# MINISTRY OF CARING, INC.

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

## DECEMBER 31, 2018 AND 2017

# MINISTRY OF CARING, INC.
## TABLE OF CONTENTS
## DECEMBER 31, 2018

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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, 2018 and 2017, 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.



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To the Board of Directors
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, 2018 and 2017, 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 August 14, 2019 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.

August 14, 2019
Wilmington, Delaware

# MINISTRY OF CARING, INC.
## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
## DECEMBER 31, 2018 AND 2017

| | 2018 | 2017 |
|---|---|---|
| **ASSETS** | | |
| Cash and Cash Equivalents | $ 2,288,043 | $ 1,754,999 |
| Cash and Cash Equivalents - Restricted for Investment in Capital | 1,944,493 | 722,298 |
| Grants Receivable | 786,392 | 754,429 |
| Promises to Give - Net | 489,358 | 569,275 |
| Prepaid Expenses and Other Assets | 162,967 | 215,141 |
| Developer Fee Receivable | 274,193 | 200,000 |
| Due from Affiliated Organizations | 1,243,529 | 455,693 |
| Mortgage Escrow Accounts | 391,434 | 369,393 |
| Qualified Affordable Housing Project Escrow | 165,000 | 165,000 |
| Investments | 11,522,835 | 12,373,421 |
| Investment in Qualified Affordable Housing Project | 4,402,473 | 3,254,500 |
| Property and Equipment - Net | 15,875,498 | 16,352,999 |
| Beneficial Interests in Charitable Trusts | 1,071,654 | 1,207,610 |
| **TOTAL ASSETS** | $ 40,617,869 | $ 38,394,758 |
| **LIABILITIES** | | |
| Accounts Payable | $ 160,298 | $ 261,072 |
| Accrued Expenses | 153,905 | 137,984 |
| Security and Other Deposits | 40,717 | 34,905 |
| Lease Deposit Liability | 7,541 | 22,625 |
| Development Fee Payable | 137,097 | 72,124 |
| Due to Affiliated Organizations | 59,349 | 21,870 |
| Line of Credit | 1,207,828 | - |
| Mortgage Payable - Bank | 413,112 | 457,362 |
| Mortgages Payable - Delaware State Housing Authority | 944,446 | 944,446 |
| **TOTAL LIABILITIES** | 3,124,293 | 1,952,388 |
| **NET ASSETS** | | |
| Without Donor Restrictions | 32,461,512 | 32,477,072 |
| With Donor Restrictions | 5,032,064 | 3,965,298 |
| **TOTAL NET ASSETS** | 37,493,576 | 36,442,370 |
| **TOTAL LIABILITIES AND NET ASSETS** | $ 40,617,869 | $ 38,394,758 |

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

# MINISTRY OF CARING, INC.
## CONSOLIDATED STATEMENT OF ACTIVITIES
## YEAR ENDED DECEMBER 31, 2018

| | 2018 | | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| **SUPPORT FROM OPERATIONS** | | | |
| Contributions and Fundraising | $ 2,523,279 | $ 377,540 | $ 2,900,819 |
| United Way | 70,802 | - | 70,802 |
| Government Grants | 4,280,936 | - | 4,280,936 |
| Program Fees | 658,675 | - | 658,675 |
| Affordable Housing Developer Fee | 218,440 | - | 218,440 |
| Miscellaneous Income | 19,191 | - | 19,191 |
| **TOTAL SUPPORT FROM OPERATIONS** | 7,771,323 | 377,540 | 8,148,863 |
| **EXPENSES** | | | |
| Program Services (85%) | 7,821,216 | - | 7,821,216 |
| Management and General (10%) | 882,926 | - | 882,926 |
| Fundraising (5%) | 518,334 | - | 518,334 |
| **TOTAL EXPENSES** | 9,222,476 | - | 9,222,476 |
| **CHANGE IN NET ASSETS FROM OPERATIONS** | (1,451,153) | 377,540 | (1,073,613) |
| **OTHER SUPPORT AND REVENUE** | | | |
| Contributions Restricted for Capital Investment | - | 2,818,541 | 2,818,541 |
| Change in Value of Interest in Charitable Trusts | - | (135,956) | (135,956) |
| Net Investment Loss | (563,085) | (11,766) | (574,851) |
| Income Distributed from Perpetual Trust | 17,085 | - | 17,085 |
| **TOTAL OTHER SUPPORT AND REVENUE** | (546,000) | 2,670,819 | 2,124,819 |
| Net Assets Released from Restriction | 1,981,593 | (1,981,593) | - |
| **CHANGE IN NET ASSETS** | (15,560) | 1,066,766 | 1,051,206 |
| **NET ASSETS** - Beginning of Year | 32,477,072 | 3,965,298 | 36,442,370 |
| **NET ASSETS** - End of Year | $ 32,461,512 | $ 5,032,064 | $ 37,493,576 |

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

## MINISTRY OF CARING, INC.
### CONSOLIDATED STATEMENT OF ACTIVITIES
### YEAR ENDED DECEMBER 31, 2017

| | 2017 | | |
|---|---|---|---|
| | **Without Donor Restrictions** | **With Donor Restrictions** | **Total** |
| **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%) | 8,731,726 | - | 8,731,726 |
| Management and General (11%) | 1,097,199 | - | 1,097,199 |
| Fundraising (6%) | 653,840 | - | 653,840 |
| **TOTAL EXPENSES** | 10,482,765 | - | 10,482,765 |
| **CHANGE IN NET ASSETS FROM OPERATIONS** | (628,039) | 103,470 | (524,569) |
| **OTHER SUPPORT AND REVENUE** | | | |
| Contributions Restricted for Capital Investment | - | 3,021,984 | 3,021,984 |
| Change in Value of Split-Interest Agreements | - | 100,280 | 100,280 |
| Net Investment Income | 1,508,232 | 24,591 | 1,532,823 |
| Income Distributed from Perpetual Trust | 16,157 | - | 16,157 |
| **TOTAL OTHER SUPPORT AND REVENUE** | 1,524,389 | 3,146,855 | 4,671,244 |
| Net Assets Released from Restriction | 4,483,859 | (4,483,859) | - |
| **CHANGE IN NET ASSETS** | 5,380,209 | (1,233,534) | 4,146,675 |
| **NET ASSETS** - Beginning of Year | 27,096,863 | 5,198,832 | 32,295,695 |
| **NET ASSETS** - End of Year | $ 32,477,072 | $ 3,965,298 | $ 36,442,370 |

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

## MINISTRY OF CARING, INC.
### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
### YEAR ENDED DECEMBER 31, 2018

| | 2018 | | | |
|---|---|---|---|---|
| | Program Services | Management and General | Fundraising | Total Program and Supporting Services |
| **SALARIES AND RELATED EXPENSES** | | | | |
| Salaries - Religious Employees | $ 348,063 | $ 34,898 | $ 18,603 | $ 401,564 |
| Salaries - Lay Employees | 3,495,401 | 263,377 | 182,594 | 3,941,372 |
| Employee Benefits | 705,680 | 70,753 | 37,718 | 814,151 |
| Payroll Taxes | 255,390 | 25,606 | 13,651 | 294,647 |
| **TOTAL SALARIES AND RELATED EXPENSES** | 4,804,534 | 394,634 | 252,566 | 5,451,734 |
| **OTHER EXPENSES** | | | | |
| Advertising and Public Relations | - | 550 | - | 550 |
| Amortization | - | 242 | - | 242 |
| Assistance to Individuals and Groups | 248,505 | - | - | 248,505 |
| Automobile Expenses | 47,709 | 32,607 | 1,716 | 82,032 |
| Cleaning and Janitorial | 72,315 | 1,458 | 77 | 73,850 |
| Conferences and Training | 3,087 | 2,107 | 111 | 5,305 |
| Contribution to Affiliate | 1,500 | - | - | 1,500 |
| Depreciation | 979,481 | 97,677 | 5,141 | 1,082,299 |
| Educational and Program Supplies | 11,515 | - | - | 11,515 |
| Food and Beverages | 188,480 | 4,018 | - | 192,498 |
| Fundraising Events | - | - | 227,219 | 227,219 |
| Interest Expense and Bank Fees | - | 39,970 | - | 39,970 |
| Insurance | 90,952 | 40,141 | 2,113 | 133,206 |
| Medical and Dental Supplies | 54,732 | - | - | 54,732 |
| Minor Equipment | 17,520 | 2,727 | - | 20,247 |
| Miscellaneous | 39,504 | 28,979 | - | 68,483 |
| Office Supplies | 24,117 | 10,082 | 531 | 34,730 |
| Other Supplies | 4,932 | 4,632 | 244 | 9,808 |
| Postage | 344 | 7,547 | 397 | 8,288 |
| Printing and Publications | 28,124 | 31,987 | 1,684 | 61,795 |
| Professional Fees | 273,832 | 71,820 | 20,655 | 366,307 |
| Repairs and Maintenance | 256,527 | 49,383 | 2,599 | 308,509 |
| Service Contracts | 242,277 | - | - | 242,277 |
| Utilities | 431,228 | 62,365 | 3,282 | 496,875 |
| **TOTAL OTHER EXPENSES** | 3,016,681 | 488,293 | 265,768 | 3,770,742 |
| **TOTAL EXPENSES** | $ 7,821,216 | $ 882,926 | $ 518,334 | $ 9,222,476 |

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

# MINISTRY OF CARING, INC.
## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
## YEAR ENDED DECEMBER 31, 2017

| | 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 |
| 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 | 70,593 | - | 267,660 |
| 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 | 424,972 | 338,720 | 4,491,909 |
| **TOTAL EXPENSES** | $ 8,731,726 | $ 1,097,199 | $ 653,840 | $ 10,482,765 |

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, 2018 AND 2017

| | 2018 | 2017 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Cash Received from Revenue and Other Support | $ 7,948,869 | $ 10,014,307 |
| Cash Paid to Suppliers and Employees | (8,052,116) | (9,094,344) |
| Interest Paid | (24,044) | (44,260) |
| Interest and Dividends Received | 408,948 | 312,608 |
| **NET CASH FROM OPERATING ACTIVITIES** | 281,657 | 1,188,311 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of Property and Equipment | (511,998) | (575,219) |
| Purchase of Investments | (5,499,509) | (7,203,582) |
| Proceeds from Sale of Investments | 5,515,812 | 10,695,516 |
| Interest Earned but Retained in Mortgage Escrow Deposits | (2,119) | (1,268) |
| Deposits into Mortgage Escrow | (19,922) | (20,473) |
| Loans to Affiliated Organizations | (1,235,000) | (400,000) |
| Repayments of Loans from Affiliated Organizations | 400,000 | - |
| Deposits into Qualified Affordable Housing Project Escrow | - | (165,000) |
| Investment in Qualified Affordable Housing Project | (1,147,973) | (3,254,500) |
| **NET CASH FROM INVESTING ACTIVITIES** | (2,500,709) | (924,526) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from Contributions Restricted for the Purchase of Property and Equipment | 2,818,541 | 3,021,984 |
| Proceeds from Line of Credit | 1,200,000 | 432,731 |
| Principal Payments on Line of Credit | - | (2,664,651) |
| Principle Payments on Mortgage Payable | (44,250) | (42,638) |
| Principal Payments on Loan Guarantee | - | (171,099) |
| **NET CASH FROM FINANCING ACTIVITIES** | 3,974,291 | 576,327 |
| **NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH** | 1,755,239 | 840,112 |
| **CASH, CASH EQUIVALENTS, AND RESTRICTED CASH** - Beginning of Year | 2,477,297 | 1,637,185 |
| **CASH, CASH EQUIVALENTS, AND RESTRICTED CASH** - End of Year | $ 4,232,536 | $ 2,477,297 |

