

MINISTRY OF CARING, INC.

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

DECEMBER 31, 2017 AND 2016

MINISTRY OF CARING, INC.

TABLE OF CONTENTS

DECEMBER 31, 2017

	<u>Page No.</u>
Consolidated Financial Statements	
Independent Auditors' Report	1
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Cash Flows	6
Notes to the Consolidated Financial Statements	8
Single Audit	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	29
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	31
Schedule of Expenditures of Federal Awards	34
Notes to Schedule of Expenditures of Federal Awards	35
Schedule of Findings and Questioned Costs	36
Supplementary Information - Mary Mother of Hope House I Fund	
Independent Auditors' Report on Supplementary Information Required by DSHA	45
Statement of Financial Position - Mary Mother of Hope House I Fund	46
Statement of Profit and Loss - Mary Mother of Hope House I Fund	47
Statement of Changes in Net Assets - Mary Mother of Hope House I Fund	50
Supporting Data Required by DSHA - Mary Mother of Hope House I Fund	55
Supplementary Information - St. Francis Transitional Residence Fund	
Independent Auditors' Report on Supplementary Information Required by DSHA	57
Statement of Financial Position - St. Francis Transitional Residence Fund	58
Statement of Profit and Loss - St. Francis Transitional Residence Fund	59
Statement of Changes in Net Assets - St. Francis Transitional Residence Fund	62
Supporting Data Required by DSHA - St. Francis Transitional Residence Fund	63
Supplementary Information - Emmanuel Dining Room Fund	
Independent Auditors' Report on Supplementary Information Required by United Way of Delaware	69
Statement of Financial Position - Emmanuel Dining Room Fund	70
Statement of Activities - Emmanuel Dining Room Fund	71
Supplementary Information - Ministry of Caring Guild	
Independent Auditors' Report on Supplementary Information - Ministry of Caring Guild	73
Statements of Financial Position - Ministry of Caring Guild	74
Statements of Activities - Ministry of Caring Guild	75



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Independent Auditors' Report

To the Board of Directors
Ministry of Caring, Inc.

We have audited the accompanying consolidated financial statements of Ministry of Caring, Inc. (a nonprofit organization) and its wholly owned subsidiary, which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ministry of Caring, Inc. and its wholly owned subsidiary as of December 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2018 on our consideration of Ministry of Caring, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Ministry of Caring, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ministry of Caring, Inc.'s internal control over financial reporting and compliance.

Belfint, Lyons & Shuman, P.A.

September 6, 2018
Wilmington, Delaware

MINISTRY OF CARING, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,161,149	\$ 1,346,186
Cash and Cash Equivalents - Restricted for Investment in Capital	722,298	1,040,984
Grants Receivable	754,429	950,910
Developer Fee Receivable	200,000	-
Promises to Give - Net	569,275	563,244
Prepaid Expenses and Other Assets	215,141	145,617
Due from Affiliated Organizations	455,693	170,061
Mortgage Escrow Accounts	369,393	347,652
Qualified Affordable Housing Project Escrow	165,000	-
Investments	11,967,271	13,764,284
Investment in Qualified Affordable Housing Project	3,254,500	-
Property and Equipment - Net	16,352,999	17,305,301
Beneficial Interest in Split-Interest Agreements	<u>1,207,610</u>	<u>1,107,330</u>
TOTAL ASSETS	<u><u>\$ 38,394,758</u></u>	<u><u>\$ 36,741,569</u></u>
LIABILITIES		
Accounts Payable	\$ 333,196	\$ 142,183
Accrued Expenses	137,984	131,989
Accrued Construction Costs Payable	-	149,484
Security and Other Deposits	34,905	30,514
Lease Deposit Liability	22,625	51,071
Due to Affiliated Organizations	21,870	93,168
Line of Credit	-	2,231,920
Accrued Credit Losses (Loan Guarantee)	-	171,099
Mortgage Payable - Bank	457,362	500,000
Mortgages Payable - Delaware State Housing Authority	<u>944,446</u>	<u>944,446</u>
TOTAL LIABILITIES	<u>1,952,388</u>	<u>4,445,874</u>
NET ASSETS		
Unrestricted	32,477,072	27,096,863
Temporarily Restricted	3,014,582	4,312,572
Permanently Restricted	<u>950,716</u>	<u>886,260</u>
TOTAL NET ASSETS	<u>36,442,370</u>	<u>32,295,695</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 38,394,758</u></u>	<u><u>\$ 36,741,569</u></u>

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

MINISTRY OF CARING, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
SUPPORT FROM OPERATIONS				
Contributions and Fundraising	\$ 3,281,203	\$ 103,470	\$ -	\$ 3,384,673
United Way	73,929	-	-	73,929
Government Grants	4,540,840	-	-	4,540,840
Program Fees	1,061,122	-	-	1,061,122
Affordable Housing Developer Fee	200,000	-	-	200,000
Miscellaneous Income	9,968	-	-	9,968
Proceeds from Historic Tax Credits	687,664	-	-	687,664
TOTAL SUPPORT FROM OPERATIONS	9,854,726	103,470	-	9,958,196
EXPENSES				
Program Services (83%), (78%)	8,731,726	-	-	8,731,726
Management and General (11%), (17%)	1,172,315	-	-	1,172,315
Fundraising (6%), (5%)	653,840	-	-	653,840
TOTAL EXPENSES	10,557,881	-	-	10,557,881
CHANGE IN NET ASSETS FROM OPERATIONS	(703,155)	103,470	-	(599,685)
OTHER SUPPORT AND REVENUE				
Contributions Restricted for Capital Investment	-	3,021,984	-	3,021,984
Change in Value of Split-Interest Agreements	-	35,824	64,456	100,280
Investment Income - Perpetual Trust	16,157	-	-	16,157
Interest and Dividends	307,899	4,709	-	312,608
Net Gains on Investments	1,275,449	19,882	-	1,295,331
Gain on Disposal of Equipment	-	-	-	-
TOTAL OTHER SUPPORT AND REVENUE	1,599,505	3,082,399	64,456	4,746,360
Net Assets Released from Restriction	4,483,859	(4,483,859)	-	-
CHANGE IN NET ASSETS	5,380,209	(1,297,990)	64,456	4,146,675
NET ASSETS - Beginning of Year	27,096,863	4,312,572	886,260	32,295,695
NET ASSETS - End of Year	\$ 32,477,072	\$ 3,014,582	\$ 950,716	\$ 36,442,370

2016			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 2,227,169	\$ 50,320	\$ -	\$ 2,277,489
89,154	-	-	89,154
5,177,480	-	-	5,177,480
698,770	-	-	698,770
-	-	-	-
11,307	-	-	11,307
-	-	-	-
<u>8,203,880</u>	<u>50,320</u>	<u>-</u>	<u>8,254,200</u>
7,703,908	-	-	7,703,908
1,679,675	-	-	1,679,675
493,117	-	-	493,117
<u>9,876,700</u>	<u>-</u>	<u>-</u>	<u>9,876,700</u>
<u>(1,672,820)</u>	<u>50,320</u>	<u>-</u>	<u>(1,622,500)</u>
-	1,477,299	-	1,477,299
-	1,249	19,896	21,145
15,121	-	-	15,121
257,567	3,635	-	261,202
671,972	10,021	-	681,993
7,649	-	-	7,649
<u>952,309</u>	<u>1,492,204</u>	<u>19,896</u>	<u>2,464,409</u>
<u>637,918</u>	<u>(637,918)</u>	<u>-</u>	<u>-</u>
(82,593)	904,606	19,896	841,909
<u>27,179,456</u>	<u>3,407,966</u>	<u>866,364</u>	<u>31,453,786</u>
<u>\$ 27,096,863</u>	<u>\$ 4,312,572</u>	<u>\$ 886,260</u>	<u>\$ 32,295,695</u>

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

MINISTRY OF CARING, INC.
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			
	Program Services	Management and General	Fundraising	Total Program and Supporting Services
SALARIES AND RELATED EXPENSES				
Salaries - Religious Employees	\$ 391,446	\$ 60,707	\$ 25,104	\$ 477,257
Salaries - Lay Employees	3,490,496	437,582	218,089	4,146,167
Employee Benefits	873,408	135,452	56,012	1,064,872
Payroll Taxes	248,159	38,486	15,915	302,560
TOTAL SALARIES AND RELATED EXPENSES	5,003,509	672,227	315,120	5,990,856
OTHER EXPENSES				
Advertising and Public Relations	755	117	48	920
Amortization	-	239	-	239
Assistance to Individuals and Groups	320,590	-	-	320,590
Automobile Expenses	56,872	8,820	3,647	69,339
Bad Debt Expense	-	-	-	-
Cleaning and Janitorial	50,196	7,336	3,668	61,200
Conferences and Training	5,112	793	328	6,233
Contribution to Affiliate	787,894	-	-	787,894
Depreciation	885,932	137,394	56,815	1,080,141
Educational and Program Supplies	28,908	-	-	28,908
Food and Beverages	183,059	561	-	183,620
Fundraising Events	-	-	211,867	211,867
Interest Expense and Bank Fees	-	66,994	-	66,994
Insurance	116,131	18,010	7,448	141,589
Medical and Dental Supplies	105,095	-	-	105,095
Minor Equipment	16,187	2,510	1,039	19,736
Miscellaneous	54,361	8,431	3,486	66,278
Office Supplies	23,094	3,581	1,481	28,156
Other Supplies	13,719	2,128	880	16,727
Postage	7,951	1,233	510	9,694
Printing and Publications	45,717	7,090	2,932	55,739
Professional Fees	197,067	145,709	-	342,776
Repairs and Maintenance	251,196	36,711	18,355	306,262
Scholarships	1,234	-	-	1,234
Service Contracts	218,380	-	-	218,380
Utilities	358,767	52,431	26,216	437,414
TOTAL OTHER EXPENSES	3,728,217	500,088	338,720	4,567,025
TOTAL EXPENSES	\$ 8,731,726	\$ 1,172,315	\$ 653,840	\$ 10,557,881

