
Wilmington, Delaware



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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 of The Ministry of Caring, Inc.'s major federal programs for the year ended December 31, 2011. 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, 2011.

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 24, 2012  
Wilmington, Delaware

**THE MINISTRY OF CARING, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2011**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Direct Programs</b>		
<u>Department of Housing and Urban Development</u>		
Supportive Housing Program	14.235	\$ 1,989,532
Economic Development Initiative, Special Project	14.251	194,800
<b>Total Direct Programs</b>		<u>2,184,332</u>
<b>Pass-Through Programs</b>		
<u>Department of Agriculture</u>		
State of Delaware - Department of Education		
Child and Adult Care Food Program	10.558	164,786
<u>Department of Housing and Urban Development</u>		
City of Wilmington		
Community Development Block Grants - Entitlement Grants	14.218	65,083
Housing Opportunities for Persons with AIDS	14.241	59,035
New Castle County		
Community Development Block Grants - Entitlement Grants	14.218	15,752
Emergency Shelter Grants	14.231	16,183
<u>Department of Justice</u>		
State of Delaware - Criminal Justice Council		
Second Chance Act Prisoner Reentry Initiative	16.202	31,616
<u>Corporation for National and Community Service</u>		
State of Delaware - Department of Health and Social Services		
AmeriCorps - State Commissions	94.006	86,637
<u>Department of Health and Human Services</u>		
Henrietta Johnson Medical Center		
Consolidated Health Centers Grant	93.224	107,418
First State Community Action Agency		
Community Services Block Grant	93.569	261,173
State of Delaware - Department of Health and Social Services		
Child Care and Development Block Grant	93.575	588,788
<u>Department of Homeland Security</u>		
Jewish Family Services of Delaware		
Emergency Food and Shelter National Board Program	97.024	52,163
<b>Total Pass-Through Programs</b>		<u>1,448,634</u>
<b>Total Expenditures of Federal Awards</b>		<u><u>\$ 3,632,966</u></u>



**THE MINISTRY OF CARING, INC.**  
**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**DECEMBER 31, 2011**

**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.

**THE MINISTRY OF CARING, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**DECEMBER 31, 2011**

**I. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of Auditors' Report Issued: Unqualified

Internal Control Over Financial Reporting:

• Material Weakness(es) Identified? ☐ Yes ☒ No

• Significant Deficiencies Identified that are Not  
 Considered to be Material Weaknesses? ☐ Yes ☒ No

Noncompliance Material to Financial Statements Noted? ☐ Yes ☒ No

**Federal Awards**

Internal Control Over Major Programs:

• Material Weakness(es) Identified? ☐ Yes ☒ No

• Significant Deficiencies Identified that are Not  
 Considered to be Material Weaknesses? ☐ Yes ☒ 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 ☒ No

Identification of Major Programs:

**CFDA Number(s)**

**Name of Federal Program**

14.235  
 93.575

Supportive Housing Program  
 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? ☒ Yes ☐ No

**THE MINISTRY OF CARING, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**DECEMBER 31, 2011**

**II. FINDINGS**

**Current Year Findings**

There were no current year findings.

**Prior Year Findings**

There were no findings reported in the prior year.

**SUPPLEMENTARY INFORMATION**

**MARY MOTHER OF HOPE HOUSE I FUND**



BELFINT • LYONS • SHUMAN

Certified Public Accountants

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*Independent Auditors' Report on Supplementary Information Required by DSHA*

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

We have audited the financial statements of The Ministry of Caring, Inc., as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated August 24, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed 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 the 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.*

August 24, 2012  
Wilmington, Delaware

**MARY MOTHER OF HOPE HOUSE I FUND  
OF THE MINISTRY OF CARING, INC.  
DSHA PROJECT NO. DE-HDF-353-FY10-01  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2011**

**ASSETS**

Cash and Cash Equivalents	\$ 10,432
Pledges and Contributions Receivable	9,975
Grants Receivable	112,680
Prepaid Expenses	6,494
Investments	184,029
Property and Equipment - Net	<u>5,723</u>

**TOTAL ASSETS**

\$ 329,333

**LIABILITIES**

Accounts Payable	\$ 2,215
Accrued Expenses	13,849
Due to Other Funds - Net	<u>74,542</u>