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, 2018 AND 2017

| | 2018 | 2017 |
|---|---|---|
| **RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES** | | |
| Change in Net Assets | $ 1,051,206 | $ 4,146,675 |
| Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities | | |
| Depreciation and Amortization | 1,082,541 | 1,080,380 |
| Losses (Gains) on Investments | 911,816 | (1,295,331) |
| Disposal of Property and Equipment Associated with Qualified Affordable Housing Project | 1,500 | 311,396 |
| Discount on Promises to Give | (15,531) | - |
| Noncash Contributions Received | (171,833) | (69,255) |
| Contributions Restricted for the Purchase of Property and Equipment | (2,818,541) | (3,021,984) |
| Change in Value of Interest in Charitable Trusts | 135,956 | (100,280) |
| Change in Assets | | |
| Grants Receivable | (31,963) | 196,481 |
| Promises to Give | 95,448 | (6,031) |
| Prepaid Expenses and Other Assets | 51,932 | (69,763) |
| Developer Fee Receivable | (74,193) | (200,000) |
| Due from Affiliated Organizations | 47,164 | 114,368 |
| Change in Liabilities | | |
| Accounts Payable | (100,774) | 191,013 |
| Accrued Expenses | 15,921 | 5,995 |
| Interest Accrued to Line of Credit | 7,828 | - |
| Lease Deposit Liability | (15,084) | (28,446) |
| Developer Fee Payable | 64,973 | - |
| Security and Other Deposits | 5,812 | 4,391 |
| Due to Affiliated Organizations | 37,479 | (71,298) |
| Total Adjustments | (769,549) | (2,958,364) |
| **NET CASH FROM OPERATING ACTIVITIES** | $ 281,657 | $ 1,188,311 |

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

# MINISTRY OF CARING, INC.
## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
## DECEMBER 31, 2018

### NOTE 1: NATURE OF ACTIVITIES

The Ministry of Caring, Inc. (Organization) is a nonprofit organization formed for the principal purpose of providing services to the poor in the Wilmington, Delaware area. The Organization is committed to serving the ongoing needs of the poor by providing food for the hungry, emergency shelter, transitional and permanent housing for the homeless, job assistance for the unemployed, clothing and furniture for the needy, child care, residential services for people living with HIV/AIDS, medical and dental services for the poor, and advocacy and outreach for the disenfranchised. It is the Organization's belief that the poor should never be treated poorly, but with love, dignity, and respect. All of the Organization's programs offer hospitality and friendship while striving to meet basic needs and helping the poor attain self-sufficiency. The Organization's staff and volunteers minister to the poor not only by offering the necessities of life - food, shelter and employment - but also by helping restore their sense of self-worth and hope for the future.

The majority of the Organization's revenue is comprised of contributions and federal and state grants. For the years ended December 31, 2018 and 2017, 17% and 18%, respectively, of the Organization's total support from operations was derived from contracts with the U.S. Department of Housing and Urban Development.

A description of the Organization's primary program services is as follows:

***Child Care Services*** - The Organization operates three child-care centers, each of which responds to an acute need for affordable child-care for the homeless and working poor. These include residents of the Organization's emergency homeless shelters and additional residents of inner-city neighborhoods.

*Child Care Center* - Accepts children ages 6 weeks through kindergarten. Children learn and grow in an energetic environment.

*Il Bambino Infant Care Program* - Serves children from 6 weeks to 12 months old. Compassionate, fully qualified professionals, along with volunteers, provide infants with quality care.

*Guardian Angel Child Care* - Serves youngsters of working parents with low incomes. Children range from one year old through kindergarten age. All classes maintain a low child-to-staff ratio, with a teacher and teacher's assistant in each classroom.

***Dining Room Services*** - The Emmanuel Dining Room helps alleviate the immediate needs of Delaware's hungry with nutritious meals served at no cost. The program operates at three locations in economically depressed areas of Wilmington and New Castle, Delaware. At the heart of Emmanuel Dining Room lies the faithful ongoing support of members of nearly 100 churches, synagogues, businesses, and civic groups who prepare and serve meals on a rotating basis.

## NOTE 1: NATURE OF ACTIVITIES - CONTINUED

***Emergency Shelters*** - The Organization's four emergency shelters provide lodging and daily meals for homeless men, women, and families. All clients receive case management, and basic needs like clothing and personal supplies. Residents are required to work on their goals and develop skills that will allow them to live independently. Each client must implement a budget, begin a savings plan, and participate in life-skills workshops.

*Mary Mother of Hope House I* - Opened in 1977 as the first emergency shelter for single homeless women in the Delmarva Peninsula. This shelter provides housing and supportive services for those women 18 and over who want to address the root causes of their homelessness. Programs include intensive case management, drug and alcohol counseling, mental health services, housing assistance and placement, and job search and training.

*Mary Mother of Hope House II & III* - In response to the special needs of homeless women with children, these sites provide residents with a stable environment of support and guidance along with nourishing, well-balanced meals for 30 to 45 days. In their journeys toward self-sufficiency, the women also have an opportunity to acquire skills in life management and parenting and also to use the Organization's child-care services. Their children receive educational and recreational enrichment throughout their stays.

*House of Joseph I* - Provides emergency shelter and services to homeless employable men. Residents come to the shelter for reasons that include family challenges, substance abuse, mental health disorders, unemployment, or underemployment. Case managers initially help the men to resolve immediate crises. Subsequently, they begin the process of identifying barriers to long-term self-sufficiency. The opportunity to learn life management skills has proven especially helpful.

***Long-Term Housing Services*** - The Organization provides long-term housing through programs designed to support formerly homeless people to become self-sufficient.

*Mary Mother of Hope House Permanent Housing* - Offers housing to women who have lived through homelessness, substance abuse, mental illness, domestic violence, or other life challenges. Residents work toward achieving employment retention and independent living. All who enter Hope House Permanent Housing have successfully completed a stay at Hope House I Emergency Shelter for homeless women.

*Bethany House I & II* - Provides long-term supportive housing for formerly homeless women who have a wide spectrum of special needs. Residents, some of whom are employed, may suffer from mental or physical handicaps. Those unable to work are encouraged to perform volunteer jobs and to participate in job training.

## NOTE 1: NATURE OF ACTIVITIES - CONTINUED

***Long-Term Housing Services - Continued***

House of Joseph II - Home to 16 men and women living with HIV/AIDS. Round-the-clock care is provided by certified nursing assistants supervised by a registered nurse, and the services of a case manager are also provided. A physician from St. Francis Hospital serves as medical director in coordinating admissions. Residents receive meals, snacks, housekeeping services, and personal care.

Padre Pio House - Long-term residence for men who need supportive services for disabilities that involve mental health disorders and/or substance abuse. Residents use supportive services at House of Joseph I, an emergency shelter operated by the Organization for homeless men. They also have access to substance abuse programs, education, health care, and other community services that help them move toward their highest level of self-sufficiency.

***Holistic Housing Services*** - The Organization provides holistic housing through programs designed to support homeless people leaving the Organization's emergency shelters.

House of Joseph Residence - The Organization is in the process of developing this program to provide homeless persons with transitional housing for up to two years following a stay in House of Joseph I or Hope House I Emergency Shelter. Supported with ongoing case management, residents will continue working on the root causes of homelessness to regain self-sufficiency. To achieve program objectives of employment retention and independent living, they will have access to services in job search/training and have an opportunity to acquire life management skills.

Maria Lorenza Longo Holistic Housing - Is a long-term residence for single women who need ongoing support to prevent them from returning to homelessness. Most residents come to Maria Lorenza Longo Holistic Housing to work toward greater self-sufficiency after a successful stay at a holistic program or from Mary Mother of Hope House I.

St. Francis Holistic Housing - Provides a comprehensive network of supportive services for women with children. Services include child care, a crucial link in the successful transition from poverty to self-sufficiency.

Nazareth House Holistic Housing I & II - Is an innovative component in the continuum of care for the homeless. Families who have been separated in the emergency shelter system find here an opportunity to reunite, develop, and stabilize as families.

### NOTE 1: NATURE OF ACTIVITIES - CONTINUED

***Support Services*** - The Organization offers a direct-service site where homeless and impoverished clients can come for basic necessities, like a shower or change of clothes, plus counseling services. The Organization offers a dental clinic geared to those with low or no income and who lack insurance. A Job Placement Center assists people seeking employment. Through a partnership with St. Francis Hospital medical services are provided to the poor.

*The Distribution Center* - Is a collection, storage, and distribution point for donated clothing, furniture, and household items that are given at no cost to anyone in need. It operates from a 5,400 square-foot warehouse in the northeast section of Wilmington.

*The Job Placement Center* - Helps disadvantaged and/or chronically homeless men and women, including the unskilled, to develop employment skills and obtain work. Individuals committed to learning and to maintaining employment in a specific field may enroll in one of the training programs operated by the Job Placement Center.

*The Pierre Toussaint Dental Office* - Provides basic dental services to residents of all 3 counties in the State of Delaware. Services include fillings, cleanings, extractions, dentures, and partial dentures to the poor and uninsured patients ages 19 to 64.

*St. Clare Medical Outreach* - Brings basic medical care to the uninsured. St. Francis Hospital provides a full-time physician, a registered nurse, a bilingual medical assistant, and a driver for the 34-1/2-foot custom van that travels to the poor at the Organization's sites and in other neighborhoods in Wilmington, Delaware. Two examination rooms are available for walk-in services.

***The Francis X. Norton Center*** - Is available for social and educational functions of many types, including meetings, education, community events, and fundraisers.

In addition to the programs listed above, the Organization's Ministry of Caring Guild is a fundraising program that coordinates certain special events for the purpose of providing additional resources to the programs of the Organization.

### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

***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

## NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

***Principles of Consolidation - Continued*** - intercompany balances are eliminated. Unless otherwise noted, these consolidated entities are hereinafter referred to as the Organization.

***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 (U.S. GAAP).

***Net Assets -*** Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

> *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve and/or board-designated endowment.
>
> *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restriction when the assets are placed in service.

***Cash and Cash Equivalents*** - The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for, nor restricted by, donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects are presented separately in the consolidated statements of financial position. Uninvested cash and money market funds held in investments are excluded from cash and cash equivalents and reported as investments in the consolidated statements of financial position.