2016

Program Services	Management and General	Fundraising	Total Program and Supporting Services
\$ 395,051	\$ 89,775	\$ 18,680	\$ 503,506
3,246,346	723,055	152,939	4,122,340
1,029,809	234,024	48,695	1,312,528
239,009	54,315	11,301	304,625
<u>4,910,215</u>	<u>1,101,169</u>	<u>231,615</u>	<u>6,242,999</u>
94	21	5	120
-	239	-	239
338,731	-	-	338,731
65,600	14,907	3,102	83,609
-	24,709	-	24,709
56,504	10,342	5,171	72,017
8,165	1,855	386	10,406
-	-	-	-
800,607	181,937	37,857	1,020,401
28,635	-	-	28,635
162,046	561	-	162,607
-	-	147,918	147,918
-	36,192	-	36,192
100,230	22,777	4,739	127,746
92,797	-	-	92,797
18,631	4,234	881	23,746
16,069	3,652	759	20,480
24,700	5,613	1,168	31,481
14,380	3,268	680	18,328
4,978	1,131	235	6,344
55,421	12,594	2,621	70,636
162,288	142,515	-	304,803
263,035	48,142	24,071	335,248
4,510	-	-	4,510
227,588	-	-	227,588
348,684	63,817	31,909	444,410
<u>2,793,693</u>	<u>578,506</u>	<u>261,502</u>	<u>3,633,701</u>
<u>\$ 7,703,908</u>	<u>\$ 1,679,675</u>	<u>\$ 493,117</u>	<u>\$ 9,876,700</u>

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

MINISTRY OF CARING, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Revenues and Other Support	\$ 9,614,307	\$ 8,339,463
Cash Paid to Suppliers and Employees	(9,094,344)	(8,866,245)
Interest Paid	(44,260)	(19,223)
Interest and Dividends Received	312,608	261,202
	788,311	(284,803)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(575,219)	(1,672,951)
Proceeds from Disposal of Property and Equipment	-	7,753
Purchase of Investments	(7,547,417)	(7,733,258)
Proceeds from Sale of Investments	10,695,516	8,239,715
Interest Earned but Retained in Mortgage Escrow Deposits	(1,268)	(1,144)
Distributions from Mortgage Escrow Deposits	-	13,752
Deposits into Mortgage Escrow	(20,473)	(23,560)
Deposits into Qualified Affordable Housing Project Escrow	(165,000)	-
Investment in Qualified Affordable Housing Project	(3,254,500)	-
	(868,361)	(1,169,693)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Restricted for the Purchase of Property and Equipment	3,021,984	877,299
Proceeds from Line of Credit	432,731	948,258
Principal Payments on Line of Credit	(2,664,651)	(150,000)
Proceeds from Mortgage Payable	-	500,000
Principle Payments on Mortgage Payable	(42,638)	-
Principal Payments on Loan Guarantee	(171,099)	-
	576,327	2,175,557
NET CHANGE IN CASH AND CASH EQUIVALENTS	496,277	721,061
CASH AND CASH EQUIVALENTS - Beginning of Year	2,387,170	1,666,109
CASH AND CASH EQUIVALENTS - End of Year	\$ 2,883,447	\$ 2,387,170

See Note 17 for Supplemental Cash Flow Disclosures

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

MINISTRY OF CARING, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 4,146,675	\$ 841,909
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities		
Depreciation and Amortization	1,080,380	1,020,640
Bad Debt Expense	-	24,709
Gains on Investments	(1,295,331)	(681,993)
Gains on Disposal of Property and Equipment	-	(7,649)
Disposal of Property and Equipment Associated with Qualified Affordable Housing Project	311,396	-
Discount on Promises to Give	-	44,196
Noncash Contributions Received	(69,255)	(181,627)
Contributions Restricted for the Purchase of Property and Equipment	(3,021,984)	(877,299)
Change in Value of Split-Interest Agreements	(100,280)	(21,145)
Increase in Loss Contingency	-	1,664
Change in Assets		
Grants Receivable	196,481	90,483
Developer Fee Receivable	(200,000)	-
Promises to Give	(6,031)	(591,194)
Prepaid Expenses and Other Assets	(69,763)	(5,810)
Due from Affiliated Organizations	(285,632)	103,217
Change in Liabilities		
Accounts Payable	191,013	(121,277)
Accrued Expenses	5,995	7,833
Lease Deposit Liability	(28,446)	51,071
Security and Other Deposits	4,391	5,067
Due to Affiliated Organizations	(71,298)	12,402
Total Adjustments	(3,358,364)	(1,126,712)
NET CASH FROM OPERATING ACTIVITIES	\$ 788,311	\$ (284,803)

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

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

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

For the years ended December 31, 2017 and 2016, 18% and 27%, respectively, of the Organization's unrestricted public support revenue was derived from contracts with the U.S. Department of Housing and Urban Development.

The consolidated financial statements include the activities of the following programs:

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

Basis of Accounting - The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America.

Principles of Consolidation - The Organization's consolidated financial statements include the accounts of Ministry of Caring, Inc. and its wholly owned subsidiary, Village of St. John, Inc. Village of St. John, Inc. is a separate corporate entity established to hold the Organization's capital investment in Village of St. John, L.P. Village of St. John, L.P. was formed as a limited partnership for the purpose of acquiring, constructing, renovating, and operating a 53 unit senior housing apartment complex in Wilmington, Delaware known as Village of St. John. Significant intercompany balances are eliminated.

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

Grants Receivable - As of December 31, 2017 and 2016, the Organization considered 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

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017

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

Promises to Give - Continued - management. It is the opinion of management that the expense computed under this method is not materially different than what the expense would be if the allowance method were used. The discount rate used on long-term promises to give was 1.47% as of December 31, 2017 and 2016. Promises to give of \$0 and \$24,709 were written off to bad debt expense during the years ended December 31, 2017 and 2016, respectively.

Investment in Qualified Affordable Housing Project - In accordance with ASC 323, *Investments - Equity Method and Joint Ventures*, the Organization treats its capital investment in Village of St. John, L.P. under the equity method of accounting since they have significant influence over this unincorporated entity. Under the equity method of accounting, the accounts of Village of St. John, L.P. are not reflected in the Organization's consolidated financial statements; however, the Organization's share of earnings or losses of Village of St. John, L.P. is reflected as Partnership Income - Investment in Qualified Affordable Housing Project in the consolidated statements of activities. There were no earnings or losses recognized for the years ended December 31, 2017 and 2016.

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated 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 regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service or the purchased assets are acquired as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over the estimated useful life of the related asset. The Organization's capitalization threshold is \$1,000. Acquisitions below this amount are expensed.

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

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

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017

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

Recognition of Donor Restrictions - Continued - 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 consolidated 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 consolidated statements of activities and in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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

Amortization - Due to the immaterial balance of the Organization's loan origination fees (Note 5), the Organization has not adopted the requirements in ASC 835-30, *Imputation of Interest*, which would require loan origination fees to be reported as a reduction of the carrying amount of the related debt rather than as an asset. Loan origination fees are reported net of accumulated amortization and included in prepaid expenses and other assets on the consolidated statements of financial position. Amortization is calculated using the straight-line method over the estimated useful life of 40 years and is reported as amortization expense in the consolidated statements of functional expenses.

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

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

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

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017

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

Fair Value - Continued

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 consolidated 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 consolidated statements of financial position as of December 31, 2017 and 2016.

The federal informational returns of the Organization for the years ended December 31, 2014, 2015, and 2016 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 consolidated financial statements or disclosure in the notes to the consolidated financial statements. Management has evaluated events and transactions through the date of the independent auditors' report, which is the date the consolidated financial statements were available to be issued.

Use of Estimates - The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017

NOTE 2: CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

The following is a summary of cash, cash equivalents, and restricted cash as reported on the consolidated statements of cash flows:

	<u>2017</u>	<u>2016</u>
Cash and Cash Equivalents	\$ 2,161,149	\$ 1,346,186
Cash and Cash Equivalents - Restricted for Investment in Capital	<u>722,298</u>	<u>1,040,984</u>
Total Cash, Cash Equivalents, and Restricted Cash Reported on the Consolidated Statements of Cash Flows	<u>\$ 2,883,447</u>	<u>\$ 2,387,170</u>

NOTE 3: GRANTS RECEIVABLE

Grants receivable consisted of the following as of December 31:

	<u>2017</u>	<u>2016</u>
State of Delaware - Office of Health and Social Services	\$ 30,633	\$ 121,808
City of Wilmington - Community Development Block Grant	36,535	45,000
City of Wilmington - Emergency Solutions Grant	-	11,710
New Castle County - Emergency Solutions Grant	12,367	13,982
First State Community Action Agency	45,456	78,408
Henrietta Johnson Medical Center - Homeless Healthcare	12,009	18,175
Emergency Food and Shelter Program	-	60,701
State of Delaware - Purchase of Care Program	144,671	124,648
State of Delaware - Child and Adult Care Food Program	26,108	20,202
State of Delaware - Delaware Economic Development Office	2,250	-
City of Wilmington - HOPWA	28,712	39,690
State of Delaware - Division of Public Health	24,365	27,974
Delaware State Housing Authority - Rapid Re-Housing Program	19,705	20,353
U.S. Department of Housing and Urban Development		
Continuum of Care	211,955	188,282
HOPWA	94,957	167,307
State of Delaware - AmeriCorps State Caring Corps	<u>64,706</u>	<u>12,670</u>
Total	<u>\$ 754,429</u>	<u>\$ 950,910</u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017

NOTE 4: PROMISES TO GIVE

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

	<u>2017</u>	<u>2016</u>
Receivable in Less than One Year	\$ 111,729	\$ 69,032
Receivable in One to Five Years	263,334	240,000
Receivable in More than Five Years	<u>240,000</u>	<u>300,000</u>
	615,063	609,032
Less Discounts to Net Present Value	<u>45,788</u>	<u>45,788</u>
Total Unconditional Promises to Give - Net	<u><u>\$ 569,275</u></u>	<u><u>\$ 563,244</u></u>

NOTE 5: 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:

	<u>2017</u>	<u>2016</u>
<i>Delaware State Housing Authority Operating Reserve</i> - Funds may be utilized for the payment of operating expenses and loan delinquencies.		
- Mary Mother of Hope House I Fund	\$ 202,765	\$ 202,765
- St. Francis Transitional Residence Fund	16,426	16,426
<i>Insurance Reserve</i> - Funds may be utilized for insurance premiums. Monthly deposits were \$800 and \$1,050 for Mary Mother of Hope House I Fund as of December 31, 2017 and 2016, respectively.		
- Mary Mother of Hope House I Fund	17,581	7,981
- St. Francis Transitional Residence Fund	5,613	5,613
<i>Reserve for Replacement</i> - Funds may be utilized for replacement of structural elements and mechanical equipment or for common area painting and decorating. Monthly deposits ranged from \$453 to \$464 for Mary Mother of Hope House I Fund and from \$537 to \$551 for St. Francis Transitional Residence Fund during 2017.		
- Mary Mother of Hope House I Fund	34,315	28,758
- St. Francis Transitional Residence Fund	90,212	83,628

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017

NOTE 5: MORTGAGE ESCROW DEPOSITS - CONTINUED

	2017	2016
<i>Interest Reserve</i> - Funds represent interest earned on the insurance reserve and may be utilized for operating expense deficits and loan delinquencies at DSHA's sole discretion.		
- Mary Mother of Hope House I Fund	\$ 40	\$ 40
- St. Francis Transitional Residence Fund	2,441	2,441
	\$ 369,393	\$ 347,652

NOTE 6: LOAN ORIGINATION COSTS

Loan origination costs represent costs associated with obtaining financing. The intangible asset has an estimated useful life of 40 years and is amortized in accordance with Note 1. As of December 31, 2017 and 2016, loan origination costs were carried at \$4,091 and \$4,330, respectively, net of accumulated amortization of \$5,490 and \$5,251, respectively.