**TOTAL LIABILITIES**

90,606

**NET ASSETS**

Unrestricted	237,907
Temporarily Restricted	<u>820</u>

**TOTAL NET ASSETS**

238,727

**TOTAL LIABILITIES AND NET ASSETS**

\$ 329,333

## DSHA STATEMENT OF PROFIT AND LOSS

**Project Name:** Mary Mother of Hope House I Fund

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

**Year Ending:** 12/31/11

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	
	<b>Total Rent Revenue</b>		\$ -
VACANCIES 5200	Apartments	5220	
	Stores and Commercial	5240	
	Rental Concessions	5250	
	Garage and Parking Space	5270	
	Miscellaneous	5290	
	<b>Total Vacancies</b>		\$ -
	<b>Net Rent Revenue (Rent Revenue less Vacancies)</b>		\$ -
FINANCIAL REVENUE 5400	Nursing Homes / Assisted Living / Board & Care / Other Elderly Care / Coop / and Other Revenue	5300	
	Members Group Life Insurance Expense (Coops)	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	82,757
	Revenue from Investments - Miscellaneous	5490	2,673
	<b>Total Financial Revenue</b>		\$ 85,430
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	414,809
	<b>Total Other Revenue</b>		\$ 414,809
	<b>Total Revenue</b>		\$ 500,239
ADMINISTRATIVE EXPENSES 6200 6300	Conventions and Meetings	6203	40
	Management Consultants	6204	1,113
	Advertising and Marketing	6210	588
	Social Activity	6215	
	Other Renting Expenses	6250	
	Office Salaries	6310	297,753
	Office Expenses	6311	3,951
	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	3,800	
	Bookkeeping Fees / Accounting Services	6351		
	Telephone and Answering Services	6360	2,763	
	Bad Debt Expense	6370		
	Miscellaneous Administrative Expenses	6390	4	
	<b>Total Administrative Expenses</b>			
				\$ 310,012
UTILITIES EXPENSE 6400	Fuel Oil / Coal	6420	5,577	
	Electricity (Lights and misc. power)	6450	11,105	
	Water	6451		
	Gas	6452		
	Sewer	6453	2,759	
	<b>Total Utilities Expenses</b>			
				\$ 19,441
OPERATING AND MAINTENANCE  6500	Janitor and Cleaning Payroll	6510		
	Janitorial Supplies	6515	4,672	
	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	21,689	
	Repairs Material	6541	8,717	
	Repairs Contracts	6542	29,755	
	Elevator Maintenance	6545		
	Heating / Cooling / Repairs and Maintenance	6546		
	Swimming Pool Maintenance / Contract	6547		
	Snow Removal	6548		
	Decorating Payroll / Contract	6560		
	Decorating Supplies	6561	166	
	Vehicle and Maintenance Equipment Operation	6570		
	Miscellaneous Operating and Maintenance Expense	6590	14,604	
	<b>Total Operating and Maintenance Expense</b>			
				\$ 79,603
TAXES AND INSURANCE 6700	Real Estate Taxes	6710		
	Payroll Taxes (FICA) (Project's Share)	6711	22,322	
	Property and Liability Insurance (Hazard)	6720	10,944	
	Fidelity Bond Insurance	6721		
	Workmen's Compensation	6722	3,707	
	Health Insurance and other Employee Benefits	6723	88,684	
	Miscellaneous Taxes, Licenses, Permits and Insurance	6790	4,945	
	<b>Total Taxes and Insurance</b>			
				\$ 130,602
	<b>Total Operating Expenses</b>			\$ 539,658



## DSHA STATEMENT OF PROFIT AND LOSS - CONTINUED

	<b>Net Operating Income</b>			
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		
	<b>Total Financial Expenses</b>			\$ -
	Nursing Homes / Assisted Living / Board & Care / Other Elderly Care / Coop / and Other Expenses	6900		\$ -
	<b>Total Cost of Operations before Depreciation</b>			\$ 539,658
	<b>Profit (Loss) before Depreciation</b>		(39,419)	
DEPRECIATION 6600	Depreciation Expenses	6600	1,743	
	Amortization Expense	6610	-	
	<b>Operating Profit or (Loss)</b>			\$ (41,162)
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		
	<b>Net Entity Expenses</b>			\$ -
	<b>Profit or Loss (Net Income or Loss)</b>			\$ (41,162)
<b>Part II*</b>				
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.			\$	-
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 THE MINISTRY OF CARING, INC.  
DSHA DEVELOPMENT NO. DE-HDF-353-FY10-01  
STATEMENT OF CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2011**