***Receivables and Credit Policies*** - Receivables consist primarily of noninterest-bearing grants receivable due for government agencies. The Organization has determined that no allowance for uncollectible grants receivable is required based on historical experience, an assessment of economic conditions, and a review of subsequent collections. There were no write-offs of grants receivable during the years ended December 31, 2018 and 2017.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***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. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statements of activities. The discount rate used on long-term promises to give was 1.47% as of December 31, 2018 and 2017. The Organization determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. There was no allowance for uncollectible promises to give as of December 31, 2018 and 2017.

***Investments*** - Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statements of financial position. Net investment income (loss) is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

***Property and Equipment*** - Property and equipment additions over $1,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2018 and 2017.

***Investment in Qualified Affordable Housing Project*** - In accordance with the Financial Accounting Standards Board's Accounting Standards Codification (ASC) 323, *Investments - Equity Method and Joint Ventures*, the Organization recognizes 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

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***Investment in Qualified Affordable Housing Project - Continued*** - Income - Investment in Qualified Affordable Housing Project in the consolidated statements of activities. There were no earnings or losses recognized from this investment for the years ended December 31, 2018 and 2017.

***Beneficial Interests in Charitable Trusts*** - The Organization has been named as an irrevocable beneficiary of charitable trusts held and administered by independent trustees. These trusts were created independently by donors and are administered by outside agents designated by the donors. Therefore, the Organization has neither possession nor control over the assets of the trusts. At the date notice is received of a beneficial interest, a contribution with donor restrictions is recorded in the consolidated statements of activities, and a beneficial interest in charitable trusts is recorded in the consolidated statements of financial position at fair value using present value techniques and risk adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interests in the trusts are reported at fair value in the consolidated statements of financial position, with changes in fair value recognized in the consolidated statements of activities.

Beneficial interests in charitable trusts include the following:

*Interests in Charitable Remainder Unitrusts* - Upon the death of the income beneficiaries, the Organization will receive its designated percentage of the remaining principal in these trusts. The Organization reports the asset at its fair value considering discount rates ranging from 4.68% to 6.80% and the estimated life expectancy of the beneficiaries. Upon receipt of trust distributions or expenditures, or both, in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions.

*Interests in Perpetual Trusts* - The beneficial interest allows the Organization to receive its pro rata share of an annual required minimum distribution; however, the Organization will never receive the assets of the trust. The Organization measures its beneficial interest in the trust's assets at fair value. Distributions from the perpetual trust are reported as investment income - perpetual trust in the consolidated statements of activities.

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

***Revenue and Revenue Recognition*** - Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***Donated Services*** - Donated services are recognized as contributions in accordance 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.

***Use of Estimates*** - The preparation of consolidated financial statements in conformity with U.S. GAAP 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.

***Functional Allocation of Expenses*** **-** The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. 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 15), 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 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.

## NOTE 2: 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 the Internal Revenue Service (IRS) Section 501(c)(3) of the Internal Revenue Code (Code) 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 IRS not to be a “private foundation” within the meaning of Section 509(a)(2) of the IRS Code.

The Organization’s wholly owned subsidiary is treated as a for-profit corporation for federal and state income tax purposes. There was no taxable income attributed to this entity during the years ended December 31, 2018 and 2017, and therefore, a provision for income taxes is not required.

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, 2018 and 2017.

The federal informational returns of the Organization for the years ended December 31, 2015, 2016, and 2017 are subject to examination by the IRS, generally for three years after they were filed.

***Financial Instruments and Credit Risk* -** The Organization manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. The uninsured balances as of December 31, 2018 and 2017 were $4,232,188 and $1,966,817, respectively.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Credit risk associated with receivables and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from recurring donors, governmental agencies, and foundations supportive of the Organization's mission. Investments are made by investment managers whose performance is monitored by the Organization. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for its long-term welfare.

***Subsequent Events*** - The Organization evaluates 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.

***Reclassifications* -** Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported total net assets or change in net assets.

***Change in Accounting Principle*** - On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these consolidated financial statements accordingly. The ASU has been applied retrospectively to all periods presented. ASU 2016-14 requires a change in the previously reported net asset classes used in these consolidated financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A summary of the retroactive reclassifications resulting from the implementation of ASU 2016-14 is presented in Note 23.

## NOTE 3: AVAILABILITY AND LIQUIDITY

The following reflects the Organization's financial assets as of the date of the consolidated statement of financial position, reduced by amounts not available for general use because of contractual, board-designated, or donor-imposed restrictions within one year of the consolidated statement of financial position date:

| | |
|---|---|
| Financial Assets as of December 31, 2018 | |
| Cash and Cash Equivalents | $ 4,232,536 |
| Grants Receivable | 786,392 |
| Promises to Give - Net | 489,358 |
| Mortgage Escrow Accounts | 391,434 |
| Qualified Affordable Housing Project Escrow | 165,000 |
| Investments | 11,522,835 |
| Beneficial Interest in Split-Interest Agreements | 1,071,654 |
| Total Financial Assets as of December 31, 2018 | 18,659,209 |
| Less Amounts Not Available for General Expenditures Within One Year | |
| Donor Restricted - Purpose Restricted for Capital Projects | (1,944,493) |
| Donor Restricted - Purpose Restricted for Nonoperating Program Initiatives | (315,000) |
| Donor Restricted - Time Restriction in Future Periods Beyond One Year | (420,000) |
| Donor Restricted Endowment Funds | (1,096,099) |
| Mortgage Escrow Accounts Not Available for Operations | (391,434) |
| Qualified Affordable Housing Project Escrow Not Available for Operations | (165,000) |
| Security and Other Deposits Held for Others | (40,717) |
| Endowment Funds Without Donor Restrictions in Excess of Annual Spending Allocation in the amount of $500,676 for the year ending December 31, 2019 | (9,926,060) |
| Beneficial Interest in Charitable Trusts in Excess of Estimated Annual Distribution from Perpetual Trust | (1,054,569) |
| Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year | $ 3,305,837 |

The Organization has a goal to maintain no less than 90 days of working capital. The Organization will generally structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As described in Note 16, the Organization has a line of credit that could be drawn upon in the event of an unanticipated liquidity need.

Board-designated endowment funds are subject to an annual spending policy of 4% of the rolling three-year average value. Board-designated endowment fund amounts in excess of the annual spending policy have been reflected as unavailable for general expenditures within one year in the chart above. These amounts could be made available by a board resolution in the event of financial distress or an immediate liquidity need.

## NOTE 4: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31:

| | 2018 | 2017 |
|---|---|---|
| Subject to Expenditure for Specified Purposes | | |
| Purpose Restricted for Capital Projects | | |
| Village of St. John | $ 884,441 | $ 75,941 |
| 403 Washington Street | 107,000 | - |
| Fire and Security Protection | 90,233 | 141,514 |
| Infrastructure Capital Campaign | 618,408 | 375,000 |
| Emmanuel Dining Room | 60,000 | 50,000 |
| Child Care Center | 20,000 | - |
| Il Bambino Child Care | 70,000 | 50,000 |
| Bethany House | 73,268 | - |
| Equipment | 1,300 | 10,000 |
| Information Technology | 8,039 | 8,039 |
| Child Care Playground | 11,804 | 11,804 |
| Total Purpose Restricted for Capital Projects | 1,944,493 | 722,298 |
| Purpose Restricted for Program Initiatives | | |
| Immigration | 3,000 | 3,000 |
| CNA Training | 79,797 | 26,087 |
| Scholarship | 25,000 | 25,000 |
| Cliff Abel Holiday Fund | 15,570 | 22,360 |
| House of Joseph Residence and Training Program | 315,000 | - |
| Other Program Initiatives | 1,451 | 2,780 |
| Total Purpose Restricted for Program Initiatives | 439,818 | 79,227 |
| Subject to Time Restriction in Future Periods | | |
| Pledge Receivable for Administration Building Debt Service | 480,000 | 540,000 |
| Subject to Endowment Spending Policy and Appropriation | | |
| Child Care Program Operations (Held in Endowment) | 878,099 | 1,186,397 |
| Endowment Fund to Support Emmanuel Dining Room (Including Original Gift Amount of $87,237) | 218,000 | 229,766 |
| Total Subject to Endowment Spending Policy and Appropriation | 1,096,099 | 1,416,163 |
| Not Subject to Appropriation or Expenditure | | |
| Beneficial Interest in Remainder Trusts | 294,469 | 344,131 |
| Beneficial Interest in Perpetual Trusts | 777,185 | 863,479 |
| Total Not Subject to Appropriation or Expenditure | 1,071,654 | 1,207,610 |
| Total Net Assets With Donor Restrictions | $ 5,032,064 | $ 3,965,298 |

**NOTE 4: NET ASSETS WITH DONOR RESTRICTIONS - CONTINUED**

Net assets were released from donor restrictions during the years ended December 31 for satisfaction of restricted purpose or the passage of time as follows:

| | 2018 | 2017 |
|---|---|---|
| Net Assets Released from Restriction for Capital Investment | | |
| Village of St. John | $ 1,314,473 | $ 3,911,921 |
| Fire and Security Protection | 51,281 | 80,549 |
| Infrastructure Capital Campaign | 216,592 | - |
| Child Care Center | 4,000 | - |
| Equipment | 10,000 | - |
| Total Released from Restriction for Capital Investment | 1,586,346 | 3,992,470 |
| Net Assets Released from Restriction for Program Expenditures | | |
| Supplies and Equipment | 10,000 | - |
| CNA Training | 1,291 | 38,766 |
| Child Care Program Operations | 308,298 | 375,374 |
| Cliff Abel Holiday Fund | 11,330 | 11,836 |
| Other Program Initiatives | 4,328 | 5,413 |
| Total Released from Restriction for Program Expenditures | 335,247 | 431,389 |
| Net Assets Released from Restriction with the Passage of Time | 60,000 | 60,000 |
| Total Net Assets Released from Restriction | $ 1,981,593 | $ 4,483,859 |

**NOTE 5: SUPPLEMENTAL CASH FLOW DISCLOSURES**

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

| | 2018 | 2017 |
|---|---|---|
| Cash and Cash Equivalents | $ 2,288,043 | $ 1,754,999 |
| Cash and Cash Equivalents - Restricted for Investment in Capital | 1,944,493 | 722,298 |
| Total Cash, Cash Equivalents, and Restricted Cash Reported on the Consolidated Statements of Cash Flows | $ 4,232,536 | $ 2,477,297 |

### NOTE 5: SUPPLEMENTAL CASH FLOW DISCLOSURES - CONTINUED

Noncash investing and financing for the years ended December 31, 2018 and 2017 consisted of the following:

| | 2018 | 2017 |
|---|---|---|
| Noncash Investing and Financing Activities | | |
| Prior Accrued Construction Costs Payable | $ - | $ 149,484 |
| Donated Investments | 77,533 | 55,755 |
| Donated Property and Equipment | 94,300 | 13,500 |
| Disposal of Property and Equipment Associated with Qualified Affordable Housing Project | 1,500 | 311,396 |