NOTE 7: INVESTMENTS

Investments consisted of the following as of December 31:

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
U.S. Treasury Securities	\$ 1,509,996	\$ 1,497,735	\$ 2,334,563	\$ 2,301,300
U.S. Agency Securities	871,401	866,795	1,267,589	1,270,774
Mutual Funds	1,927,494	1,931,064	584,097	576,279
Corporate Bonds	1,916,839	1,926,824	1,796,851	1,792,232
Domestic Equities	3,600,267	4,611,314	6,038,489	7,158,269
International Equities	1,010,660	1,109,297	628,953	641,188
Funds Held at Delaware Community Foundation	24,242	24,242	24,242	24,242
Total Investments	\$ 10,860,899	\$ 11,967,271	\$ 12,674,784	\$ 13,764,284

During the years ended December 31, 2017 and 2016, net gains on investments consisted of \$1,278,459 and \$322,156, respectively, of net realized gains and \$16,872 and \$359,837 respectively, of net unrealized gains.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017

NOTE 8: INVESTMENT IN QUALIFIED AFFORDABLE HOUSING PROJECT

As disclosed in Note 1, the investment in Village of St. John, L.P. by the Organization's wholly owned subsidiary, Village of St. John Inc., is accounted for under the equity method of accounting. Management analyzes this investment for potential impairment when events or changes in circumstances indicate that it is more likely than not that the carrying amount of the investment will not be realized. An impairment loss is measured if the carrying amount of the investment will not be realized. There were no impairment losses recognized for the years ended December 31, 2017 and 2016.

The carrying amount of investments accounted for using the equity method is as follows as of December 31:

	<u>2017</u>	<u>2016</u>
Ownership %	0.01%	N/A
Carrying Amount of Investment	<u>\$ 3,254,500</u>	<u>N/A</u>
Income from Investment	<u>\$ -</u>	<u>N/A</u>

The Organization had remaining capital commitments to this qualified affordable housing project investment as of December 31, 2017, in the amount of approximately \$300,000. Such amounts are not reflected in the consolidated financial statements as a liability or in the carrying amount of the investment in qualified affordable housing project.

The Organization has not recognized affordable housing tax credits or other tax benefits/provisions from its investment in qualified affordable housing project in its consolidated financial statements during the years ended December 31, 2017 and 2016.

The financial position of the Organization's qualified affordable housing project investment accounted for by the equity method is as follows as of December 31:

	<u>2017</u>	<u>2016</u>
Investment in Qualified Affordable Housing Project	<u>\$ 3,254,500</u>	<u>N/A</u>
Total Assets	<u>\$ 3,254,500</u>	<u>N/A</u>
Total Liabilities	\$ -	N/A
Total Net Assets	<u>3,254,500</u>	<u>N/A</u>
Total Liabilities and Net Assets	<u>\$ 3,254,500</u>	<u>N/A</u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017

NOTE 8: INVESTMENT IN QUALIFIED AFFORDABLE HOUSING PROJECT - CONTINUED

The results of operations of the Organization's qualified affordable housing project investment accounted for by the equity method is as follows for the years ended December 31:

	<u>2017</u>	<u>2016</u>
Partnership Income - Investment in Qualified Affordable Housing Project	\$ -	N/A
Change in Net Assets	<u>\$ -</u>	<u>N/A</u>

NOTE 9: PROPERTY AND EQUIPMENT

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

	<u>2017</u>	<u>2016</u>
Land	\$ 968,882	\$ 937,886
Building and Improvements	27,285,018	27,185,584
Construction in Progress	-	168,618
Furniture and Equipment	3,765,802	3,615,779
Automobiles	<u>592,815</u>	<u>576,811</u>
	32,612,517	32,484,678
Accumulated Depreciation	<u>16,259,518</u>	<u>15,179,377</u>
Property and Equipment - Net	<u>\$ 16,352,999</u>	<u>\$ 17,305,301</u>

NOTE 10: 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, 2017 and 2016, the Organization's beneficial interest in these split-interest agreements increased \$35,824 and \$1,249, respectively, which represented a change in the value of existing trusts. As of December 31, 2017 and 2016, the Organization's estimated present value interest in these trusts was \$344,131 and \$308,307, respectively.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017

NOTE 10: SPLIT-INTEREST AGREEMENTS - CONTINUED

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 consolidated statements of activities, were \$16,157 and \$15,121 during the years ended December 31, 2017 and 2016, 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 consolidated statements of activities is an increase in the Organization's beneficial interest in the trust of \$64,456 and \$19,896 for the years ended December 31, 2017 and 2016, respectively, based on changes in value of trust assets. The Organization's beneficial interest in the perpetual trust included in the consolidated statements of financial position as of December 31, 2017 and 2016 was \$863,479 and \$799,023, respectively. The net assets associated with the Organization's beneficial interest in the perpetual trust are reported as permanently restricted.

NOTE 11: FINANCIAL INSTRUMENTS

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

The Organization maintains its cash balances at two financial institutions in Wilmington, Delaware. The cash balances normally exceed federally insured limits. The Organization regularly monitors the cash balances and believes the risk of loss to be low. The uninsured balances as of December 31, 2017 and 2016 were \$1,966,817 and \$1,486,700, 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 consolidated statements of financial position.

NOTE 12: LINE OF CREDIT

The Organization has a line of credit through a financial institution secured by investment accounts held with the financial institution. Interest is calculated using the monthly London Interbank Offered Rate (LIBOR). The effective interest rate as of December 31, 2017 and 2016 was 2.068% and 1.261%, respectively. The available credit is reevaluated monthly and is based on the market value of the pledged collateral. As of December 31, 2017, the estimated market value of the Organization's investments pledged as collateral was \$9,046,268 and the available line of credit was \$6,417,314. The outstanding balance was \$0 and \$2,231,920 as of December 31, 2017 and 2016, respectively.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017

NOTE 13: 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.

On March 28, 2016, the Organization entered into a mortgage payable with a financial institution for \$500,000. Loan proceeds were used to finance the renovations of the Organization's new administration building in Wilmington, Delaware. The mortgage requires 10 annual payments of principal and interest in the amount of \$60,466 beginning May 1, 2017 through May 1, 2026. Interest on the mortgage is fixed at 3.50%. The outstanding balance on the mortgage payable as of December 31, 2017 and 2016 was \$457,362 and \$500,000, respectively. The mortgage is secured by property located at 115 E. 14th Street in Wilmington, Delaware.

The following are the estimated future principal maturities of mortgages payable for the following years ending December 31:

2018	\$	44,410
2019		45,965
2020		47,574
2021		49,239
2022		50,962
Thereafter		<u>1,163,658</u>
		<u>\$ 1,401,808</u>

NOTE 14: GUARANTEES OF DEBT AND ACCRUED CREDIT LOSS

Sacred Heart Housing, Inc. is a related party and sponsored organization of the Ministry of Caring, 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. Sacred Heart Housing, Inc.'s line of credit was paid in

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017

NOTE 14: GUARANTEES OF DEBT AND ACCRUED CREDIT LOSS - CONTINUED

full as of May 2017. As of December 31, 2017, the estimated market value of the Organization's investments pledged as collateral was \$2,787,419 and the available line of credit beyond the outstanding debt balance was \$1,982,992. As of December 31, 2017 and 2016, the outstanding debt balance owed by Sacred Heart Housing, Inc. was \$0 and \$171,099, respectively. The Organization accrued a credit loss of \$0 and \$171,099 as of December 31, 2017 and 2016, respectively, equal to the total outstanding debt obligation for the amount of potential payment that the Organization would be required to make in accordance with the loan guarantee. Management believes that accruing the credit loss under the loan guarantee more accurately reflects the financial position of the Organization as of December 31, 2017 and 2016.

Sacred Heart Village II, Inc. is a related party and sponsored organization of the Ministry of Caring, Inc. On August 4, 2014, Sacred Heart Village II, Inc. obtained a \$1,300,000 construction loan from the Delaware State Housing Authority (DSHA) for the purpose of constructing and operating Sacred Heart Village II, Inc. As of August 4, 2014, the Organization is contingently liable as guarantor with respect to this mortgage. If Sacred Heart Village II, Inc. cannot meet its obligations under the loan agreements with DSHA, the Organization will be obligated to operate and manage the development project until final completion, and will be required to fund all payments, deposits, and reserves as required by the DSHA loan documents. As of December 31, 2017 and 2016, the guarantee was not required to be included in the Organization's consolidated statements of financial position.

As disclosed in Note 1 and Note 8, the Organization has a capital investment in the Village of St. John, L.P. On May 30, 2017, Village of St. John, L.P. obtained a \$9,200,000 construction loan from TD Bank for the purpose of constructing and operating Village of St. John. On December 6, 2017, Village of St. John, L.P. obtained a \$2,788,506 mortgage from Delaware State Housing Authority for the purpose of constructing and operating Village of St. John. The Organization is contingently liable as guarantor with respect to both of these mortgages. As of December 31, 2017 and 2016, these guarantees were not required to be included in the Organization's consolidated statements of financial position.