<b>UNRESTRICTED NET ASSET BALANCE</b> - Beginning of Year	\$ 279,069
Change in Unrestricted Net Assets	<u>(41,162)</u>
<b>UNRESTRICTED NET ASSET BALANCE</b> - End of Year	<u><u>\$ 237,907</u></u>
<b>TEMPORARILY RESTRICTED NET ASSET BALANCE</b> - Beginning of Year	\$ 820
Change in Temporarily Restricted Net Assets	<u>-</u>
<b>TEMPORARILY RESTRICTED NET ASSET BALANCE</b> - End of Year	<u><u>\$ 820</u></u>

## **IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST**

Development Name	Mary Mother of Hope House I Fund of the Ministry of Caring, Inc.
DSHA/HUD/RD Number	DE-HDF-353-FY10-01
Fiscal Year End	December 31, 2011

Please answer the questions below. All answers should be based upon a review of procedures and/or actual test transactions. Any question answered "No" may be an indication of an adverse condition, which should be described in the audit report.

	<u>Yes, No or N/A</u>	<u>Working Paper Reference</u>
<b>1. <u>Mortgage Status</u></b>		
A. Are payments on the mortgage(s) current?	<u>N/A</u>	<u></u>
First Lien		
Second Lien		
Third Lien		
Fourth Lien		
Fifth Lien		
B. Has the mortgagor/grantee complied with the terms and conditions of the mortgage, modification, Regulatory, forbearance and/or workout agreement?	<u>Yes</u>	<u></u>
C. If the workout agreement, Regulatory Agreement or subsequent correspondence requires periodic deposits of surplus cash, were such deposits made within 60 days after the end of the specified period?	<u>N/A</u>	<u></u>
<b>2. <u>Books and Records</u></b>		
A. Are a completed set of books and records maintained in a satisfactory manner?	<u>Yes</u>	<u>WP# 1004</u>
B. Does the mortgagor/grantee make frequent postings (at least monthly) to the ledger accounts?	<u>Yes</u>	<u>WP# 1004</u>
<b>3. <u>Cash Activities</u></b>		
A. Are the cash receipts deposited in an account in the name of the development/program?	<u>Yes</u>	<u>WP# 2001</u>
B. Are all account balances fully federally insured?	<u>No</u>	<u>WP# 2006</u>
C. Are security deposits kept in an account separate and apart from all other funds of the development?	<u>N/A</u>	<u></u>
D. Are security deposits kept in an interest bearing account and is the interest returned to the tenant or applied to a tenant balance?	<u>N/A</u>	<u></u>

## **IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST**

### **Examination Item Reference (cont.)**

	Yes, No or N/A	Working Paper Reference
E. Does the balance in the security deposit account equal or exceed the liability? Note: The liability difference should include the accrued interest payable.	N/A	
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?	N/A	
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?	N/A	
(2) The fee for the preparation of a partner's, shareholder's or individual's federal, state or local income tax returns?	N/A	
(3) Expenses for advice to an owner on tax consequences of foreclosure?	N/A	
(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?	N/A	
(5) Were all disbursements from the operating account(s) made exclusively for operation or obligations of the development?	Yes	WP# 6804.06
(6) Were letter of credit fees paid for out of operations or obligations of the development?	N/A	

## **IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST**

### **Examination Item Reference (cont.)**

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

## **IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST**

### **Examination Item Reference (cont.)**

	Yes, No or N/A	Working Paper Reference
R. Were accounts payable remitted in a timely manner so as to not incur late charges/penalties?	Yes	WP# 4103
S. Has the mortgagee made the required deposits to the mortgage escrow accounts as required by the loan documents?	Yes	WP# 5012
<b>4. <u>Management Compensation</u></b>		
A. Was compensation to the management agent limited to the amounts prescribed in the Management Agreement?	N/A	
B. Were development expenses paid in accordance with the management agreement (no expenses that management agent are required to pay charged to the development)?	N/A	
<b>5. <u>Rents and Occupancy</u></b>		
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?	N/A	
B. On subsidized developments, are dwelling unit rents the same as those approved by DSHA/HUD/RD on the most recent rent schedule?	N/A	
<b>6. <u>RD/HUD Subsidy Payments (Section 8/515 developments only)</u></b>		
A. Were the amounts requested from DSHA/HUD/RD adequately supported by the accounting records?	N/A	
B. Were subsidy receipts recorded in the proper accounts?	N/A	
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.	N/A	