### NOTE 6: GRANTS RECEIVABLE

Grants receivable were due from the following agencies as of December 31:

| | 2018 | 2017 |
|---|---|---|
| State of Delaware - Office of Health and Social Services | $ - | $ 30,633 |
| City of Wilmington - Community Development Block Grant | 40,399 | 36,535 |
| State of Delaware - Office of Community Services | 61,267 | - |
| New Castle County - Emergency Solutions Grant | - | 12,367 |
| First State Community Action Agency | 60,105 | 45,456 |
| Henrietta Johnson Medical Center - Homeless Healthcare | 66,271 | 12,009 |
| Emergency Food and Shelter Program | 12,833 | - |
| State of Delaware - Purchase of Care Program | 110,849 | 144,671 |
| State of Delaware - Child and Adult Care Food Program | 44,766 | 26,108 |
| State of Delaware - Delaware Economic Development Office | - | 2,250 |
| City of Wilmington - HOPWA | 43,276 | 28,712 |
| State of Delaware - Division of Public Health | 52,941 | 24,365 |
| Delaware State Housing Authority - Rapid Re-Housing Program | 7,600 | 19,705 |
| U.S. Department of Housing and Urban Development | | |
| Continuum of Care | 212,621 | 211,955 |
| HOPWA | 8,851 | 94,957 |
| State of Delaware - AmeriCorps State Caring Corps | 64,613 | 64,706 |
| Total | $ 786,392 | $ 754,429 |

### NOTE 7: PROMISES TO GIVE

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

| | 2018 | 2017 |
|---|---|---|
| Receivable in Less than One Year | $ 96,365 | $ 111,729 |
| Receivable in One to Five Years | 243,250 | 263,334 |
| Receivable in More than Five Years | 180,000 | 240,000 |
| | 519,615 | 615,063 |
| Less Discounts to Net Present Value | 30,257 | 45,788 |
| Total Unconditional Promises to Give - Net | $ 489,358 | $ 569,275 |

### NOTE 8: 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 Holistic Housing program are held with the Delaware State Housing Authority (DSHA) and consisted of the following as of December 31:

| | 2018 | 2017 |
|---|---|---|
| ***Delaware State Housing Authority Operating Reserve*** - 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 Holistic Housing Fund | 16,426 | 16,426 |
| ***Insurance Reserve*** - Funds may be utilized for insurance premiums. ` | | |
| - Mary Mother of Hope House I Fund | 27,181 | 17,581 |
| - St. Francis Holistic Housing Fund | 5,613 | 5,613 |
| ***Reserve for Replacement*** - Funds may be utilized for replacement of structural elements and mechanical equipment or for common area painting and decorating. | | |
| - Mary Mother of Hope House I Fund | 40,004 | 34,315 |
| - St. Francis Holistic Housing Fund | 96,964 | 90,212 |
| ***Interest Reserve*** - Represents interest earned on reserves and may be utilized for operating expense deficits at DSHA's approval. | | |
| - Mary Mother of Hope House I Fund | 40 | 40 |
| - St. Francis Holistic Housing Fund | 2,441 | 2,441 |
| | $ 391,434 | $ 369,393 |

## NOTE 9: NET INVESTMENT INCOME (LOSS)

Net investment income (loss) consisted of the following for the years ended December 31:

| | 2018 | 2017 |
|---|---|---|
| Interest and Dividends | $ 408,948 | $ 312,608 |
| Investment Advisory Fees | (71,983) | (75,116) |
| Realized Gains | 366,430 | 1,278,459 |
| Unrealized Gains (Losses) | (1,278,246) | 16,872 |
| Net Investment Income (Loss) | $ (574,851) | $ 1,532,823 |

## NOTE 10: FAIR VALUE MEASUREMENTS

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

| | 2018 | | | | |
|---|---|---|---|---|---|
| | Total Fair Value | Level 1 | Level 2 | Level 3 | Total Cost Basis |
| Investments | | | | | |
| Cash Funds | $ 569,196 | $ 569,196 | $ - | $ - | $ 569,196 |
| U.S. Treasury Securities | 1,703,042 | 1,703,042 | - | - | 1,702,327 |
| U.S. Agency Securities | 709,895 | 709,895 | - | - | 730,092 |
| Mutual Funds | 1,881,825 | 1,881,825 | - | - | 2,172,009 |
| Corporate Bonds | 1,591,736 | - | 1,591,736 | - | 1,616,829 |
| Domestic Equities | 4,118,960 | 4,118,960 | - | - | 3,829,306 |
| International Equities | 923,939 | 923,939 | - | - | 1,050,708 |
| Funds Held at Delaware Community Foundation | 24,242 | - | 24,242 | - | 24,242 |
| Total Investments | 11,522,835 | 9,906,857 | 1,615,978 | - | $ 11,694,709 |
| Beneficial Interest in Charitable Trusts | | | | | |
| Remainder Trusts | 294,469 | - | - | 294,469 | |
| Perpetual Trusts | 777,185 | - | 777,185 | - | |
| Total Charitable Trusts | 1,071,654 | - | 777,185 | 294,469 | |
| Total Assets | $ 12,594,489 | $ 9,906,857 | $ 2,393,163 | $ 294,469 | |

**NOTE 10: FAIR VALUE MEASUREMENTS - CONTINUED**

| | 2017 | | | | |
|---|---|---|---|---|---|
| | Total Fair Value | Level 1 | Level 2 | Level 3 | Total Cost Basis |
| Investments | | | | | |
| Cash Funds | $ 406,150 | $ 406,150 | $ - | $ - | $ 406,150 |
| U.S. Treasury Securities | 1,497,735 | 1,497,735 | - | - | 1,509,996 |
| U.S. Agency Securities | 866,795 | 866,795 | - | - | 871,401 |
| Mutual Funds | 1,931,064 | 1,931,064 | - | - | 1,927,494 |
| Corporate Bonds | 1,926,824 | - | 1,926,824 | - | 1,916,839 |
| Domestic Equities | 4,611,314 | 4,611,314 | - | - | 3,600,267 |
| International Equities | 1,109,297 | 1,109,297 | - | - | 1,010,660 |
| Funds Held at Delaware Community Foundation | 24,242 | - | 24,242 | - | 24,242 |
| Total Investments | 12,373,421 | 10,422,355 | 1,951,066 | - | $ 11,267,049 |
| Beneficial Interest in Charitable Trusts | | | | | |
| Remainder Trusts | 344,131 | - | - | 344,131 | |
| Perpetual Trusts | 863,479 | - | 863,479 | - | |
| Total Charitable Trusts | 1,207,610 | - | 863,479 | 344,131 | |
| Total Assets | $ 13,581,031 | $ 10,422,355 | $ 2,814,545 | $ 344,131 | |

Changes in assets measured at fair value on a recurring basis using significant unobservable inputs (level 3) were as follows for the years ended December 31, 2018 and 2017:

| | |
|---|---|
| Beneficial Interest in Charitable Trusts | |
| Balance - January 1, 2017 | $ 308,307 |
| Change in Value of Charitable Remainder Trust | 35,824 |
| Balance - December 31, 2017 | 344,131 |
| Change in Value of Charitable Remainder Trust | (49,662) |
| Balance - December 31, 2018 | $ 294,469 |

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

## NOTE 11: ENDOWMENT

The Organization's Endowment includes donor-restricted contributions to support the operations of the child care programs and Emmanuel Dining Room. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Organization. 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 retains in perpetuity (a) the original value of the initial gift amount donated to the fund (including promises to give net of discount and allowance for doubtful accounts), (b) the original value of subsequent gifts donated to the fund, and (c) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed in UPMIFA. The donor-restricted endowment is classified as net assets with donor restrictions 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 Endowment'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 diversified investment portfolio. These investments are intended to result in a consistent 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 Endowment.

***Spending Policy*** - The Organization appropriates for distribution annually an amount equal to 4% of the rolling three-year average value. The Organization considers the long-term expected return on its investment assets and the nature and duration of the endowment funds.

## NOTE 11: ENDOWMENT - CONTINUED

The Endowment's net asset compositions by type for the years ended December 31 were as follows:

| | 2018 | | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Board-Designated Endowment Funds | $ 10,426,736 | $ - | $ 10,426,736 |
| Donor-Restricted Endowment Funds | | | |
| Investment Balances to be Held Indefinitely to Generate Income for the Emmanuel Dining Room | - | 87,237 | - |
| Accumulated Investment Income - Endowment Fund to Support Emmanuel Dining Room | - | 130,763 | - |
| Purpose Restricted - Child Care Program Operations | - | 878,099 | - |
| Total Donor-Restricted Endowment Funds | - | 1,096,099 | 1,096,099 |
| Total Endowment Funds | $ 10,426,736 | $ 1,096,099 | $ 11,522,835 |

| | 2017 | | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Board-Designated Endowment Funds | $ 10,957,258 | $ - | $ 10,957,258 |
| Donor-Restricted Endowment Funds | | | |
| Investment Balances to be Held Indefinitely to Generate Income for the Emmanuel Dining Room | - | 87,237 | - |
| Accumulated Investment Income - Endowment Fund to Support Emmanuel Dining Room | - | 142,529 | - |
| Purpose Restricted - Child Care Program Operations | - | 1,186,397 | - |
| Total Donor-Restricted Endowment Funds | - | 1,416,163 | 1,416,163 |
| Total Endowment Funds | $ 10,957,258 | $ 1,416,163 | $ 12,373,421 |

**NOTE 11: ENDOWMENT - CONTINUED**

***Funds with Deficiencies*** - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are to be reported in net assets with donor restrictions. There were no deficiencies in funds as of December 31, 2018 and 2017.

Changes in the Endowment's net assets for the years ended December 31, 2018 and 2017 were as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Endowment Net Assets - January 1, 2017 | $ 12,746,173 | $ 1,768,096 | $ 14,514,269 |
| Investment Return | | | |
| Investment Income - Net of Fees | 233,933 | 3,559 | 237,492 |
| Net Gains - Realized and Unrealized | 1,275,449 | 19,882 | 1,295,331 |
| Total Investment Return | 1,509,382 | 23,441 | 1,532,823 |
| Contributions and Deposits into Endowment | 522,934 | - | 522,934 |
| Distribution of Endowment Assets | (4,196,605) | - | (4,196,605) |
| Reclassifications - Net Assets Released from Restriction | 375,374 | (375,374) | - |
| Endowment Net Assets - December 31, 2017 | 10,957,258 | 1,416,163 | 12,373,421 |
| Investment Return (Loss) | | | |
| Investment Income - Net of Fees | 330,549 | 6,416 | 336,965 |
| Net Losses - Realized and Unrealized | (893,634) | (18,182) | (911,816) |
| Total Investment Loss | (563,085) | (11,766) | (574,851) |
| Contributions and Deposits into Endowment | 228,832 | - | 228,832 |
| Distribution of Endowment Assets | (504,567) | - | (504,567) |
| Reclassifications - Net Assets Released from Restriction | 308,298 | (308,298) | - |
| Endowment Net Assets - December 31, 2018 | $ 10,426,736 | $ 1,096,099 | $ 11,522,835 |

## NOTE 12: INVESTMENT IN QUALIFIED AFFORDABLE HOUSING PROJECT

As disclosed in Note 2, 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, 2018 and 2017.