NOTE 15: RESTRICTED NET ASSETS

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

	2017	2016
Beneficial Interest in Remainder Trusts	\$ 344,131	\$ 308,307
Child Care Scholarships	1,211,397	1,561,771
Child Care - Guardian Angels Playground Program	11,804	11,804
Cliff Abel Holiday Fund	22,360	13,381
Endowment Fund - Emmanuel Dining Room	142,529	119,088
Expansion - Emmanuel Dining Room	50,000	-

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017

NOTE 15: RESTRICTED NET ASSETS - CONTINUED

	<u>2017</u>	<u>2016</u>
Job Placement Center - CNA Training	\$ 26,087	\$ 9,854
Job Placement Center - Computers	8,039	8,039
Village of St. John - Renovations	75,941	1,410,878
Il Bambino - Renovations	50,000	50,000
Infrastructure Capital Campaign	375,000	-
Fire Escapes	12,300	62,100
Security Cameras	129,214	149,963
Time Restricted - Administration Building	540,000	600,000
Mary Mother of Hope House I	363	363
Immigration Program	3,000	3,000
Dental Equipment - Pierre Toussaint Dental Office	10,000	-
Other Donor-Restricted Projects	<u>2,417</u>	<u>4,024</u>
Total	<u>\$ 3,014,582</u>	<u>\$ 4,312,572</u>

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

	<u>2017</u>	<u>2016</u>
Beneficial Interest in Perpetual Trusts	\$ 863,479	\$ 799,023
Cash and Investment Balances to be Held Indefinitely to Generate Income for the Emmanuel Dining Room	<u>87,237</u>	<u>87,237</u>
Total	<u>\$ 950,716</u>	<u>\$ 886,260</u>

NOTE 16: ENDOWMENT FUNDS

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

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017

NOTE 16: ENDOWMENT FUNDS - CONTINUED

to the Fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

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

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

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, 2017	\$ 142,529	\$ 87,237	\$ 229,766
As of December 31, 2016	\$ 119,088	\$ 87,237	\$ 206,325

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017

NOTE 16: ENDOWMENT FUNDS - CONTINUED

Changes in the Fund's net assets for the years ended December 31, 2017 and 2016 were as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets - January 1, 2016	\$ 106,509	\$ 87,237	\$ 193,746
<u>2016 Endowment Activity</u>			
Interest and Dividends	3,635	-	3,635
Unrealized Gains on Investments	9,689	-	9,689
Realized Gains on Investments	332	-	332
Investment Fees	(1,077)	-	(1,077)
Amounts Appropriated for Expenditure	<u>-</u>	<u>-</u>	<u>-</u>
Endowment Net Assets - December 31, 2016	119,088	87,237	206,325
<u>2017 Endowment Activity</u>			
Interest and Dividends	4,709	-	4,709
Unrealized Gains on Investments	5,779	-	5,779
Realized Gains on Investments	14,103	-	14,103
Investment Fees	(1,150)	-	(1,150)
Amounts Appropriated for Expenditure	<u>-</u>	<u>-</u>	<u>-</u>
Endowment Net Assets - December 31, 2017	<u>\$ 142,529</u>	<u>\$ 87,237</u>	<u>\$ 229,766</u>

NOTE 17: SUPPLEMENTAL CASH FLOW INFORMATION

Noncash investing and financing for the years ended December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Noncash Investing and Financing Activities		
Current Accrued Construction Costs Payable	\$ -	\$ 149,484
Prior Accrued Construction Costs Payable	149,484	500,817
Donated Investments	55,755	39,055
Donated Property and Equipment	13,500	142,572
Disposal of Property and Equipment Associated with Qualified Affordable Housing Project	311,396	-

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017

NOTE 18: PENSION PLAN

The Ministry of Caring, Inc. sponsors a defined contribution plan for the exclusive benefit of eligible lay employees. A lay employee is eligible for participation upon completion of one year of service and attaining the age of 21. Employer contributions to the plan are funded monthly based on 5% of the participant's compensation as of December 31, 2017 and 2016. 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 \$138,478 and \$19,609, respectively, for the year ended December 31, 2017 and \$132,234 and \$15,699, respectively, for the year ended December 31, 2016.

NOTE 19: RELATED-PARTY TRANSACTIONS

Board members and/or employees of the Organization serve as board members and/or employees at the related parties and sponsored organizations of Sacred Heart Village I, Inc., Sacred Heart Housing, Inc., Mother Teresa House, Inc., and Sacred Heart Village II, Inc.

The Organization receives revenue for providing administrative services and reimbursement for paying expenses on behalf of Sacred Heart Village, I Inc., Sacred Heart Village II, Inc., and Mother Theresa House, Inc. For the years ended December 31, 2017 and 2016, revenue from administrative services on behalf of Sacred Heart Village I, Inc. was \$55,662 and \$8,557, respectively. During the year ended December 31, 2016, the Organization's management discovered that Sacred Heart Village, I Inc. had been overcharged in the prior years for the administrative services provided by the Organization. As such, a credit was provided to Sacred Heart Village I, Inc., causing a decrease in revenue for the year ended December 31, 2016. For the years ended December 31, 2017 and 2016, revenue from administrative services on behalf of Sacred Heart Village II, Inc. was \$11,806 and \$0, respectively.

For the years ended December 31, 2017 and 2016, revenue from administrative services on behalf of Mother Theresa House, Inc. was \$22,342 and \$3,401, 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, 2017 and 2016, the receivable from that advance remains fully reserved.

The Organization occasionally pays expenses on behalf of affiliated entities. These amounts are generally reimbursed to the Organization in a short period of time. Amounts remaining unreimbursed are included in due from affiliated organizations in the consolidated statements of financial position. Amounts due to or from affiliated

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017

NOTE 19: RELATED-PARTY TRANSACTIONS - CONTINUED

organizations also arise from advances, payments made or received on behalf of other organizations, and services provided between organizations.

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

	<u>2017</u>	<u>2016</u>
Due from Affiliated Organizations		
Sacred Heart Village, I Inc.	\$ 50,484	\$ 126,637
Sacred Heart Village, I Inc. - Advance (Net of \$160,095 Allowance)	-	-
Sacred Heart Housing, Inc.	-	5,465
Mother Teresa House, Inc.	-	6,430
Village of St. John, L.P.	9,373	-
Sacred Heart Village II, Inc.	<u>395,836</u>	<u>31,529</u>
Total Due from Affiliated Organizations	<u>455,693</u>	<u>170,061</u>
Due to Affiliated Organizations		
Sacred Heart Housing, Inc. - Advance	\$ -	\$ 80,691
Sacred Heart Village I, Inc.	100	-
Mother Teresa House, Inc.	1,246	-
Sacred Heart Village II, Inc.	8,364	-
Sacred Heart Oratory	<u>12,160</u>	<u>12,477</u>
Total Due to Affiliated Organizations	<u>21,870</u>	<u>93,168</u>
Net Due from (to) Affiliated Organizations	<u>\$ 433,823</u>	<u>\$ 76,893</u>

NOTE 20: COMMITMENTS AND CONTINGENCIES

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

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017

NOTE 21: FAIR VALUE MEASUREMENTS - CONTINUED

	2016			
	Total Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial Interest in Split- Interest Agreements				
Charitable Remainder Trusts	\$ 308,307	\$ -	\$ -	\$ 308,307
Charitable Perpetual Trusts	<u>799,023</u>	<u>-</u>	<u>799,023</u>	<u>-</u>
Total Split-Interest Agreements	<u>1,107,330</u>	<u>-</u>	<u>799,023</u>	<u>308,307</u>
Total Assets	<u><u>\$ 14,871,614</u></u>	<u><u>\$ 11,947,810</u></u>	<u><u>\$ 2,615,497</u></u>	<u><u>\$ 308,307</u></u>

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

Beneficial Interest in Split-Interest Agreements	
Balance - January 1, 2016	\$ 307,058
Change in Value of Split-Interest Agreements	<u>1,249</u>
Balance - December 31, 2016	308,307
Change in Value of Split-Interest Agreements	<u>35,824</u>
Balance - December 31, 2017	<u><u>\$ 344,131</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 22: LEASES

The Organization leases office equipment and a parking lot for various terms under operating lease agreements. The leases expire at various dates through September 2026. Rental expense for the years ended December 31, 2017 and 2016 was \$69,075 and \$86,440, respectively. As of December 31, 2017, future minimum lease payment are as follows:

2018	\$ 63,374
2019	63,708
2020	64,579
2021	50,935
2022	11,596
Thereafter	<u>59,197</u>
	<u><u>\$ 313,389</u></u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2017

NOTE 23: RECLASSIFICATION

Certain accounts in the prior year statement of financial position have been reclassified for comparative purposes to conform to the current year presentation. These reclassifications had no effect on previously reported changes in net assets or total net assets.

SINGLE AUDIT



Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Directors
Ministry of Caring, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Ministry of Caring, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 6, 2018.

Internal Control Over Financial Reporting

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

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

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

To the Board of Directors
Ministry of Caring, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ministry of Caring, Inc.'s consolidated 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 consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Belfint, Lyons & Shuman, P.A.

September 6, 2018
Wilmington, Delaware



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

To the Board of Directors
Ministry of Caring, Inc.

Report on Compliance for Each Major Federal Program

We have audited Ministry of Caring, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Ministry of Caring, Inc.'s major federal programs for the year ended December 31, 2017. Ministry of Caring, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

To the Board of Directors
Ministry of Caring, Inc.

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

Opinion on Each Major Federal Program

In our opinion, Ministry of Caring, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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

To the Board of Directors
Ministry of Caring, Inc.

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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002, that we consider to be significant deficiencies.

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

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

Belfint, Lyons & Shuman, P.A.

September 6, 2018
Wilmington, Delaware

MINISTRY OF CARING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2017

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA#</u>	<u>Expenditures</u>	<u>Expenditures to Subrecipients</u>
Department of Agriculture			
Child and Adult Care Food Program State of Delaware - Department of Education	10.558	\$ 168,770	\$ -
Department of Housing and Urban Development			
Community Development Block Grants/Entitlement Grants City of Wilmington	14.218	36,535	-
Emergency Solutions Grants City of Wilmington	14.231	9,957	-
New Castle County	14.231	<u>17,134</u>	<u>-</u>
		<u>27,091</u>	<u>-</u>
Housing Opportunities for Persons with AIDS Direct Award	14.241	306,393	-
City of Wilmington	14.241	<u>28,444</u>	<u>-</u>
		<u>334,837</u>	<u>-</u>
Continuum of Care Direct Award	14.267	1,470,504	-
Department of Health and Human Services			
Consolidated Health Centers Grant Henrietta Johnson Medical Center	93.224	69,105	-
Community Services Block Grant First State Community Action Agency	93.569	218,659	-
Corporation for National and Community Service			
AmeriCorps State of Delaware - Department of Health and Social Services	94.006	158,463	-
Department of Homeland Security			
Emergency Food and Shelter National Board Program Jewish Family Services of Delaware	97.024	<u>26,971</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 2,510,935</u>	<u>\$ -</u>

MINISTRY OF CARING, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2017

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Ministry of Caring, Inc. under programs of the federal government for the year ended December 31, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the activities of the operations of Ministry of Caring, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Ministry of Caring, Inc.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2017

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditors' Report Issued: **Unmodified**

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: **Unmodified**

Any Audit Findings Disclosed that are Required to be Reported in Accordance with 2 CFR section 200.516(a)? Yes No

Identification of Major Programs:

CFDA Number(s)

Name of Federal Program

14.267 Continuum of Care

Dollar Threshold Used to Distinguish Between Type A and Type B Programs: \$ 750,000

Auditee Qualified as Low-Risk Auditee? Yes No

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2017

II. Financial Statement Findings

There were no current year financial statement findings.