Delaware State Housing Authority  
COMPUTATION OF SURPLUS CASH AND DISTRIBUTIONS

Property Name <u>Mary Mother of Hope House I Fund</u>	Fiscal Period Ending <u>12/31/2011</u>	DSHA/HDF Number <u>DE-HDF-353-FY10-01</u>
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PART A. - COMPUTE SURPLUS CASH

Section 1 - Cash

1. Cash	\$	<u>10,432</u>	
2. Tenant Subsidy Vouchers due for Period Covered by Financial Statements	\$	<u>          </u>	
3. Other (Describe) _____	\$	<u>          </u>	
(A) Total Cash (Add Lines 1, 2, & 3)			\$ <u>10,432</u>

Section 2 - Current Obligations

4. Accrued Mortgage Interest Payables	\$	<u>          </u>	
5. Delinquent Mortgage Principal Payments	\$	<u>          </u>	
6. Delinquent Deposits to Reserve for Replacements	\$	<u>          </u>	
7. Accounts Payables (due within 30 days)	\$	<u>2,215</u>	
8. Loans and Notes Payables (due within 30 days)	\$	<u>          </u>	
9. Deficient Tax Insurance/Mortgage Insurance Escrow	\$	<u>          </u>	
10. Accrued Expenses (not escrowed)	\$	<u>13,849</u>	
11. Paid Rents	\$	<u>          </u>	
12. Tenant Security Deposits Liability	\$	<u>          </u>	
13. Other (Describe) _____	\$	<u>          </u>	
(B) Total Liabilities			\$ <u>16,064</u>
(C) Surplus Cash (Deficiency)			\$ <u>(5,632)</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	\$	<u>          </u>	
Annual Distribution Earned During Fiscal Period Covered	\$	<u>          </u>	
Annual Distribution Paid During Audit Year Against Audit Year	\$	<u>(          )</u>	
Annual Distribution Paid During Audit Year Against Prior Year(s)	\$	<u>(          )</u>	
b. Ending Balance: Distributions Unpaid From Audit Year and Prior Year(s) at Audit Year End (Amount Carried on Balance Sheet)	\$	<u>          </u>	
3. Amount available for distribution (the Lesser of Line 1 or Line 2b)	\$	<u>          </u>	
4. Amount due DSHA to be Applied to DSHA Permanent Loan (Line 1 minus Line 3)	\$	<u>          </u>	

\*\*\*\*\*

Prepared By: _____		Reviewed By: _____
Date		Date

**SUPPLEMENTARY INFORMATION**

**ST. FRANCIS TRANSITIONAL RESIDENCE FUND**





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*Independent Auditors' Report on Supplementary Information Required by DSHA*

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

We have audited the financial statements of The Ministry of Caring, Inc., as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated August 24, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed 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 the 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.*

August 24, 2012  
Wilmington, Delaware

**ST. FRANCIS TRANSITIONAL RESIDENCE FUND  
OF THE MINISTRY OF CARING, INC.  
DSHA PROJECT NO. DE 26B93-0325  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2011**

**ASSETS**

Cash and Cash Equivalents	\$ 19,208
Grants Receivable	19,498
Prepaid Expenses and Refundable Deposits	563
Due from Other Funds	13,629
Escrow Accounts	27,644
Replacement Reserve	52,374
Investments	109,345
Property and Equipment - Net	151,869
Loan Origination Costs - Net	<u>5,525</u>

**TOTAL ASSETS**

\$ 399,655

**LIABILITIES**

Accounts Payable	\$ 484
Accrued Liabilities	7
Accounts Payable - Due to Other Funds	313,817
Security Deposits	3,250
Mortgage Payable - DSHA	<u>344,446</u>

**TOTAL LIABILITIES**

662,004

**NET ASSETS**

Unrestricted	<u>(262,349)</u>
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**TOTAL LIABILITIES AND NET ASSETS**