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

| | 2018 | 2017 |
|---|---|---|
| Ownership % | 0.01% | 0.01% |
| Carrying Amount of Investment | $ 4,402,473 | $ 3,254,500 |
| Income from Investment | $ - | $ - |

The Organization had estimated remaining capital commitments to this qualified affordable housing project investment as of December 31, 2018 in the amount of approximately $3,822,127. Such amounts are not reflected in the consolidated financial statements as a liability or in the carrying amount of the investment in the qualified affordable housing project. Included in this amount of remaining capital commitments is $2,772,199 that will be funded by State of Delaware environmental grants and historic tax credit funding.

The Organization has not recognized affordable housing tax credits or other tax benefits/provisions from its investment in the qualified affordable housing project in its consolidated financial statements during the years ended December 31, 2018 and 2017.

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:

| | 2018 | 2017 |
|---|---|---|
| Partnership Income Investment in Qualified Affordable Housing Project | $ - | $ - |
| Change in Net Assets | $ - | $ - |

## NOTE 12: INVESTMENT IN QUALIFIED AFFORDABLE HOUSING PROJECT - CONTINUED

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:

| | 2018 | 2017 |
|---|---|---|
| Investment in Qualified Affordable Housing Project | $ 4,402,473 | $ 3,254,500 |
| Total Assets | $ 4,402,473 | $ 3,254,500 |
| Total Liabilities | $ - | $ - |
| Total Net Assets | 4,402,473 | 3,254,500 |
| Total Liabilities and Net Assets | $ 4,402,473 | $ 3,254,500 |

## NOTE 13: PROPERTY AND EQUIPMENT

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

| | 2018 | 2017 |
|---|---|---|
| Land | $ 972,982 | $ 968,882 |
| Building and Improvements | 27,507,917 | 27,285,018 |
| Construction in Progress | 236,192 | - |
| Furniture and Equipment | 3,903,487 | 3,765,802 |
| Automobiles | 596,737 | 592,815 |
| | 33,217,315 | 32,612,517 |
| Accumulated Depreciation | 17,341,817 | 16,259,518 |
| Property and Equipment - Net | $ 15,875,498 | $ 16,352,999 |

## NOTE 14: BENEFICIAL INTERESTS IN CHARITABLE TRUSTS

The Organization has known remainder interests in two charitable remainder unitrusts. For the years ended December 31, 2018 and 2017, the Organization's beneficial interest in these split-interest agreements increased (decreased) by $(49,662) and $35,824, respectively, which represented a change in the value of trust assets. As of December 31, 2018 and 2017, the Organization's estimated present value interest in these trusts was $294,469 and $344,131, respectively.

The Organization has a beneficial interest in a charitable perpetual trust. Distributions from the perpetual trust, reported as investment income from perpetual trust in the consolidated statements of activities, were $17,085 and $16,157 during the years ended December 31, 2018 and 2017, respectively. Included in the consolidated statements of activities is an increase (decrease) in the Organization's beneficial interest in the trust of $(86,294) and $64,456 for the years ended December 31, 2018 and 2017, 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, 2018 and 2017 was $777,185 and $863,479, respectively.

## NOTE 15: 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 2. As of December 31, 2018 and 2017, loan origination costs were carried at $3,849 and $4,091, respectively, net of accumulated amortization of $5,732 and $5,490, respectively.

## NOTE 16: 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, 2018 and 2017 was 3.02% and 2.07%, respectively. The available credit is reevaluated monthly and is based on the market value of the pledged collateral. As of December 31, 2018, the estimated market value of the Organization's investments pledged as collateral was $5,903,551 and the available line of credit was $2,990,464. The outstanding balance was $1,207,828 and $0 as of December 31, 2018 and 2017, respectively.

## NOTE 17: MORTGAGE DEBT PAYABLE

***DSHA (St. Francis Holistic Housing)*** - The Organization has an interest-free deferred mortgage payable in the amount of $344,446 to DSHA. Loan proceeds were utilized for the acquisition and rehabilitation of two existing properties for the St. Francis Holistic Housing Program 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.

***DSHA (Mary Mother of Hope House I)*** - The Organization has an interest-free deferred mortgage payable in the amount of $600,000 to DSHA. 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.

***Bank Debt (Administrative Building)*** - 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, 2018 and 2017 was $413,112 and $457,362, 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:

| | |
|---|---|
| 2019 | $ 45,965 |
| 2020 | 47,574 |
| 2021 | 49,239 |
| 2022 | 50,962 |
| 2023 | 52,745 |
| Thereafter | 1,111,073 |
| | $ 1,357,558 |

## NOTE 18: 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.

***Loan Guarantee (Sacred Heart Housing)*** - 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 was reevaluated monthly and was based on the market value of the pledged collateral. Sacred Heart Housing, Inc.'s line of credit was paid in full during May 2017. The line of credit was closed during October 2018.

***Loan Guarantee (Sacred Heart Village II)*** - 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 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. The outstanding balance of the loan was $1,300,000 as of December 31, 2018 and 2017. As of December 31, 2018 and 2017, the guarantee was not required to be included in the Organization's consolidated statements of financial position.

***Loan Guarantees (Village of St. John, L.P.)*** - As disclosed in Note 2 and Note 12, the Organization has a capital investment in the Village of St. John, L.P. On May 30, 2017, the Village of St. John, L.P. obtained a $9,200,000 construction loan from TD Bank for the purpose of constructing and operating the Village of St. John. On December 6, 2017, the Village of St. John, L.P. obtained a $2,788,506 mortgage from DSHA for the purpose of constructing and operating the Village of St. John. The Organization is contingently liable as guarantor with respect to both mortgages. The combined outstanding balances of these loans was $4,890,513 as of December 31, 2018. As of December 31, 2018 and 2017, these guarantees were not required to be included in the Organization's consolidated statements of financial position.

***Conditional Promises to Give Receivable*** - During the year ended December 31, 2018, the Organization received a conditional promise to give receivable associated with the Village of St. John project in the amount of $500,000. The conditions were based on attaining a certain level of completion along with other documentation requirements. The conditions were satisfied during the year ending December 31, 2019 and the Organization recognized the revenue associated with this conditional pledge at the time the conditions were met.

### NOTE 19: PENSION PLAN

The Organization sponsors a defined contribution plan for the exclusive benefit of eligible lay employees. A lay employee is eligible for participation upon completion of 1 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, 2018 and 2017. The plan provides for full vesting after 5 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 $75,030 and $15,442, respectively, for the year ended December 31, 2018 and $138,478 and $19,609, respectively, for the year ended December 31, 2017.

### NOTE 20: 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 Village II, Inc., Sacred Heart Housing, Inc., and Mother Teresa House, 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, 2018 and 2017, revenue from administrative services on behalf of these entities totaled $79,145 and $89,810, respectively.

The Organization had 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, 2018 and 2017, 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 organizations also arise from advances, payments made or received on behalf of other organizations, and services provided between organizations.

During the year ended December 31, 2017, the Organization provided a short-term advance of $400,000 to Sacred Heart Village II, Inc. The amount was repaid during the year ended December 31, 2018.

**NOTE 20: RELATED-PARTY TRANSACTIONS - CONTINUED**

During the year ended December 31, 2018, the Organization provided a short-term advance of $35,000 to Sacred Heart Housing, Inc. The amount remained outstanding as of December 31, 2018.

The Organization entered into an agreement with DSHA to loan the Village of St. John, L.P. $1,200,000. In accordance with the agreement, the Organization will utilize its existing line of credit (Note 16) as the source of the funding with the terms and conditions passing through to the Village of St. John, L.P. As a result, the balance due from the Village of St. John, L.P. as of December 31, 2018 was $1,207,828.

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

| | 2018 | 2017 |
|---|---|---|
| Due from Affiliated Organizations | | |
| Sacred Heart Village I, Inc. | $ 15,037 | $ 50,484 |
| Sacred Heart Village I, Inc. - Advance (Net of $160,095 Allowance) | - | - |
| Sacred Heart Housing, Inc. | 8,135 | - |
| Village of St. John, L.P. | 1,219,481 | 9,373 |
| Sacred Heart Village II, Inc. | 876 | 395,836 |
| Total Due from Affiliated Organizations | 1,243,529 | 455,693 |
| Due to Affiliated Organizations | | |
| Sacred Heart Housing, Inc. | 34,600 | - |
| Sacred Heart Village I, Inc. | - | 100 |
| Mother Teresa House, Inc. | 10,268 | 1,246 |
| Sacred Heart Village II, Inc. | 12,003 | 8,364 |
| Village of St. John, L.P. | 1,185 | - |
| Sacred Heart Oratory | 1,293 | 12,160 |
| Total Due to Affiliated Organizations | 59,349 | 21,870 |
| Net Due from (to) Affiliated Organizations | $ 1,184,180 | $ 433,823 |

**NOTE 21: 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, 2018 and 2017 was $78,030 and $69,075, respectively.

**NOTE 21: LEASES - CONTINUED**

As of December 31, 2018, future minimum lease payment are as follows:

| | |
|---|---|
| 2019 | $ 63,708 |
| 2020 | 64,579 |
| 2021 | 50,935 |
| 2022 | 11,596 |
| 2023 | 12,755 |
| Thereafter | 46,442 |
| | $ 250,015 |

**NOTE 22: FUNCTIONALIZED EXPENSES**

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, which is allocated on a square footage basis, as well as salaries, employee benefits, payroll taxes, professional fees, and insurance, which are allocated on the basis of estimates of time and effort.

**NOTE 23: RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS**

As discussed in Note 2, the Organization has implemented ASU 2016-14 and has adjusted the presentation in these consolidated financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

In addition, the Organization reclassified its previously issued financial statement to present uninvested cash and money funds held in its investment portfolio from cash and cash equivalents to investments. The Organization believes this more accurately reflects the nature of the assets based on the value being subject to spending rate policy and the limited availability of these funds to be used for general operating expenses.

### NOTE 23: RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS - CONTINUED

The chart below identifies the effects of these reclassifications.

| | As Previously Reported | Effect of Implementing ASU 2016-14 | Other Reclassification | As Reclassified |
|---|---|---|---|---|
| As of December 31, 2017 | | | | |
| Cash and Cash Equivalents | $ 2,883,447 | $ - | $ (406,150) | $ 2,477,297 |
| Investments | 11,967,271 | - | 406,150 | 12,373,421 |
| Unrestricted Net Assets | 32,477,072 | (32,477,072) | - | - |
| Temporarily Restricted Net Assets | 3,014,582 | (3,014,582) | - | - |
| Permanently Restricted Net Assets | 950,716 | (950,716) | - | - |
| Net Assets Without Donor Restrictions | - | 32,477,072 | - | 32,477,072 |
| Net Assets With Donor Restrictions | - | 3,965,298 | - | 3,965,298 |
| Total Net Assets | 36,442,370 | - | - | 36,442,370 |
| For the Year Ended December 31, 2017 | | | | |
| Management and General Expenses | 1,172,315 | (75,116) | - | 1,097,199 |
| Net Investment Income | 1,607,939 | (75,116) | - | 1,532,823 |
| Change in Net Assets | 4,146,675 | - | - | 4,146,675 |
| As of December 31, 2016 | | | | |
| Cash and Cash Equivalents | 2,387,170 | - | (749,985) | 1,637,185 |
| Investments | 13,764,284 | - | 749,985 | 14,514,269 |
| Unrestricted Net Assets | 27,096,863 | (27,096,863) | - | - |
| Temporarily Restricted Net Assets | 4,312,572 | (4,312,572) | - | - |
| Permanently Restricted Net Assets | 886,260 | (886,260) | - | - |
| Net Assets Without Donor Restrictions | - | 27,096,863 | - | 27,096,863 |
| Net Assets With Donor Restrictions | - | 5,198,832 | - | 5,198,832 |
| Total Net Assets | 32,295,695 | - | - | 32,295,695 |

# 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, 2018, 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 August 14, 2019.