III. Federal Award Findings and Questioned Costs

Finding Reference Number: 2017-001

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

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

Compliance Requirement: Allowable Costs/Cost Principles

Criteria: The requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance), Subpart F, *Audit Requirements* indicate that an Organization is required to prepare a schedule of expenditures of federal awards for the same period covered by the financial statements, and must include total federal awards expended during that period, as determined in accordance with section 200.502.

Condition: During the year ended December 31, 2017, the Organization requested reimbursement from HUD which totaled approximately \$141,165 for costs that were incurred during the year ended December 31, 2016. \$129,800 of these costs were not included in the schedule of expenditures of federal awards for the year ended December 31, 2016.

Cause: Cost reimbursements relating to expenses incurred during the year ended December 31, 2016 were not submitted to HUD in a timely manner. Additionally, costs totaling \$11,365 were submitted for twice; once during the year ended December 31, 2016 and once during the year ended December 31, 2017.

Effect: The 2017 schedule of expenditures of federal awards includes \$129,800 of costs incurred during 2016 that should have been included in the 2016 schedule of expenditures of federal awards. It also includes \$11,365 of costs that had already been included in the 2016 schedule of expenditures of federal awards.

Recommendation: We recommend the Organization implement procedures to ensure that costs are submitted for reimbursement in a timely manner. We also recommend procedures be developed to ensure the schedule of expenditures of federal awards include all expenses incurred under the related reporting period.

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2017

III. Federal Award Findings and Questioned Costs - Continued

Finding Reference Number: 2017-002

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

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

Compliance Requirement: Cash Management

Criteria: The requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance), Subpart D, *Post Federal Award Requirements* indicate that an Organization is required to minimize the time elapsing between the transfer of funds from the U.S. Treasury or pass-through entity and the disbursement of those funds for related program costs.

Condition: Due to confusion regarding the terms of the grant contracts for Bethany House II and Mary Mother of Hope Permanent Housing, the Organization requested funds in advance of when the eligible reimbursable costs were incurred. While the Organization had subsequently incurred the costs to justify the request for reimbursement, the lapse in time between the receipt of funds and the occurrence of costs was not minimized enough to comply with 2 CFR part 200.305. For instance, the Organization received \$7,244 for Bethany House II Permanent Housing in July 2017, but the corresponding costs to offset that reimbursement request were incurred between August and October of 2017.

Cause: Oversight by program staff due to confusion regarding the terms of the grant contracts.

Effect: The lapse in time between the receipt of funds and the occurrence of costs was not minimized enough to comply with 2 CFR part 200.305.

Recommendation: We recommend the Organization implement procedures to ensure that cost reimbursements are submitted in a timely manner in relation to the terms of the grant contracts, and that the amount of time between the receipt of funds and the occurrence of costs is minimized.

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2017

IV. Corrective Action Plan

Finding Reference Number: 2017-001

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

Condition: During the year ended December 31, 2017, the Organization requested reimbursement from HUD which totaled approximately \$141,165 for costs that were incurred during the year ended December 31, 2016. \$129,800 of these costs were not included in the schedule of expenditures of federal awards for the year ended December 31, 2016.

Corrective Action Plan: We will endeavor to make all draws on a more timely basis, and establish a policy to not make revisions to the prior calendar year, once closed. We will also immediately implement reconciliation procedures and increased monitoring controls to preclude double counting.

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2017

IV. Corrective Action Plan - Continued

Finding Reference Number: 2017-002

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

Condition: Due to confusion regarding the terms of the grant contracts for Bethany House II and Mary Mother of Hope Permanent Housing, the Organization requested funds in advance of when the eligible reimbursable costs were incurred. While the Organization had subsequently incurred the costs to justify the request for reimbursement, the lapse in time between the receipt of funds and the occurrence of costs was not minimized enough to comply with 2 CFR part 200.305. For instance, the Organization received \$7,244 for Bethany House II Permanent Housing in July 2017, but the corresponding costs to offset that reimbursement request were incurred between August and October of 2017.

Corrective Action Plan: We will immediately implement a policy to not make draws on new grant terms, until we have properly confirmed the start date, and will evidence that confirmation on the grant draw request.

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2017

V. Status of Prior Year Findings

Finding Reference Number: 2016-01

Continuum of Care - CFDA 14.267

Condition: We tested 23 program participant files and identified 10 instances where the files lacked required documentation to evidence the annual evaluation of income in the form prescribed by HUD. Files also demonstrated inconsistency in maintaining evidence of income verification.

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

Finding Reference Number: 2016-02

Continuum of Care - CFDA 14.267

Condition: The Organization does not maintain a separate supporting schedule to demonstrate their compliance with the match requirements on a fiscal year or grant year basis. Costs reported in the program specific financial general ledgers do not provide sufficient evidence to document compliance with the requirement without additional documentation. While revenue from the Continuum of Care Program represented only 24% of the Organization's total revenue from operations, additional documentation is needed to demonstrate that the additional funding received by the Organization satisfied the match requirement by being used toward eligible costs for the programs receiving the grant funds.

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

Finding Reference Number: 2016-03

Continuum of Care - CFDA 14.267

Condition: During the year ended December 31, 2016, the Organization had U.S. Department of Housing and Urban Development (HUD), Continuum of Care grant contracts for 11 of its programs. These contracts are funded on the basis of cost reimbursement. The Organization prepares monthly schedules identifying allowable direct and allocable indirect costs incurred during the month and submits to HUD on a monthly basis based upon the reimbursable costs identified on these schedules.

During the year ended December 31, 2016, the Organization recognized allocable facilities maintenance costs in the amount of \$423,002. The Organization allocates these indirect facility maintenance costs based on a calculation that includes the total square footage of the building space occupied by the program, the number of clients served by the program on a monthly basis, and a program's classification as residential or nonresidential.

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2017

V. Status of Prior Year Findings - Continued

Finding Reference Number: 2016-03 - Continued

Condition - Continued: The allocated facility maintenance costs as calculated by the Organization's cost allocation plan is consistent with the amounts reported in the Organization's general ledger, both in total and by program. However, a detail of supporting documentation for the maintenance costs was \$4,780 less than the total maintenance expenses allocated.

The following table summarizes the total allocable indirect facilities and maintenance costs incurred by the Organization during 2016, the allocation of those costs based on the Organization's cost allocation plan, reimbursed allocable indirect facilities, and maintenance costs based on reimbursement requests submitted corresponding to the periods January 2016 through December 2016:

Program	Facility Maintenance Costs for 2016		Amount of Request in Excess of Costs Incurred
	Per Cost Allocation Schedule and General Ledger	Per Monthly Grant Reimbursements	
<i>Programs with HUD Contracts</i>			
Hope House Transitional Residence	\$ 21,465	\$ 20,638	\$ -
Saint Francis Transitional Residence	39,114	39,114	-
House of Joseph II	34,163	51,386	17,223
Samaritan Rapid Rehousing	21,306	4,083	-
House of Joseph Transitional Res.	35,298	35,298	-
Nazareth House	32,684	30,050	-
Bethany House	45,553	43,329	-
Sacred Heart Permanent Housing	34,258	31,385	-
	263,841		17,223
<i>Programs without HUD Contracts</i>			
Administration	1,590	N/A	
Emmanuel Dining Room	28,302	N/A	
Hope House II/III	22,657	N/A	
Hope House I	18,484	N/A	
House of Joseph	5,605	N/A	
Job Placement Center	4,134	N/A	
Child Care Center	37,645	N/A	
Dental Office	6,360	N/A	
Francis X. Norton Center	1,590	N/A	
Maria Longo House	15,497	N/A	
Padre Pio House	17,297	N/A	
	159,161		
Total	\$ 423,002		\$ 17,223

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2017

V. Status of Prior Year Findings - Continued

Finding Reference Number: 2016-03 - Continued

The preceding table identifies that the Organization submitted reimbursement requests for facilities and maintenance costs for its House of Joseph II program for cumulative amounts in excess of costs allocable to the program by \$17,223 during the year ended December 31, 2016.

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

SUPPLEMENTARY INFORMATION

MARY MOTHER OF HOPE HOUSE I FUND



BELFINT • LYONS • SHUMAN
Certified Public Accountants

www.belfint.com

Independent Auditors' Report on Supplementary Information Required by DSHA

To the Board of Trustees
Ministry of Caring, Inc.

We have audited the consolidated financial statements of Ministry of Caring, Inc. as of and for the years ended December 31, 2017 and 2016, and our report thereon dated September 6, 2018, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information required by DSHA for Mary Mother of Hope House I Fund is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Belfint, Lyons & Shuman, P.A.