\$ 399,655

## DSHA STATEMENT OF PROFIT AND LOSS

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

**Year Ending:** 12/31/11

Part I	Description of Account		Amount	
RENTAL INCOME 5100	Rent Revenue - Gross Potential	5120	\$ 15,348	
	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		
	<b>Total Rent Revenue</b>			\$ 15,348
VACANCIES 5200	Apartments	5220		
	Stores and Commercial	5240		
	Rental Concessions	5250		
	Garage and Parking Space	5270		
	Miscellaneous	5290		
	<b>Total Vacancies</b>			\$ -
	<b>Net Rent Revenue (Rent Revenue less Vacancies)</b>			\$ 15,348
	Nursing Homes / Assisted Living / Board & Care / Other Elderly Care / Coop / and Other Revenue	5300		
	Members Group Life Insurance Expense (Coops)	5320		
	<b>Total Other Revenue</b>			
FINANCIAL REVENUE 5400	Financial Revenue - Project Operations	5410		
	Revenue from Investments - Residual Receipts	5430	88	
	Revenue from Investments - Replacement Reserve	5440	163	
	Expiration of Gift Donor Restrictions (Non-Profits)	5460		
	Gifts (Non-Profits)	5470	250	
	Revenue from Investments - Miscellaneous	5490	1,588	
	<b>Total Financial Revenue</b>			\$ 2,089
OTHER REVENUE 5900	Laundry and Vending Revenue	5910	266	
	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	195,994	
	<b>Total Other Revenue</b>			\$ 196,260
	<b>Total Revenue</b>			\$ 213,697
ADMINISTRATIVE EXPENSES 6200 6300	Conventions and Meetings	6203		
	Management Consultants	6204	661	
	Advertising and Marketing	6210	-	
	Social Activity	6215		
	Other Renting Expenses	6250		
	Office Salaries	6310	55,838	
	Office Expenses	6311	732	
	Office of Model Apartment Rent	6312		

## DSHA STATEMENT OF PROFIT AND LOSS - CONTINUED

ADMINISTRATIVE EXPENSES 6200 6300 (Continued)	Management Fee	6320	\$ 14,569	
	Manager or Superintendent Salaries	6330		
	Administrative Rent Free Unit	6331		
	Legal Expenses - Project	6340		
	Auditing Expense - Project	6350	4,600	
	Bookkeeping Fees / Accounting Services	6351		
	Telephone and Answering Services	6360	749	
	Bad Debt Expense	6370		
	Miscellaneous Administrative Expenses	6390	239	
	<b>Total Administrative Expenses</b>			
				\$ 77,388
UTILITIES EXPENSE 6400	Fuel Oil / Coal	6420	1,184	
	Electricity (Lights and misc. power)	6450	1,658	
	Water	6451		
	Gas	6452		
	Sewer	6453	2,059	
	<b>Total Utilities Expenses</b>			
				\$ 4,901
OPERATING AND MAINTENANCE  6500	Janitor and Cleaning Payroll	6510		
	Janitorial Supplies	6515	67	
	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	10,964	
	Repairs Material	6541	9,498	
	Repairs Contracts	6542	972	
	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		
	<b>Total Operating and Maintenance Expense</b>			
				\$ 21,501
TAXES AND INSURANCE 6700	Real Estate Taxes	6710		
	Payroll Taxes (FICA) (Project's Share)	6711	4,722	
	Property and Liability Insurance (Hazard)	6720	14,022	
	Fidelity Bond Insurance	6721		
	Workmen's Compensation	6722	1,033	
	Health Insurance and other Employee Benefits	6723	3,868	
	Miscellaneous Taxes, Licenses, Permits and Insurance	6790	-	
	<b>Total Taxes and Insurance</b>			
				\$ 23,645
	<b>Total Operating Expenses</b>			\$ 127,435

## DSHA STATEMENT OF PROFIT AND LOSS - CONTINUED

	<b>Net Operating Income</b>			
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		
	<b>Total Financial Expenses</b>			\$ -
	Nursing Homes / Assisted Living / Board & Care / Other Elderly Care / Coop / and Other Expenses	6900	66,274	\$ 66,274
	<b>Total Cost of Operations before Depreciation</b>			\$ 193,709
	<b>Profit (Loss) before Depreciation</b>		19,988	
DEPRECIATION 6600	Depreciation Expenses	6600	18,742	
	Amortization Expense	6610	240	
	<b>Operating Profit or (Loss)</b>			\$ 1,006
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		
	<b>Net Entity Expenses</b>			\$ -
	<b>Profit or Loss (Net Income or Loss)</b>			\$ 1,006
<b>Part II*</b>				
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.			\$	5,670
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 THE MINISTRY OF CARING, INC.  
DSHA PROJECT NO. DE-26B93-0325  
STATEMENT OF CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2011**