***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 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.



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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.

August 14, 2019
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, 2018. 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.



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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, 2018.

***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major federal program is not modified with respect to this matter.

Ministry of Caring, Inc.'s response to the noncompliance finding 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 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 a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001, that we consider to be a significant deficiency.

Ministry of Caring, Inc.'s response to the internal control over compliance finding 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.

August 14, 2019
Wilmington, Delaware

# MINISTRY OF CARING, INC.
## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
## YEAR ENDED DECEMBER 31, 2018

| Federal Grantor/Pass-Through Grantor/Program Title | CFDA# | Expenditures | Expenditures to Subrecipients |
|---|---|---|---|
| **Department of Agriculture** | | | |
| Child and Adult Care Food Program | | | |
| State of Delaware - Department of Education | 10.558 | $ 176,760 | $ - |
| **Department of Housing and Urban Development** | | | |
| Community Development Block Grants/Entitlement Grants | | | |
| City of Wilmington | 14.218 | 43,486 | - |
| Emergency Solutions Grants | | | |
| New Castle County | 14.231 | 8,011 | - |
| Housing Opportunities for Persons with AIDS | | | |
| Direct Award | 14.241 | 224,941 | - |
| City of Wilmington | 14.241 | 71,987 | - |
| | | 296,928 | - |
| Continuum of Care | | | |
| Direct Award | 14.267 | 1,154,422 | - |
| **Department of Health and Human Services** | | | |
| Consolidated Health Centers Grant | | | |
| Henrietta Johnson Medical Center | 93.224 | 66,571 | - |
| Community Services Block Grant | | | |
| First State Community Action Agency | 93.569 | 249,298 | - |
| **Corporation for National and Community Service** | | | |
| AmeriCorps | | | |
| State of Delaware - Department of Health and Social Services | 94.006 | 174,851 | - |
| **Department of Homeland Security** | | | |
| Emergency Food and Shelter National Board Program | | | |
| Jewish Family Services of Delaware | 97.024 | 49,220 | - |
| **TOTAL EXPENDITURES OF FEDERAL AWARDS** | | $ 2,219,547 | $ - |

**MINISTRY OF CARING, INC.**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**DECEMBER 31, 2018**

**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, 2018. 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, 2018

### I. SUMMARY OF AUDITORS' RESULTS

**Financial Statements**

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

**Federal Awards**

| | | |
|---|---|---|
| Internal Control Over Major Programs: | | |
| • Material Weakness(es) Identified? | ___ Yes | x No |
| • Significant Deficiencies Identified that are not Considered to be Material Weaknesses? | x 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)? | x 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? | x Yes | ___ No |

## II. Financial Statement Findings

There were no current year financial statement findings.

## III. Federal Award Findings and Questioned Costs

**Finding Reference Number: 2018-001**
**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 the *Department of Housing and Urban Development (HUD) Continuum of Care Program - Compliance Supplement - Section III* indicate that an allowable rental assistance cost must be incurred on behalf of an eligible individual.

***Condition:*** The Organization disbursed a rental assistance check on January 5, 2018 on behalf of a Rapid Rehousing client whose case was closed on October 20, 2017.

***Cause:*** Client case files documenting case close dates and tenant eligibility were not adequately maintained for the Rapid Rehousing program.

***Effect:*** Costs of $925 were reimbursed by HUD which were not allowable.

***Recommendation:*** We recommend the Organization implement procedures to ensure that Rapid Rehousing files contain the necessary information as required by the Continuum of Care Program to ensure all costs submitted for reimbursement are allowable, and all tenants are eligible.

### IV. Corrective Action Plan

**Finding Reference Number: 2018-001**
**Major Program: 14.267 - Continuum of Care (Grantor - Department of Housing and Urban Development)**

***Condition:*** The Organization disbursed a rental assistance check on January 5, 2018 on behalf of a Rapid Rehousing client whose case was closed on October 20, 2017.

***Corrective Action Plan:*** The Organization indicated that the case was erroneously closed and the client remained eligible throughout the date of the final disbursement. Therefore, the Organization believes this is not a matter of ineligible cost, and instead an error with respect to file maintenance. Additionally, during the year ended December 31, 2018, the Organization hired a new Rapid Rehousing program director. The director will ensure that client files retain the required documentation, and that all tenants who receive rental assistance checks are eligible.

## V. Status of Prior Year Findings

**Finding Reference Number: 2017-01**
**Continuum of Care - CFDA 14.267**

***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.

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

**Finding Reference Number: 2017-02**
**Continuum of Care - CFDA 14.267**

***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.

***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

BLS
BELFINT • LYONS • SHUMAN
Certified Public Accountants
www.belfint.com

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

To the Board of Directors
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, 2018 and 2017, and our report thereon dated August 14, 2019, 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.

August 14, 2019
Wilmington, Delaware



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## 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, 2018

| | | |
|---|---|---|
| **ASSETS** | | |
| Cash and Cash Equivalents | $ | 200 |
| Grants Receivable | | 62,552 |
| Prepaid Expenses | | 748 |
| Escrow Accounts | | 269,989 |
| Due from Other Funds | | 315,238 |
| Investments | | 231,692 |
| Property and Equipment - Net | | 19,532 |
| **TOTAL ASSETS** | $ | 899,951 |
| **LIABILITIES** | | |
| Accounts Payable | $ | 23,292 |
| Accrued Expenses | | 7,112 |
| Notes Payable | | 600,000 |
| **TOTAL LIABILITIES** | | 630,404 |
| **NET ASSETS** | | |
| Without Donor Restrictions | | 269,547 |
| With Donor Restrictions | | - |
| **TOTAL NET ASSETS** | | 269,547 |
| **TOTAL LIABILITIES AND NET ASSETS** | $ | 899,951 |

# DSHA STATEMENT OF PROFIT AND LOSS

**Project Name:** Mary Mother of Hope House I Fund
**Project Number:** DE-HDF-353-FY10-01 **Year Ending:** 12/31/18

| Part I | Description of Account | | Amount | |
|---|---|---|---|---|
| RENTAL INCOME 5100 | Rent Revenue - Gross Potential | 5120 | $ - | |
| | Tenant Assistance Payments | 5121 | | |
| | Rent Revenue - Stores and Commercial | 5140 | | |
| | Garage and Parking Space | 5170 | | |
| | Flexible Subsidy Revenue | 5180 | | |
| | Miscellaneous Rent Revenue | 5190 | | |
| | Excess Rent | 5191 | | |
| | Rent Revenue - Insurance | 5192 | | |
| | Special Claims Revenue | 5193 | | |
| | Retained Excess Income | 5194 | | |
| | Lease Revenue (Nursing Homes) | 5195 | | |
| | **Total Rent Revenue** | | | $ - |
| VACANCIES 5200 | Apartments | 5220 | | |
| | Stores and Commercial | 5240 | | |
| | Rental Concessions | 5250 | | |
| | Garage and Parking Space | 5270 | | |
| | Miscellaneous | 5290 | | |
| | **Total Vacancies** | | | $ - |
| | **Net Rent Revenue (Rent Revenue Less Vacancies)** | | | $ - |
| | Nursing Homes/Assisted Living/Board & Care/Other Elderly Care/Coop/and Other Revenue | 5300 | | |
| | Members Group Life Insurance Expense (Co-ops) | 5320 | | |
| FINANCIAL REVENUE 5400 | Financial Revenue - Project Operations | 5410 | | |
| | Revenue from Investments - Residual Receipts | 5430 | | |
| | Revenue from Investments - Replacement Reserve | 5440 | | |
| | Expiration of Gift Donor Restrictions (Non-Profits) | 5460 | | |
| | Gifts (Non-Profits) | 5470 | 39,907 | |
| | Revenue from Investments - Miscellaneous | 5490 | (11,232) | |
| | **Total Financial Revenue** | | | $ 28,675 |
| 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 | 331,515 | |
| | **Total Other Revenue** | | | $ 331,515 |
| | **Total Revenue** | | | $ 360,190 |
| ADMINISTRATIVE EXPENSES 6200 6300 | Conventions and Meetings | 6203 | | |
| | Management Consultants | 6204 | 8,074 | |
| | Advertising and Marketing | 6210 | | |
| | Social Activity | 6215 | | |
| | Other Renting Expenses | 6250 | | |
| | Office Salaries | 6310 | 259,531 | |
| | Office Expenses | 6311 | 6,820 | |
| | Office of Model Apartment Rent | 6312 | | |

## DSHA STATEMENT OF PROFIT AND LOSS - CONTINUED

| | | | | |
|---|---|---|---|---|
| ADMINISTRATIVE EXPENSES 6200 6300 (Continued) | Management Fee | 6320 | $ 2,977 | |
| | Manager or Superintendent Salaries | 6330 | | |
| | Administrative Rent Free Unit | 6331 | | |
| | Legal Expenses - Project | 6340 | | |
| | Auditing Expense - Project | 6350 | 3,422 | |
| | Bookkeeping Fees/Accounting Services | 6351 | | |
| | Telephone and Answering Services | 6360 | 4,850 | |
| | Bad Debt Expense | 6370 | | |
| | Miscellaneous Administrative Expenses | 6390 | | |
| | **Total Administrative Expenses** | | | $ 285,674 |
| UTILITIES EXPENSE 6400 | Fuel Oil/Coal | 6420 | 1,927 | |
| | Electricity (Lights and Misc. Power) | 6450 | 12,313 | |
| | Water | 6451 | | |
| | Gas | 6452 | | |
| | Sewer | 6453 | 8,330 | |
| | **Total Utilities Expenses** | | | $ 22,570 |
| OPERATING AND MAINTENANCE 6500 | Janitor and Cleaning Payroll | 6510 | | |
| | Janitorial Supplies | 6515 | 5,699 | |
| | 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 | 15,951 | |
| | Repairs Material | 6541 | 12,199 | |
| | Repairs Contracts | 6542 | 6,152 | |
| | 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 | 24,021 | |
| | **Total Operating and Maintenance Expense** | | | $ 64,022 |
| TAXES AND INSURANCE 6700 | Real Estate Taxes | 6710 | | |
| | Payroll Taxes (FICA) (Project's Share) | 6711 | 18,069 | |
| | Property and Liability Insurance (Hazard) | 6720 | 5,919 | |
| | Fidelity Bond Insurance | 6721 | | |
| | Workers' Compensation | 6722 | 12,348 | |
| | Health Insurance and Other Employee Benefits | 6723 | 59,466 | |
| | Miscellaneous Taxes, Licenses, Permits, and Insurance | 6790 | 398 | |
| | **Total Taxes and Insurance** | | | $ 96,200 |
| | **Total Operating Expenses** | | | $ 468,466 |