September 6, 2018
Wilmington, Delaware

**MARY MOTHER OF HOPE HOUSE I FUND
OF MINISTRY OF CARING, INC.
DSHA PROJECT NO. DE-HDF-353-FY10-01
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017**

ASSETS	
Cash and Cash Equivalents	\$ 8,913
Grants Receivable	46,198
Prepaid Expenses	781
Due from Other Funds	90,333
Investments	237,479
Property and Equipment - Net	<u>19,035</u>
TOTAL ASSETS	<u><u>\$ 402,739</u></u>
LIABILITIES	
Accounts Payable	\$ 13,675
Accrued Expenses	<u>6,770</u>
TOTAL LIABILITIES	<u>20,445</u>
NET ASSETS	
Unrestricted	381,931
Temporarily Restricted	<u>363</u>
TOTAL NET ASSETS	<u>382,294</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 402,739</u></u>

DSHA STATEMENT OF PROFIT AND LOSS

Project Name: Mary Mother of Hope House I Fund

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

Year Ending: 12/31/17

Part I	Description of Account	Amount	Amount
RENTAL INCOME 5100	Rent Revenue - Gross Potential	5120	\$ -
	Tenant Assistance Payments	5121	
	Rent Revenue - Stores and Commercial	5140	
	Garage and Parking Space	5170	
	Flexible Subsidy Revenue	5180	
	Miscellaneous Rent Revenue	5190	
	Excess Rent	5191	
	Rent Revenue - Insurance	5192	
	Special Claims Revenue	5193	
	Retained Excess Income	5194	
	Lease Revenue (Nursing Homes)	5195	
Total Rent Revenue			\$ -
VACANCIES 5200	Apartments	5220	
	Stores and Commercial	5240	
	Rental Concessions	5250	
	Garage and Parking Space	5270	
	Miscellaneous	5290	
Total Vacancies			\$ -
Net Rent Revenue (Rent Revenue less Vacancies)			\$ -
	Nursing Homes/Assisted Living/Board & Care/Other Elderly Care/Coop/and Other Revenue	5300	
	Members Group Life Insurance Expense (Co-ops)	5320	
	Total		
FINANCIAL REVENUE 5400	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	229,541
	Revenue from Investments - Miscellaneous	5490	26,655
Total Financial Revenue			\$ 256,196
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	332,128
Total Other Revenue			\$ 332,128
Total Revenue			\$ 588,324
ADMINISTRATIVE EXPENSES 6200 6300	Conventions and Meetings	6203	25
	Management Consultants	6204	7,367
	Advertising and Marketing	6210	
	Social Activity	6215	
	Other Renting Expenses	6250	
	Office Salaries	6310	239,507
	Office Expenses	6311	6,330
	Office of Model Apartment Rent	6312	

DSHA STATEMENT OF PROFIT AND LOSS - CONTINUED

ADMINISTRATIVE EXPENSES 6200 6300 (Continued)	Management Fee	6320	1,790	
	Manager or Superintendent Salaries	6330		
	Administrative Rent Free Unit	6331		
	Legal Expenses - Project	6340		
	Auditing Expense - Project	6350	3,421	
	Bookkeeping Fees/Accounting Services	6351		
	Telephone and Answering Services	6360	3,636	
	Bad Debt Expense	6370		
	Miscellaneous Administrative Expenses	6390		
	Total Administrative Expenses			
UTILITIES EXPENSE 6400	Fuel Oil/Coal	6420	1,631	
	Electricity (Lights and misc. power)	6450	12,149	
	Water	6451		
	Gas	6452		
	Sewer	6453	8,464	
	Total Utilities Expenses			
OPERATING AND MAINTENANCE 6500	Janitor and Cleaning Payroll	6510		
	Janitorial Supplies	6515	4,101	
	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	17,896	
	Repairs Material	6541	6,632	
	Repairs Contracts	6542	5,031	
	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	11,941		
Total Operating and Maintenance Expense				\$ 45,601
TAXES AND INSURANCE 6700	Real Estate Taxes	6710		
	Payroll Taxes (FICA) (Project's Share)	6711	17,713	
	Property and Liability Insurance (Hazard)	6720	5,326	
	Fidelity Bond Insurance	6721		
	Workers' Compensation	6722	11,462	
	Health Insurance and Other Employee Benefits	6723	62,315	
	Miscellaneous Taxes, Licenses, Permits and Insurance	6790	291	
	Total Taxes and Insurance			
	Total Operating Expenses			\$ 427,028

DSHA STATEMENT OF PROFIT AND LOSS - CONTINUED

		Net Operating Income		
FINANCIAL EXPENSES 6800	Interest on Bonds Payable	6819		
	Interest on Mortgage Payable	6820		
	Interest on Notes Payable (Long Term)	6830		
	Interest on Notes Payable (Short Term)	6840		
	Mortgage Insurance Premium/Service Charge	6850		
	Miscellaneous Financial Expenses	6890		
	Total Financial Expenses			
	Nursing Homes/Assisted Living/Board & Care/Other Elderly Care/Co-op/and Other Expenses	6900		\$ -
	Total Cost of Operations before Depreciation			\$ 427,028
	Profit (Loss) before Depreciation		161,296	
DEPRECIATION 6600	Depreciation Expenses	6600	3,785	
	Amortization Expense	6610		
	Operating Profit or (Loss)			\$ 157,511
CORPORATE OR MORTGAGOR ENTITY EXPENSES 7100	Entity Revenue	7105		
	Officers' Salaries	7110		
	Legal Expenses	7120		
	Federal, State, and Other Income Taxes	7130		
	Interest Income	7140		
	Interest on Notes Payable	7141		
	Interest on Mortgage Payable	7142		
	Other Expenses	7190		
	Net Entity Expenses			\$ -
	Profit or Loss (Net Income or Loss)			\$ 157,511
Part II*				
	1. Total principal payments required under the mortgage, even if payments under a Workout Agreement are less or more than those required under the mortgage.		\$	-
	2. Replacement Reserve deposits required by the Regulatory Agreement or Amendments Thereto, even if payments may be temporarily suspended or waived.		\$	5,557
	3. Replacement or Painting reserve releases which are included as expense items on this Profit and Loss Statement.		\$	-
	4. Project Improvement Reserve Releases under the Flexible Subsidy Program that are included as expense items on this Profit and Loss Statement.		\$	-

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

**MARY MOTHER OF HOPE HOUSE I FUND
OF MINISTRY OF CARING, INC.
DSHA DEVELOPMENT NO. DE-HDF-353-FY10-01
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2017**

UNRESTRICTED NET ASSET BALANCE - Beginning of Year	\$ 224,420	
Change in Unrestricted Net Assets	157,511	<u> </u>
UNRESTRICTED NET ASSET BALANCE - End of Year	\$ 381,931	<u><u> </u></u>
TEMPORARILY RESTRICTED NET ASSET BALANCE - Beginning of Year	\$ 363	
Change in Temporarily Restricted Net Assets	-	<u> </u>
TEMPORARILY RESTRICTED NET ASSET BALANCE - End of Year	\$ 363	<u><u> </u></u>

IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST

Development Name	Mary Mother of Hope House I Fund of Ministry of Caring, Inc.
DSHA/HUD/RD Number	DE-HDF-353-FY10-01
Fiscal Year End	December 31, 2017

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.

	Yes, No or N/A	Working Paper Reference
1. <u>Mortgage Status</u>		
A. Are payments on the mortgage(s) current?	N/A	
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?	Yes	
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?	N/A	
2. <u>Books and Records</u>		
A. Are a completed set of books and records maintained in a satisfactory manner?	Yes	WP# 1000-04
B. Does the mortgagor/grantee make frequent postings (at least monthly) to the ledger accounts?	Yes	WP# 1000-04
3. <u>Cash Activities</u>		
A. Are the cash receipts deposited in an account in the name of the development/program?	No	WP# 2001
B. Are all account balances fully federally insured?	No	WP# 2005
C. Are security deposits kept in an account separate and apart from all other funds of the development?	N/A	
D. Are security deposits kept in an interest-bearing account and is the interest returned to the tenant or applied to a tenant balance?	N/A	

IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST - CONTINUED

Examination Item Reference (cont.)

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

IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST - CONTINUED

Examination Item Reference (cont.)

	<u>Yes, No or N/A</u>	<u>Working Paper Reference</u>
H. Were distributions made to, or on behalf of, the owners limited to those authorized by the Regulatory Agreement or the distributions in accordance with prior written approval of DSHA while the development was in a surplus cash position?	<u>N/A</u>	<u></u>
(1) Developments operating under a modification or forbearance agreement and/or a provisional workout arrangement are not in a "surplus cash" position for distributions.	<u>N/A</u>	<u></u>
I. Were residual receipts deposited with the mortgagee within 30 days after mortgagee request for such deposit? (HUD Section 8/202/236 projects only)	<u>N/A</u>	<u></u>
J. Were excess rental collections in Section 236 developments remitted to HUD each month?	<u>N/A</u>	<u></u>
K. Does the mortgagor/grantee have a formal rent collection policy and is it posted?	<u>N/A</u>	<u></u>
L. Is the collection policy uniformly enforced?	<u>N/A</u>	<u></u>
M. Do tenants' accounts receivable consist exclusively of amounts due from those other than employees?	<u>N/A</u>	<u></u>
N. Is there a formal procedure to write off bad debts?	<u>N/A</u>	<u></u>
O. Have write-offs of tenants' accounts been less than one percent of the gross rent?	<u>N/A</u>	<u></u>
P. Are accounts receivable other than tenants' receivable composed exclusively of amounts due from unrelated persons or firms?	<u>Yes</u>	<u>WP# 2321-31</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 - CONTINUED

Examination Item Reference (cont.)

	<u>Yes, No or N/A</u>	<u>Working Paper Reference</u>
R. Were accounts payable remitted in a timely manner so as to not incur late charges/penalties?	<u>Yes</u>	<u>WP# 4102</u>
S. Has the mortgagee made the required deposits to the mortgage escrow accounts as required by the loan documents?	<u>Yes</u>	<u>WP# 5005</u>
4. <u>Management Compensation</u>		
A. Was compensation to the management agent limited to the amounts prescribed in the Management Agreement?	<u>N/A</u>	<u> </u>
B. Were development expenses paid in accordance with the management agreement (no expenses that management agents are required to pay charged to the development)?	<u>N/A</u>	<u> </u>
5. <u>Rents and Occupancy</u>		
A. On nonsubsidized tax credit developments, is the gross potential rental income from apartments equal to or less than that shown on the most recent rent schedule?	<u>N/A</u>	<u> </u>
B. On subsidized developments, are dwelling unit rents the same as those approved by DSHA/HUD/RD on the most recent rent schedule?	<u>N/A</u>	<u> </u>
6. <u>RD/HUD Subsidy Payments (Section 8/515 Developments Only)</u>		
A. Were the amounts requested from DSHA/HUD/RD adequately supported by the accounting records?	<u>N/A</u>	<u> </u>
B. Were subsidy receipts recorded in the proper accounts?	<u>N/A</u>	<u> </u>
C. Utility allowance payments were paid to residents within five days of receipt from DSHA/HUD/RD and in an amount equal to the corresponding utility allowance subsidy amounts received.	<u>N/A</u>	<u> </u>