<b>UNRESTRICTED NET ASSET BALANCE</b> - Beginning of Year	\$ (263,355)
Change in Unrestricted Net Assets	<u>1,006</u>
<b>UNRESTRICTED NET ASSET BALANCE</b> - End of Year	<u><u>\$ (262,349)</u></u>
<b>TEMPORARILY RESTRICTED NET ASSET BALANCE</b> - Beginning of Year	\$ -
Change in Temporarily Restricted Net Assets	<u>-</u>
<b>TEMPORARILY RESTRICTED NET ASSET BALANCE</b> - End of Year	<u><u>\$ -</u></u>

## **IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST**

Development Name	Saint Francis Transitional Residence Fund of the Ministry of Caring, Inc.
DSHA/HUD/RD Number	DE26B93-0325
Fiscal Year End	December 31, 2011

Please answer the questions below. All answers should be based upon a review of procedures and/or actual test transactions. Any question answered "No" may be an indication of an adverse condition, which should be described in the audit report.

	<u>Yes, No or N/A</u>	<u>Working Paper Reference</u>
<b>1. <u>Mortgage Status</u></b>		
A. Are payments on the mortgage(s) current?	<u>N/A</u>	<u></u>
First Lien		
Second Lien		
Third Lien		
Fourth Lien		
Fifth Lien		
B. Has the mortgagor/grantee complied with the terms and conditions of the mortgage, modification, Regulatory, forbearance and/or workout agreement?	<u>Yes</u>	<u></u>
C. If the workout agreement, Regulatory Agreement or subsequent correspondence requires periodic deposits of surplus cash, were such deposits made within 60 days after the end of the specified period?	<u>N/A</u>	<u></u>
<b>2. <u>Books and Records</u></b>		
A. Are a completed set of books and records maintained in a satisfactory manner?	<u>Yes</u>	<u>WP# 1009</u>
B. Does the mortgagor/grantee make frequent postings (at least monthly) to the ledger accounts?	<u>Yes</u>	<u>WP# 1009</u>
<b>3. <u>Cash Activities</u></b>		
A. Are the cash receipts deposited in an account in the name of the development/program?	<u>Yes</u>	<u>WP# 2001</u>
B. Are all account balances fully federally insured?	<u>No</u>	<u>WP# 2006</u>
C. Are security deposits kept in an account separate and apart from all other funds of the development?	<u>Yes</u>	<u>WP# 2010.22</u>
D. Are security deposits kept in an interest bearing account and is the interest returned to the tenant or applied to a tenant balance?	<u>No</u>	<u>WP# 4107</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# 4107</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# 6901</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# 6804.06</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# 6901</u>
L. Is the collection policy uniformly enforced?	<u>Yes</u>	<u>WP# 6901</u>
M. Do tenants' accounts receivables 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# 6901</u>
O. Have write-offs of tenants' accounts been less than one percent of the gross rent?	<u>Yes</u>	<u>WP# 6901</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.)**

	Yes, No or N/A	Working Paper Reference
R. Were accounts payable remitted in a timely manner so as to not incur late charges/penalties?	Yes	WP# 4103
S. Has the mortgagee made the required deposits to the mortgage escrow accounts as required by the loan documents?	Yes	WP# 5010
<b>4. <u>Management Compensation</u></b>		
A. Was compensation to the management agent limited to the amounts prescribed in the Management Agreement?	N/A	
B. Were development expenses paid in accordance with the management agreement (no expenses that management agent are required to pay charged to the development)?	N/A	
<b>5. <u>Rents and Occupancy</u></b>		
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?	N/A	
B. On subsidized developments, are dwelling unit rents the same as those approved by DSHA/HUD/RD on the most recent rent schedule?	N/A	
<b>6. <u>RD/HUD Subsidy Payments (Section 8/515 developments only)</u></b>		
A. Were the amounts requested from DSHA/HUD/RD adequately supported by the accounting records?	N/A	
B. Were subsidy receipts recorded in the proper accounts?	N/A	
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.	N/A	

Delaware State Housing Authority  
COMPUTATION OF SURPLUS CASH AND DISTRIBUTIONS

Property Name <u>Saint Francis Transitional Residence Fund</u>	Fiscal Period Ending <u>12/31/2011</u>	DSHA/HDF Number <u>DE 26B93-0325</u>
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PART A. - COMPUTE SURPLUS CASH

Section 1 - Cash

1. Cash	\$ <u>19,208</u>	
2. Tenant Subsidy Vouchers due for Period Covered by Financial Statements	\$ _____	
3. Other (Describe) _____	\$ _____	
(A) Total Cash (Add Lines 1, 2, & 3)		\$ <u>19,208</u>