## 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** | | | $ 468,466 |
| | **Profit (Loss) Before Depreciation** | | $ (108,276) | |
| DEPRECIATION 6600 | Depreciation Expenses | 6600 | 4,471 | |
| | Amortization Expense | 6610 | | |
| | **Operating Profit or (Loss)** | | | $ (112,747) |
| 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)** | | | $ (112,747) |
| **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. | | | $ 4,264 | |
| 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, 2018

| | | |
|---|---|---|
| **NET ASSETS WITHOUT DONOR RESTRICTIONS BALANCE** - Beginning of Year | $ | 381,931 |
| Change in Net Assets Without Donor Restrictions | | (112,384) |
| **NET ASSETS WITHOUT DONOR RESTRICTIONS BALANCE** - End of Year | $ | 269,547 |
| **NET ASSETS WITH DONOR RESTRICTIONS BALANCE** - Beginning of Year | $ | 363 |
| Change in Net Assets With Donor Restrictions | | (363) |
| **NET ASSETS WITH DONOR RESTRICTIONS BALANCE** - End of Year | $ | - |

## 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, 2018 |

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. | **Mortgage Status** | | | |
| | A. | Are payments on the mortgage(s) current?<br>First Lien<br>Second Lien<br>Third Lien<br>Fourth Lien<br>Fifth Lien | N/A | |
| | 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. | **Books and Records** | | | |
| | 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. | **Cash Activities** | | | |
| | 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.)**

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

## IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST - CONTINUED

**Examination Item Reference (Cont.)**

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

## IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST - CONTINUED

**Examination Item Reference (Cont.)**

| | | Yes, No or N/A | Working Paper Reference |
|---|---|---|---|
| R. | Were accounts payable remitted in a timely manner so as to not incur late charges/penalties? | Yes | WP# 4102 |
| S. | Has the mortgagee made the required deposits to the mortgage escrow accounts as required by the loan documents? | Yes | WP# 5005 |

4. **Management Compensation**

| | | Yes, No or N/A | Working Paper Reference |
|---|---|---|---|
| A. | Was compensation to the management agent limited to the amounts prescribed in the Management Agreement? | N/A | |
| B. | Were development expenses paid in accordance with the management agreement (no expenses that management agents are required to pay charged to the development)? | N/A | |

5. **Rents and Occupancy**

| | | Yes, No or N/A | Working Paper Reference |
|---|---|---|---|
| A. | On nonsubsidized tax credit developments, is the gross potential rental income from apartments equal to or less than that shown on the most recent rent schedule? | N/A | |
| B. | On subsidized developments, are dwelling unit rents the same as those approved by DSHA/HUD/RD on the most recent rent schedule? | N/A | |

6. **RD/HUD Subsidy Payments (Section 8/515 Developments Only)**

| | | Yes, No or N/A | Working Paper Reference |
|---|---|---|---|
| A. | Were the amounts requested from DSHA/HUD/RD adequately supported by the accounting records? | N/A | |
| B. | Were subsidy receipts recorded in the proper accounts? | N/A | |
| C. | Utility allowance payments were paid to residents within five days of receipt from DSHA/HUD/RD and in an amount equal to the corresponding utility allowance subsidy amounts received. | N/A | |

Delaware State Housing Authority

COMPUTATION OF SURPLUS CASH AND DISTRIBUTIONS

| Property Name | Fiscal Period Ending | DSHA/HDF Number |
|---|---|---|
| Mary Mother of Hope House I Fund | 12/31/2018 | DE-HDF-353-FY10-01 |

PART A. - COMPUTE SURPLUS CASH

Section 1 - Cash

| | | | |
|---|---|---|---|
| 1. | Cash | $ 200 | |
| 2. | Tenant Subsidy Vouchers due for Period | $ | |
| | Covered by Financial Statements | $ | |
| 3. | Other (Describe)__________ | $ | |
| | (A) Total Cash (Add Lines 1, 2, & 3) | | $ 200 |

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) | $ 23,292 | |
| 8. | Loans and Notes Payable (due within 30 days) | $ | |
| 9. | Deficient Tax Insurance/Mortgage Insurance Escrow | $ | |
| 10. | Accrued Expenses (not escrowed) | $ 7,112 | |
| 11. | Paid Rents | $ | |
| 12. | Tenant Security Deposits Liability | $ | |
| 13. | Other (Describe) __________ | $ | |
| | (B) Total Liabilities | | $ 30,404 |
| | (C) Surplus Cash (Deficiency) Line (A) Minus Line (B) | | $ (30,202) |

*************************************************************************************

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

| | | | |
|---|---|---|---|
| 1. | Surplus Cash | | $ N/A |
| 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: ______________________ Reviewed By: ______________________

Date Date

**SUPPLEMENTARY INFORMATION**

**ST. FRANCIS HOLISTIC HOUSING FUND**

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

To the Board of Directors
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, 2018 and 2017, and our report thereon dated August 14, 2019, 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 Holistic Housing 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.

August 14, 2019
Wilmington, Delaware



1011 Centre Road • Suite 310 | Wilmington • DE 19805 | Phone: 302.225.0600 | Fax: 302.225.0625

## ST. FRANCIS HOLISTIC HOUSING FUND
## OF MINISTRY OF CARING, INC.
### DSHA PROJECT NO. DE 26B93-0325
### STATEMENT OF FINANCIAL POSITION
### DECEMBER 31, 2018

| | | |
|---|---|---|
| **ASSETS** | | |
| Cash and Cash Equivalents | $ | - |
| Grants Receivable | | 32,561 |
| Prepaid Expenses and Refundable Deposits | | 171 |
| Escrow Accounts | | 24,480 |
| Replacement Reserve | | 96,964 |
| Investments | | 137,669 |
| Property and Equipment - Net | | 173,030 |
| Loan Origination Costs - Net | | 3,849 |
| **TOTAL ASSETS** | $ | 468,724 |
| **LIABILITIES** | | |
| Accounts Payable | $ | 9,130 |
| Accounts Payable - Due to Other Funds (Net) | | 595,157 |
| Accrued Expenses | | 1,404 |
| Security Deposits | | 744 |
| Mortgage Payable - DSHA | | 344,446 |
| **TOTAL LIABILITIES** | | 950,881 |
| **NET ASSETS** | | |
| Without Donor Restrictions | | (482,157) |
| **TOTAL LIABILITIES AND NET ASSETS** | $ | 468,724 |

# DSHA STATEMENT OF PROFIT AND LOSS

**Project Name:** St. Francis Holistic Housing Fund
**Project Number:** DE 26B93-0325 **Year Ending:** 12/31/18

| Part I | Description of Account | | Amount | |
|---|---|---|---|---|
| RENTAL INCOME 5100 | Rent Revenue - Gross Potential | 5120 | $ 13,821 | |
| | 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** | | | $ 13,821 |
| 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)** | | | $ 13,821 |
| | Nursing Homes/Assisted Living/Board & Care/Other Elderly Care/Co-op/and Other Revenue | 5300 | | |
| | Members Group Life Insurance Expense (Co-ops) | 5320 | | |
| FINANCIAL REVENUE 5400 | Financial Revenue - Project Operations | 5410 | | |
| | Revenue from Investments - Residual Receipts | 5430 | 45 | |
| | Revenue from Investments - Replacement Reserve | 5440 | 521 | |
| | Expiration of Gift Donor Restrictions (Non-Profits) | 5460 | | |
| | Gifts (Non-Profits) | 5470 | | |
| | Revenue from Investments - Miscellaneous | 5490 | (7,240) | |
| | **Total Financial Revenue** | | | $ (6,674) |
| OTHER REVENUE 5900 | Laundry and Vending Revenue | 5910 | 86 | |
| | 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 | 203,778 | |
| | **Total Other Revenue** | | | $ 203,864 |
| | **Total Revenue** | | | $ 211,011 |
| ADMINISTRATIVE EXPENSES 6200 6300 | Conventions and Meetings | 6203 | | |
| | Management Consultants | 6204 | 1,168 | |
| | Advertising and Marketing | 6210 | | |
| | Social Activity | 6215 | | |
| | Other Renting Expenses | 6250 | | |
| | Office Salaries | 6310 | 68,969 | |
| | Office Expenses | 6311 | 33 | |
| | Office of Model Apartment Rent | 6312 | | |

## DSHA STATEMENT OF PROFIT AND LOSS - CONTINUED

| | | | | |
|---|---|---|---|---|
| ADMINISTRATIVE EXPENSES 6200 6300 (Continued) | Management Fee | 6320 | $ 13,360 | |
| | Manager or Superintendent Salaries | 6330 | | |
| | Administrative Rent Free Unit | 6331 | | |
| | Legal Expenses - Project | 6340 | | |
| | Auditing Expense - Project | 6350 | 3,422 | |
| | Bookkeeping Fees/Accounting Services | 6351 | | |
| | Telephone and Answering Services | 6360 | 1,843 | |
| | Bad Debt Expense | 6370 | | |
| | Miscellaneous Administrative Expenses | 6390 | | |
| | **Total Administrative Expenses** | | | $ 88,795 |
| UTILITIES EXPENSE 6400 | Fuel Oil/Coal | 6420 | 1,001 | |
| | Electricity (Lights and Miscellaneous Power) | 6450 | 669 | |
| | Water | 6451 | | |
| | Gas | 6452 | | |
| | Sewer | 6453 | 5,978 | |
| | **Total Utilities Expenses** | | | $ 7,648 |
| OPERATING AND MAINTENANCE 6500 | Janitor and Cleaning Payroll | 6510 | | |
| | Janitorial Supplies | 6515 | 126 | |
| | 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 | 33,754 | |
| | Repairs Material | 6541 | 7,653 | |
| | Repairs Contracts | 6542 | 1,880 | |
| | 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** | | | $ 43,413 |
| TAXES AND INSURANCE 6700 | Real Estate Taxes | 6710 | | |
| | Payroll Taxes (FICA) (Project's Share) | 6711 | 4,591 | |
| | Property and Liability Insurance (Hazard) | 6720 | 3,393 | |
| | Fidelity Bond Insurance | 6721 | | |
| | Workers' Compensation | 6722 | 4,056 | |
| | Health Insurance and other Employee Benefits | 6723 | 226 | |
| | Miscellaneous Taxes, Licenses, Permits, and Insurance | 6790 | - | |
| | **Total Taxes and Insurance** | | | $ 12,266 |
| | **Total Operating Expenses** | | | $ 152,122 |