Delaware State Housing Authority
COMPUTATION OF SURPLUS CASH AND DISTRIBUTIONS

Property Name	Fiscal Period Ending	DSHA/HDF Number
Mary Mother of Hope House I Fund	12/31/2017	DE-HDF-353-FY10-01

PART A. - COMPUTE SURPLUS CASH

Section 1 - Cash

1.	Cash	\$ <u>8,913</u>	
2.	Tenant Subsidy Vouchers due for Period Covered by Financial Statements	\$ _____	
3.	Other (Describe) _____	\$ _____	
	(A) Total Cash (Add Lines 1, 2, & 3)		\$ <u>8,913</u>

Section 2 - Current Obligations

4.	Accrued Mortgage Interest Payables	\$ _____	
5.	Delinquent Mortgage Principal Payments	\$ _____	
6.	Delinquent Deposits to Reserve for Replacements	\$ _____	
7.	Accounts Payable (due within 30 days)	\$ <u>13,675</u>	
8.	Loans and Notes Payable (due within 30 days)	\$ _____	
9.	Deficient Tax Insurance/Mortgage Insurance Escrow	\$ _____	
10.	Accrued Expenses (not escrowed)	\$ <u>6,770</u>	
11.	Paid Rents	\$ _____	
12.	Tenant Security Deposits Liability	\$ _____	
13.	Other (Describe) _____	\$ _____	
	(B) Total Liabilities		\$ <u>20,445</u>
	(C) Surplus Cash (Deficiency)		\$ <u>(11,532)</u>
	Line (A) Minus Line (B)		

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

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

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

SUPPLEMENTARY INFORMATION

ST. FRANCIS TRANSITIONAL RESIDENCE FUND



BELFINT • LYONS • SHUMAN
Certified Public Accountants

www.belfint.com

Independent Auditors' Report on Supplementary Information Required by DSHA

To the Board of Trustees
Ministry of Caring, Inc.

We have audited the consolidated financial statements of Ministry of Caring, Inc. as of and for the years ended December 31, 2017 and 2016, and our report thereon dated September 6, 2018, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information required by DSHA for St. Francis Transitional Residence Fund is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Belfint, Lyons & Shuman, P.A.

September 6, 2018
Wilmington, Delaware

**ST. FRANCIS TRANSITIONAL RESIDENCE FUND
OF MINISTRY OF CARING, INC.
DSHA PROJECT NO. DE 26B93-0325
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017**

ASSETS

Cash and Cash Equivalents	\$ 5,993
Grants Receivable	27,975
Prepaid Expenses and Refundable Deposits	171
Escrow Accounts	24,480
Replacement Reserve	90,212
Investments	141,107
Property and Equipment - Net	155,166
Loan Origination Costs - Net	<u>4,088</u>

TOTAL ASSETS

\$ 449,192

LIABILITIES

Accounts Payable	\$ 8,044
Accounts Payable - Due to Other Funds (Net)	526,281
Accrued Expenses	1,489
Security Deposits	744
Mortgage Payable - DSHA	<u>344,446</u>

TOTAL LIABILITIES

881,004

NET ASSETS

Unrestricted	<u>(431,812)</u>
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TOTAL LIABILITIES AND NET ASSETS

\$ 449,192

DSHA STATEMENT OF PROFIT AND LOSS

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

Year Ending: 12/31/17

Part I	Description of Account	Amount	
RENTAL INCOME 5100	Rent Revenue - Gross Potential	5120	\$ 13,619
	Tenant Assistance Payments	5121	
	Rent Revenue - Stores and Commercial	5140	
	Garage and Parking Space	5170	
	Flexible Subsidy Revenue	5180	
	Miscellaneous Rent Revenue	5190	
	Excess Rent	5191	
	Rent Revenue - Insurance	5192	
	Special Claims Revenue	5193	
	Retained Excess Income	5194	
	Lease Revenue (Nursing Homes)	5195	
	Total Rent Revenue		
VACANCIES 5200	Apartments	5220	
	Stores and Commercial	5240	
	Rental Concessions	5250	
	Garage and Parking Space	5270	
	Miscellaneous	5290	
Total Vacancies			\$ -
	Net Rent Revenue (Rent Revenue less Vacancies)		\$ 13,619
FINANCIAL REVENUE 5400	Nursing Homes/Assisted Living/Board & Care/Other Elderly Care/Co-op/and Other Revenue	5300	
	Members Group Life Insurance Expense (Co-ops)	5320	
	Financial Revenue - Project Operations	5410	
	Revenue from Investments - Residual Receipts	5430	29
	Revenue from Investments - Replacement Reserve	5440	307
	Expiration of Gift Donor Restrictions (Non-Profits)	5460	
	Gifts (Non-Profits)	5470	
Revenue from Investments - Miscellaneous	5490	15,502	
Total Financial Revenue			\$ 15,838
OTHER REVENUE 5900	Laundry and Vending Revenue	5910	183
	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	182,836
Total Other Revenue			\$ 183,019
	Total Revenue		\$ 212,476
ADMINISTRATIVE EXPENSES 6200 6300	Conventions and Meetings	6203	
	Management Consultants	6204	741
	Advertising and Marketing	6210	
	Social Activity	6215	
	Other Renting Expenses	6250	
	Office Salaries	6310	62,535
	Office Expenses	6311	73
	Office of Model Apartment Rent	6312	

DSHA STATEMENT OF PROFIT AND LOSS - CONTINUED

ADMINISTRATIVE EXPENSES 6200 6300 (Continued)	Management Fee	6320	\$ 13,356	
	Manager or Superintendent Salaries	6330		
	Administrative Rent Free Unit	6331		
	Legal Expenses - Project	6340		
	Auditing Expense - Project	6350	3,421	
	Bookkeeping Fees/Accounting Services	6351		
	Telephone and Answering Services	6360	1,855	
	Bad Debt Expense	6370		
	Miscellaneous Administrative Expenses	6390		
	Total Administrative Expenses			\$ 81,981
UTILITIES EXPENSE 6400	Fuel Oil/Coal	6420	1,437	
	Electricity (Lights and Miscellaneous Power)	6450	390	
	Water	6451		
	Gas	6452		
	Sewer	6453	3,799	
	Total Utilities Expenses			\$ 5,626
OPERATING AND MAINTENANCE 6500	Janitor and Cleaning Payroll	6510		
	Janitorial Supplies	6515		
	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	37,871	
	Repairs Material	6541	13,541	
	Repairs Contracts	6542	1,877	
	Elevator Maintenance	6545		
	Heating/Cooling/Repairs and Maintenance	6546		
	Swimming Pool Maintenance/Contract	6547		
	Snow Removal	6548		
	Decorating Payroll/Contract	6560		
	Decorating Supplies	6561		
Vehicle and Maintenance Equipment Operation	6570			
Miscellaneous Operating and Maintenance Expense	6590			
Total Operating and Maintenance Expense			\$ 53,289	
TAXES AND INSURANCE 6700	Real Estate Taxes	6710		
	Payroll Taxes (FICA) (Project's Share)	6711	4,078	
	Property and Liability Insurance (Hazard)	6720	3,114	
	Fidelity Bond Insurance	6721		
	Workers' Compensation	6722	2,241	
	Health Insurance and other Employee Benefits	6723	248	
	Miscellaneous Taxes, Licenses, Permits, and Insurance	6790	2,432	
	Total Taxes and Insurance			\$ 12,113
	Total Operating Expenses		\$ 153,009	

DSHA STATEMENT OF PROFIT AND LOSS - CONTINUED

		Net Operating Income		
FINANCIAL EXPENSES 6800	Interest on Bonds Payable	6819		
	Interest on Mortgage Payable	6820		
	Interest on Notes Payable (Long Term)	6830		
	Interest on Notes Payable (Short Term)	6840		
	Mortgage Insurance Premium/Service Charge	6850		
	Miscellaneous Financial Expenses	6890		
	Total Financial Expenses			
	Nursing Homes/Assisted Living/Board & Care/Other Elderly Care/Co-op/and Other Expenses	6900	90,005	\$ 90,005
Total Cost of Operations before Depreciation				\$ 243,014
Profit (Loss) before Depreciation			(30,538)	
DEPRECIATION 6600	Depreciation Expenses	6600	28,807	
	Amortization Expense	6610	239	
Operating Profit or (Loss)				\$ (59,584)
CORPORATE OR MORTGAGOR ENTITY EXPENSES 7100	Entity Revenue	7105		
	Officers' Salaries	7110		
	Legal Expenses	7120		
	Federal, State, and Other Income Taxes	7130		
	Interest Income	7140		
	Interest on Notes Payable	7141		
	Interest on Mortgage Payable	7142		
	Other Expenses	7190		
Net Entity Expenses				\$ -
Profit or Loss (Net Income or Loss)				\$ (59,584)
Part II*				
1. Total principal payments required under the mortgage, even if payments under a Workout Agreement are less or more than those required under the mortgage.			\$	-
2. Replacement Reserve deposits required by the Regulatory Agreement or Amendments Thereto, even if payments may be temporarily suspended or waived.			\$	6,584
3. Replacement or Painting reserve releases which are included as expense items on this Profit and Loss Statement.			\$	-
4. Project Improvement Reserve Releases under the Flexible Subsidy Program that are included as expense items on this Profit and Loss Statement.			\$	-

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

**ST. FRANCIS TRANSITIONAL RESIDENCE FUND
OF MINISTRY OF CARING, INC.
DSHA PROJECT NO. DE 26B93-0325
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2017**

UNRESTRICTED NET ASSET BALANCE - Beginning of Year	\$ (372,228)
Change in Unrestricted Net Assets	<u>(59,584)</u>
UNRESTRICTED NET ASSET BALANCE - End of Year	<u><u>\$ (431,812)</u></u>
TEMPORARILY RESTRICTED NET ASSET BALANCE - Beginning of Year	\$ -
Change in Temporarily Restricted Net Assets	<u>-</u>
TEMPORARILY RESTRICTED NET ASSET BALANCE - End of Year	<u><u>\$ -</u></u>

IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST

Development Name	<u>St. Francis Transitional Residence Fund of Ministry of Caring, Inc.</u>
DSHA/HUD/RD Number	<u>DE26B93-0325</u>
Fiscal Year End	<u>December 31, 2017</u>