Section 2 - Current Obligations

4. Accrued Mortgage Interest Payables	\$ _____	
5. Delinquent Mortgage Principal Payments	\$ _____	
6. Delinquent Deposits to Reserve for Replacements	\$ _____	
7. Accounts Payables (due within 30 days)	\$ <u>314,301</u>	
8. Loans and Notes Payables (due within 30 days)	\$ _____	
9. Deficient Tax Insurance/Mortgage Insurance Escrow	\$ _____	
10. Accrued Expenses (not escrowed)	\$ <u>7</u>	
11. Paid Rents	\$ _____	
12. Tenant Security Deposits Liability	\$ <u>3,250</u>	
13. Other (Describe) _____	\$ _____	
(B) Total Liabilities		\$ <u>317,558</u>
(C) Surplus Cash (Deficiency)		\$ <u>(298,350)</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: _____		Reviewed By: _____
Date		Date

**SUPPLEMENTARY INFORMATION**

**EMMANUEL DINING ROOM FUND**



BELFINT • LYONS • SHUMAN

Certified Public Accountants

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[www.belfint.com](http://www.belfint.com)

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

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

We have audited the financial statements of The Ministry of Caring, Inc., as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated August 24, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed 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 the 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.*

August 24, 2012  
Wilmington, Delaware

**EMMANUEL DINING ROOM FUND  
OF THE MINISTRY OF CARING, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2011**

**ASSETS**

Cash and Cash Equivalents	\$ 15,254
Grants Receivable	41,630
Pledges and Contributions Receivable	9,924
Prepaid Expenses	3,148
Investments	361,094
Property and Equipment - Net	69,141
Due From Other Funds	113,568

**TOTAL ASSETS**

\$ 613,759

**LIABILITIES**

Accounts Payable	\$ 8,811
Accrued Expenses	12,058
Deferred Revenue	1,680

**TOTAL LIABILITIES**

22,549

**NET ASSETS**

Unrestricted	430,987
Temporarily Restricted	72,986
Permanently Restricted	87,237

**TOTAL NET ASSETS**

591,210

**TOTAL LIABILITIES AND NET ASSETS**

\$ 613,759

**EMMANUEL DINING ROOM FUND  
OF THE MINISTRY OF CARING, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUE AND OTHER SUPPORT</b>				
Contributions and Fundraising	\$ 417,561	\$ -	\$ -	\$ 417,561
Contributed Rent	63,000	-	-	63,000
United Way of Delaware - Allocation	43,161	-	-	43,161
United Way - Designation and Personal Giving	79,837	-	-	79,837
Government Grants	83,819	-	-	83,819
Program Fees and Other Income	10	-	-	10
Interest and Dividends	6,155	3,499	-	9,654
Gains (Losses) on Investments	<u>(2,812)</u>	<u>(1,598)</u>	<u>-</u>	<u>(4,410)</u>
 Total Revenue	 690,731	 1,901	 -	 692,632
 Net Assets Released from Restrictions	 <u>37,523</u>	 <u>(37,523)</u>	 <u>-</u>	 <u>-</u>
 <b>TOTAL REVENUE AND OTHER SUPPORT</b>	 <u>728,254</u>	 <u>(35,622)</u>	 <u>-</u>	 <u>692,632</u>
 <b>EXPENSES</b>	 <u>589,454</u>	 <u>-</u>	 <u>-</u>	 <u>589,454</u>
 <b>CHANGE IN NET ASSETS BEFORE ASSISTANCE FROM (TO) OTHER FUNDS</b>	 138,800	 (35,622)	 -	 103,178
 <b>ASSISTANCE FROM (TO) OTHER FUNDS</b>				
Assistance from (to) Other Funds - Net	<u>(134,037)</u>	<u>-</u>	<u>-</u>	<u>(134,037)</u>
 <b>CHANGE IN NET ASSETS</b>	 4,763	 (35,622)	 -	 (30,859)
 <b>NET ASSETS - Beginning of Year</b>	 <u>426,224</u>	 <u>108,608</u>	 <u>87,237</u>	 <u>622,069</u>
 <b>NET ASSETS - End of Year</b>	 <u>\$ 430,987</u>	 <u>\$ 72,986</u>	 <u>\$ 87,237</u>	 <u>\$ 591,210</u>