## 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 | $ 76,335 | $ 76,335 |
| | **Total Cost of Operations before Depreciation** | | | $ 228,457 |
| | **Profit (Loss) before Depreciation** | | (17,446) | |
| DEPRECIATION 6600 | Depreciation Expenses | 6600 | 32,660 | |
| | Amortization Expense | 6610 | 239 | |
| | **Operating Profit or (Loss)** | | | $ (50,345) |
| 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)** | | | $ (50,345) |

| | |
|---|---|
| **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. | $ 5,057 |
| 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 HOLISTIC HOUSING FUND
## OF MINISTRY OF CARING, INC.
### DSHA PROJECT NO. DE 26B93-0325
### STATEMENT OF CHANGES IN NET ASSETS
### YEAR ENDED DECEMBER 31, 2018

| | |
|---|---|
| **NET ASSETS WITHOUT DONOR RESTRICTIONS BALANCE** - Beginning of Year | $ (431,812) |
| Change in Net Assets Without Donor Restrictions | (50,345) |
| **NET ASSETS WITHOUT DONOR RESTRICTIONS BALANCE** - End of Year | $ (482,157) |
| **NET ASSETS WITH DONOR RESTRICTIONS BALANCE** - Beginning of Year | $ - |
| Change in Net Assets With Donor Restrictions | - |
| **NET ASSETS WITH DONOR RESTRICTIONS BALANCE** - End of Year | $ - |

## IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST

| | |
|---|---|
| Development Name | St. Francis Holistic Housing Fund of Ministry of Caring, Inc. |
| DSHA/HUD/RD Number | DE 26B93-0325 |
| Fiscal Year End | December 31, 2018 |

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. | **Mortgage Status** | | | |
| | A. | Are payments on the mortgage(s) current?<br>First Lien<br>Second Lien<br>Third Lien<br>Fourth Lien<br>Fifth Lien | N/A | |
| | 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. | **Books and Records** | | | |
| | A. | Are a completed set of books and records maintained in a satisfactory manner? | Yes | WP# 1000-09 |
| | B. | Does the mortgagor/grantee make frequent postings (at least monthly) to the ledger accounts? | Yes | WP# 1000-09 |
| 3. | **Cash Activities** | | | |
| | 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? | No | WP# 4105 |
| | D. | Are security deposits kept in an interest-bearing account and is the interest returned to the tenant or applied to a tenant balance? | No | WP# 2001 |

## IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST - CONTINUED

**Examination Item Reference (Cont.)**

| | | Yes, No or N/A | Working Paper Reference |
|---|---|---|---|
| E. | Does the balance in the security deposit account equal or exceed the liability? Note: The liability difference should include the accrued interest payable. | No | WP# 4106 |
| 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? | Yes | WP# 605 |
| G. | Did cash disbursements exclude payments for items listed below: | | |
| | (1) Legal expenses incurred in the sale of partnership interest or in connection with permanent closing? | N/A | |
| | (2) The fee for the preparation of a partner's, shareholder's or individual's federal, state, or local income tax returns? | N/A | |
| | (3) Expenses for advice to an owner on tax consequences of foreclosure? | N/A | |
| | (4) Reimbursement to the owners or affiliates for prior advances, capital expenditures and/or development acquisition costs while the mortgage/grant is in default, under modification, forbearance or provisional workout arrangements? | N/A | |
| | (5) Were all disbursements from the operating account(s) made exclusively for operation or obligations of the development? | Yes | WP# 8002 |
| | (6) Were letter of credit fees paid for out of operations or obligations of the development? | N/A | |

## IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST - CONTINUED

**Examination Item Reference (Cont.)**

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

## IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST - CONTINUED

**Examination Item Reference (Cont.)**

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

Delaware State Housing Authority
COMPUTATION OF SURPLUS CASH AND DISTRIBUTIONS

| Property Name | Fiscal Period Ending | DSHA/HDF Number |
|---|---|---|
| St. Francis Holistic Housing Fund | 12/31/2018 | DE 26B93-0325 |

PART A. - COMPUTE SURPLUS CASH

Section 1 - Cash

| | | | |
|---|---|---|---|
| 1. | Cash | $ | |
| 2. | Tenant Subsidy Vouchers due for Period | $ | |
| | Covered by Financial Statements | $ | |
| 3. | Other (Describe) | $ | |
| | (A) Total Cash (Add Lines 1, 2, & 3) | | $ |

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) | $ 604,287 | |
| 8. | Loans and Notes Payable (due within 30 days) | $ | |
| 9. | Deficient Tax Insurance/Mortgage Insurance Escrow | $ | |
| 10. | Accrued Expenses (not escrowed) | $ 1,404 | |
| 11. | Paid Rents | $ | |
| 12. | Tenant Security Deposits Liability | $ 744 | |
| 13. | Other (Describe) | | |
| | (B) Total Liabilities | | $ 606,435 |
| | (C) Surplus Cash (Deficiency) Line (A) Minus Line (B) | | $ (606,435) |

***************************************************************************

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

| | | | | |
|---|---|---|---|---|
| 1. | | Surplus Cash | | $ N/A |
| 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

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

To the Board of Directors
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, 2018 and 2017, and our report thereon dated August 14, 2019, 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.

August 14,2 019
Wilmington, Delaware



1011 Centre Road • Suite 310 | Wilmington • DE 19805 | Phone: 302.225.0600 | Fax: 302.225.0625

**EMMANUEL DINING ROOM FUND**
**OF MINISTRY OF CARING, INC.**
**STATEMENT OF FINANCIAL POSITION**
**DECEMBER 31, 2018**

| | | |
|---|---|---|
| **ASSETS** | | |
| Cash and Cash Equivalents | $ | 200 |
| Prepaid Expenses and Other Current Assets | | 171 |
| Investments | | 454,563 |
| Property and Equipment - Net | | 62,373 |
| Due from Other Funds | | 141,622 |
| **TOTAL ASSETS** | $ | 671,762 |
| **LIABILITIES** | | |
| Accounts Payable | $ | 27,334 |
| Accrued Expenses | | 6,755 |
| **TOTAL LIABILITIES** | | 34,089 |
| **NET ASSETS** | | |
| Without Donor Restrictions | | 369,673 |
| With Donor Restrictions | | 268,000 |
| **TOTAL NET ASSETS** | | 637,673 |
| **TOTAL LIABILITIES AND NET ASSETS** | $ | 671,762 |

**EMMANUEL DINING ROOM FUND**
**OF MINISTRY OF CARING, INC.**
**STATEMENT OF ACTIVITIES**
**YEAR ENDED DECEMBER 31, 2018**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **REVENUE AND OTHER SUPPORT** | | | |
| Contributions and Fundraising | $ 372,652 | $ 50,000 | $ 422,652 |
| Contributed Rent | 63,000 | - | 63,000 |
| United Way - Designation and Personal Giving | 52,760 | - | 52,760 |
| Government Grants | 136,296 | - | 136,296 |
| Program Fees and Other Income | 1,347 | - | 1,347 |
| Interest and Dividends - Net of Fees | 9,771 | 6,416 | 16,187 |
| Net Losses on Investments | (22,740) | (18,182) | (40,922) |
| Total Revenue | 613,086 | 38,234 | 651,320 |
| Net Assets Released from Restrictions | - | - | - |
| **TOTAL REVENUE AND OTHER SUPPORT** | 613,086 | 38,234 | 651,320 |
| **EXPENSES** | 510,100 | - | 510,100 |
| **CHANGE IN NET ASSETS BEFORE ASSISTANCE FROM (TO) OTHER FUNDS** | 102,986 | 38,234 | 141,220 |
| **ASSISTANCE FROM (TO) OTHER FUNDS** | | | |
| Assistance from (to) Other Funds - Net | (38,970) | - | (38,970) |
| **CHANGE IN NET ASSETS** | 64,016 | 38,234 | 102,250 |
| **NET ASSETS** - Beginning of Year | 305,657 | 229,766 | 535,423 |
| **NET ASSETS** - End of Year | $ 369,673 | $ 268,000 | $ 637,673 |

**SUPPLEMENTARY INFORMATION**

**MINISTRY OF CARING GUILD**

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

To the Board of Directors
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, 2018 and 2017, and our report thereon dated August 14, 2019, 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.

August 14, 2019
Wilmington, Delaware



1011 Centre Road • Suite 310 | Wilmington • DE 19805 | Phone: 302.225.0600 | Fax: 302.225.0625

# MINISTRY OF CARING GUILD
# OF MINISTRY OF CARING, INC.
## STATEMENTS OF FINANCIAL POSITION
## DECEMBER 31, 2018 AND 2017

| | 2018 | | 2017 | |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and Cash Equivalents | $ | 200,810 | $ | 113,410 |
| Due from Other Funds | | 9,443 | | 36,394 |
| **TOTAL ASSETS** | $ | 210,253 | $ | 149,804 |
| **LIABILITIES** | | | | |
| Accounts Payable and Other Current Liabilities | $ | 2,403 | $ | 7,576 |
| **NET ASSETS** | | | | |
| Without Donor Restrictions | | 207,850 | | 142,228 |
| **TOTAL LIABILITIES AND NET ASSETS** | $ | 210,253 | $ | 149,804 |

# MINISTRY OF CARING GUILD
# OF MINISTRY OF CARING, INC.
## STATEMENTS OF ACTIVITIES
## YEARS ENDED DECEMBER 31, 2018 AND 2017

| | 2018 | 2017 |
|---|---|---|
| **REVENUE AND OTHER SUPPORT** | | |
| Auction | $ 134,335 | $ 123,354 |
| Eleganza Fashion Show | 85,246 | 80,166 |
| Voices of Caring | 29,052 | 21,574 |
| Recognition Dinner | 12,150 | 8,425 |
| Beauty and Blessed | 3,810 | 6,041 |
| Crab Feast | 28,665 | 25,900 |
| Dinner Theater | 6,253 | 9,182 |
| Membership Income and Other Contributions | 2,025 | 2,173 |
| Interest Income | - | 1 |
| **TOTAL REVENUE AND OTHER SUPPORT** | 301,536 | 276,816 |
| **FUNDRAISING EXPENSES** | | |
| Auction | 45,762 | 27,152 |
| Eleganza Fashion Show | 29,980 | 29,343 |
| Voices of Caring | 9,434 | 6,252 |
| Recognition Dinner | 1,349 | 5,540 |
| Crab Feast | 15,087 | 16,191 |
| Dinner Theater | 3,414 | 5,234 |
| General Expenses | 5,746 | 3,363 |
| Contributions and Assistance to Ministry of Caring, Inc. | 125,142 | 159,221 |
| **TOTAL FUNDRAISING EXPENSES** | 235,914 | 252,296 |
| **CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS** | 65,622 | 24,520 |
| **NET ASSETS WITHOUT DONOR RESTRICTIONS** - Beginning of Year | 142,228 | 117,708 |
| **NET ASSETS WITHOUT DONOR RESTRICTIONS** - End of Year | $ 207,850 | $ 142,228 |