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>
1. <u>Mortgage Status</u>		
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>
2. <u>Books and Records</u>		
A. Are a completed set of books and records maintained in a satisfactory manner?	<u>Yes</u>	<u>WP# 1000-09</u>
B. Does the mortgagor/grantee make frequent postings (at least monthly) to the ledger accounts?	<u>Yes</u>	<u>WP# 1000-09</u>
3. <u>Cash Activities</u>		
A. Are the cash receipts deposited in an account in the name of the development/program?	<u>No</u>	<u>WP# 2001</u>
B. Are all account balances fully federally insured?	<u>No</u>	<u>WP# 2005</u>
C. Are security deposits kept in an account separate and apart from all other funds of the development?	<u>No</u>	<u>WP# 4106</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# 4106</u>

IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST - CONTINUED

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>No</u>	<u>WP# 4106</u>
F. Does the owner and/or the management agent have a fidelity bond in an amount at least equal to potential collections for two months which provides coverage for all employees handling cash?	<u>Yes</u>	<u>WP# 605</u>
G. Did cash disbursements exclude payments for items listed below:		
(1) Legal expenses incurred in the sale of partnership interest or in connection with permanent closing?	<u>N/A</u>	<u> </u>
(2) The fee for the preparation of a partner's, shareholder's or individual's federal, state, or local income tax returns?	<u>N/A</u>	<u> </u>
(3) Expenses for advice to an owner on tax consequences of foreclosure?	<u>N/A</u>	<u> </u>
(4) Reimbursement to the owners or affiliates for prior advances, capital expenditures and/or development acquisition costs while the mortgage/grant is in default, under modification, forbearance or provisional workout arrangements?	<u>N/A</u>	<u> </u>
(5) Were all disbursements from the operating account(s) made exclusively for operation or obligations of the development?	<u>Yes</u>	<u>WP# 8002</u>
(6) Were letter of credit fees paid for out of operations or obligations of the development?	<u>N/A</u>	<u> </u>

IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST - CONTINUED

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# 236</u>
L. Is the collection policy uniformly enforced?	<u>Yes</u>	<u>WP# 236</u>
M. Do tenants' accounts receivable consist exclusively of amounts due from those other than employees?	<u>N/A</u>	<u></u>
N. Is there a formal procedure to write off bad debts?	<u>No</u>	<u>WP# 236</u>
O. Have write-offs of tenants' accounts been less than one percent of the gross rent?	<u>Yes</u>	<u>WP# 236</u>
P. Are accounts receivable other than tenants' receivable composed exclusively of amounts due from unrelated persons or firms?	<u>Yes</u>	<u>WP# 2321-31</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 - CONTINUED

Examination Item Reference (cont.)

	<u>Yes, No or N/A</u>	<u>Working Paper Reference</u>
R. Were accounts payable remitted in a timely manner so as to not incur late charges/penalties?	<u>Yes</u>	<u>WP# 4101</u>
S. Has the mortgagee made the required deposits to the mortgage escrow accounts as required by the loan documents?	<u>Yes</u>	<u>WP# 5003</u>
4. <u>Management Compensation</u>		
A. Was compensation to the management agent limited to the amounts prescribed in the Management Agreement?	<u>N/A</u>	<u> </u>
B. Were development expenses paid in accordance with the management agreement (no expenses that management agents are required to pay charged to the development)?	<u>N/A</u>	<u> </u>
5. <u>Rents and Occupancy</u>		
A. On nonsubsidized tax credit developments, is the gross potential rental income from apartments equal to or less than that shown on the most recent rent schedule?	<u>N/A</u>	<u> </u>
B. On subsidized developments, are dwelling unit rents the same as those approved by DSHA/HUD/RD on the most recent rent schedule?	<u>N/A</u>	<u> </u>
6. <u>RD/HUD Subsidy Payments (Section 8/515 Developments Only)</u>		
A. Were the amounts requested from DSHA/HUD/RD adequately supported by the accounting records?	<u>N/A</u>	<u> </u>
B. Were subsidy receipts recorded in the proper accounts?	<u>N/A</u>	<u> </u>
C. Utility allowance payments were paid to residents within five days of receipt from DSHA/HUD/RD and in an amount equal to the corresponding utility allowance subsidy amounts received.	<u>N/A</u>	<u> </u>

Delaware State Housing Authority
COMPUTATION OF SURPLUS CASH AND DISTRIBUTIONS

Property Name	Fiscal Period Ending	DSHA/HDF Number
St. Francis Transitional Residence Fund	12/31/2017	DE 26B93-0325

PART A. - COMPUTE SURPLUS CASH

Section 1 - Cash

1.	Cash	\$ <u>5,993</u>	
2.	Tenant Subsidy Vouchers due for Period Covered by Financial Statements	\$ _____	
3.	Other (Describe) _____	\$ _____	
	(A) Total Cash (Add Lines 1, 2, & 3)		\$ <u>5,993</u>

Section 2 - Current Obligations

4.	Accrued Mortgage Interest Payables	\$ _____	
5.	Delinquent Mortgage Principal Payments	\$ _____	
6.	Delinquent Deposits to Reserve for Replacements	\$ _____	
7.	Accounts Payable (due within 30 days)	\$ <u>534,325</u>	
8.	Loans and Notes Payable (due within 30 days)	\$ _____	
9.	Deficient Tax Insurance/Mortgage Insurance Escrow	\$ _____	
10.	Accrued Expenses (not escrowed)	\$ <u>1,489</u>	
11.	Paid Rents	\$ _____	
12.	Tenant Security Deposits Liability	\$ <u>744</u>	
13.	Other (Describe) _____	\$ _____	
	(B) Total Liabilities		\$ <u>536,558</u>
	(C) Surplus Cash (Deficiency)		\$ <u>(530,565)</u>
	Line (A) Minus Line (B)		

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

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

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

SUPPLEMENTARY INFORMATION

EMMANUEL DINING ROOM FUND



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

To the Board of Trustees
Ministry of Caring, Inc.

We have audited the consolidated financial statements of Ministry of Caring, Inc. as of and for the years ended December 31, 2017 and 2016, and our report thereon dated September 6, 2018, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information required by United Way of Delaware for Emmanuel Dining Room Fund is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Belfint, Lyons & Shuman, P.A.

September 6, 2018
Wilmington, Delaware

**EMMANUEL DINING ROOM FUND
OF MINISTRY OF CARING, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017**

ASSETS	
Cash and Cash Equivalents	\$ 17,294
Prepaid Expenses and Other Current Assets	171
Investments	465,916
Property and Equipment - Net	70,381
Due from Other Funds	<u>7,948</u>
TOTAL ASSETS	<u><u>\$ 561,710</u></u>
LIABILITIES	
Accounts Payable	\$ 21,892
Accrued Expenses	<u>4,395</u>
TOTAL LIABILITIES	<u>26,287</u>
NET ASSETS	
Unrestricted	305,657
Temporarily Restricted	142,529
Permanently Restricted	<u>87,237</u>
TOTAL NET ASSETS	<u>535,423</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 561,710</u></u>

**EMMANUEL DINING ROOM FUND
OF MINISTRY OF CARING, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT				
Contributions and Fundraising	\$ 312,371	\$ -	\$ -	\$ 312,371
Contributed Rent	63,000	-	-	63,000
United Way - Designation and Personal Giving	45,015	-	-	45,015
Government Grants	112,102	-	-	112,102
Interest and Dividends	5,306	4,709	-	10,015
Net Gains on Investments	22,400	19,882	-	42,282
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue	560,194	24,591	-	584,785
Net Assets Released from Restrictions	1,150	(1,150)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUE AND OTHER SUPPORT	561,344	23,441	-	584,785
EXPENSES	547,346	-	-	547,346
	<hr/>	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS BEFORE ASSISTANCE FROM (TO) OTHER FUNDS	13,998	23,441	-	37,439
ASSISTANCE FROM (TO) OTHER FUNDS				
Assistance from (to) Other Funds - Net	(32,923)	-	-	(32,923)
	<hr/>	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS	(18,925)	23,441	-	4,516
NET ASSETS - Beginning of Year	324,582	119,088	87,237	530,907
	<hr/>	<hr/>	<hr/>	<hr/>
NET ASSETS - End of Year	<u>\$ 305,657</u>	<u>\$ 142,529</u>	<u>\$ 87,237</u>	<u>\$ 535,423</u>

SUPPLEMENTARY INFORMATION

MINISTRY OF CARING GUILD



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Certified Public Accountants

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

To the Board of Trustees
Ministry of Caring, Inc.

We have audited the consolidated financial statements of Ministry of Caring, Inc. as of and for the years ended December 31, 2017 and 2016, and our report thereon dated September 6, 2018, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information for Ministry of Caring Guild is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Belfint, Lyons & Shuman, P.A.

September 6, 2018
Wilmington, Delaware

**MINISTRY OF CARING GUILD
OF MINISTRY OF CARING, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and Cash Equivalents	\$ 113,410	\$ 86,278
Due from Other Funds	<u>36,394</u>	<u>35,193</u>
TOTAL ASSETS	<u><u>\$ 149,804</u></u>	<u><u>\$ 121,471</u></u>
LIABILITIES		
Accounts Payable and Other Current Liabilities	\$ 7,576	\$ 3,763
NET ASSETS		
Unrestricted	<u>142,228</u>	<u>117,708</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 149,804</u></u>	<u><u>\$ 121,471</u></u>

**MINISTRY OF CARING GUILD
OF MINISTRY OF CARING, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
REVENUE AND OTHER SUPPORT		
Auction	\$ 123,354	\$ 143,236
Eleganza Fashion Show	80,166	74,305
Voices of Caring	21,574	26,031
Recognition Dinner	8,425	9,240
Beauty and Blessed	6,041	5,785
Crab Fest	25,900	20,490
Dinner Theater	9,182	-
Membership Income and Other Contributions	2,173	3,150
Interest Income	1	3
	276,816	282,240
FUNDRAISING EXPENSES		
Auction	27,152	30,691
Eleganza Fashion Show	29,343	21,035
Voices of Caring	6,252	9,677
Recognition Dinner	5,540	4,001
Beauty and Blessed	-	574
Crab Fest	16,191	12,712
Dinner Theater	5,234	-
General Expenses	3,363	3,493
Contributions and Assistance to Ministry of Caring, Inc.	159,221	114,224
	252,296	196,407
CHANGE IN UNRESTRICTED NET ASSETS	24,520	85,833
UNRESTRICTED NET ASSETS - Beginning of Year	117,708	31,875
UNRESTRICTED NET ASSETS - End of Year	\$ 142,228	\$ 117,708