

MINISTRY OF CARING, INC.

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

DECEMBER 31, 2019 AND 2018

MINISTRY OF CARING, INC.
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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, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

To the Board of Directors
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, 2019 and 2018, 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 24, 2020 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 solely 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 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 & Shurman, P.A.

August 24, 2020
Wilmington, Delaware

MINISTRY OF CARING, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Cash and Cash Equivalents	\$ 2,248,067	\$ 2,288,043
Cash and Cash Equivalents - Restricted for Investment in Capital	1,858,556	1,944,493
Grants Receivable	873,742	668,175
Program Fees Receivable	86,858	129,586
Promises to Give - Net	544,402	489,358
Prepaid Expenses and Other Assets	147,440	151,598
Developer Fee Receivable	855,753	274,193
Due from Affiliated Organizations	1,338,025	1,243,529
Mortgage Escrow Accounts	413,786	391,434
Investments - Qualified Affordable Housing Project Escrow	184,765	165,000
Investments	13,215,951	11,522,835
Investment in Qualified Affordable Housing Project	5,881,833	4,672,473
Property and Equipment - Net	15,788,440	15,875,498
Beneficial Interests in Charitable Trusts	1,222,950	1,071,654
	TOTAL ASSETS	TOTAL ASSETS
	\$ 44,660,568	\$ 40,887,869
LIABILITIES		
Accounts Payable	\$ 225,777	\$ 160,298
Accrued Expenses	201,815	153,905
Security and Other Deposits	39,899	40,717
Lease Deposit Liability	-	7,541
Development Fee Payable	427,877	137,097
Due to Affiliated Organizations	69,859	59,349
Line of Credit	1,210,325	1,207,828
Mortgage Payable - Bank	367,302	413,112
Mortgages Payable - Delaware State Housing Authority	944,446	944,446
	TOTAL LIABILITIES	TOTAL LIABILITIES
	3,487,300	3,124,293
NET ASSETS		
Without Donor Restrictions	36,066,412	32,731,512
With Donor Restrictions	5,106,856	5,032,064
	TOTAL NET ASSETS	TOTAL NET ASSETS
	41,173,268	37,763,576
TOTAL LIABILITIES AND NET ASSETS	\$ 44,660,568	\$ 40,887,869

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

MINISTRY OF CARING, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT FROM OPERATIONS			
Contributions and Fundraising	\$ 2,443,737	\$ 382,670	\$ 2,826,407
United Way	53,412	-	53,412
Government Grants	4,256,760	-	4,256,760
Program Fees	572,476	-	572,476
Program Fees - Government Contracts	873,540	-	873,540
Affordable Housing Developer Fee	581,560	-	581,560
Miscellaneous Income	6,030	-	6,030
TOTAL SUPPORT FROM OPERATIONS	8,787,515	382,670	9,170,185
EXPENSES			
Program Services (79%)	7,839,324	-	7,839,324
Management and General (16%)	1,532,813	-	1,532,813
Fundraising (5%)	512,854	-	512,854
TOTAL EXPENSES	9,884,991	-	9,884,991
CHANGE IN NET ASSETS FROM OPERATIONS	(1,097,476)	382,670	(714,806)
OTHER SUPPORT AND REVENUE			
Contributions and Grants Restricted for Capital Investment	-	1,731,159	1,731,159
Change in Value of Interest in Charitable Trusts	-	151,296	151,296
Net Investment Income	2,184,093	41,011	2,225,104
Income Distributed from Perpetual Trust	17,373	-	17,373
Partnership Loss - Investment in Qualified Affordable Housing Project	(434)	-	(434)
TOTAL OTHER SUPPORT AND REVENUE	2,201,032	1,923,466	4,124,498
Net Assets Released from Restriction	2,231,344	(2,231,344)	-
CHANGE IN NET ASSETS	3,334,900	74,792	3,409,692
NET ASSETS - Beginning of Year	32,731,512	5,032,064	37,763,576
NET ASSETS - End of Year	\$ 36,066,412	\$ 5,106,856	\$ 41,173,268

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	\$ 2,793,279	\$ 377,540	\$ 3,170,819
United Way	70,802	-	70,802
Government Grants	3,562,303	-	3,562,303
Program Fees	596,607	-	596,607
Program Fees - Government Contracts	780,701	-	780,701
Affordable Housing Developer Fee	218,440	-	218,440
Miscellaneous Income	19,191	-	19,191
TOTAL SUPPORT FROM OPERATIONS	8,041,323	377,540	8,418,863
EXPENSES			
Program Services (81%)	7,465,627	-	7,465,627
Management and General (13%)	1,238,515	-	1,238,515
Fundraising (6%)	518,334	-	518,334
TOTAL EXPENSES	9,222,476	-	9,222,476
CHANGE IN NET ASSETS FROM OPERATIONS	(1,181,153)	377,540	(803,613)
OTHER SUPPORT AND REVENUE			
Contributions and Grants Restricted for Capital Investment	-	2,818,541	2,818,541
Change in Value of Split-Interest Agreements	-	(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	254,440	1,066,766	1,321,206
NET ASSETS - Beginning of Year	32,477,072	3,965,298	36,442,370
NET ASSETS - End of Year, as Restated (See Note 25)	\$ 32,731,512	\$ 5,032,064	\$ 37,763,576

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, 2019

	2019			
	Program Services	Management and General	Fundraising	Total Program and Supporting Services
SALARIES AND RELATED EXPENSES				
Salaries - Religious Employees	\$ 302,147	\$ 69,777	\$ 17,736	\$ 389,660
Salaries - Lay Employees	3,422,159	695,666	196,367	4,314,192
Employee Benefits	683,308	157,801	40,110	881,219
Payroll Taxes	244,258	56,408	14,339	315,005
TOTAL SALARIES AND RELATED EXPENSES	4,651,872	979,652	268,552	5,900,076
OTHER EXPENSES				
Amortization	-	239	-	239
Assistance to Individuals and Groups	219,780	-	-	219,780
Automobile Expenses	53,232	27,342	1,439	82,013
Cleaning and Janitorial	66,210	1,659	87	67,956
Conferences and Training	3,801	4,454	234	8,489
Contribution to Affiliate	9,943	-	-	9,943
Depreciation	1,031,332	102,848	5,413	1,139,593
Educational and Program Supplies	17,491	-	-	17,491
Food and Beverages	196,713	10,548	555	207,816
Fundraising Events	-	-	206,115	206,115
Insurance	71,269	29,216	1,538	102,023
Interest Expense and Bank Fees	-	61,382	-	61,382
Medical and Dental Supplies	56,900	-	-	56,900
Minor Equipment	10,220	21,561	1,135	32,916
Miscellaneous	27,322	41,348	2,176	70,846
Office Supplies	24,695	14,322	754	39,771
Other Supplies	18,216	9,672	509	28,397
Postage	1,534	6,656	350	8,540
Printing and Publications	29,057	30,812	1,622	61,491
Professional Fees	397,604	66,374	15,810	479,788
Repairs and Maintenance	258,918	42,043	2,213	303,174
Service Contracts	259,183	-	-	259,183
Utilities	434,032	82,685	4,352	521,069
TOTAL OTHER EXPENSES	3,187,452	553,161	244,302	3,984,915
TOTAL EXPENSES	\$ 7,839,324	\$ 1,532,813	\$ 512,854	\$ 9,884,991

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			Total Program and Supporting Services
	Program Services	Management and General	Fundraising	
SALARIES AND RELATED EXPENSES				
Salaries - Religious Employees	\$ 348,063	\$ 34,898	\$ 18,603	\$ 401,564
Salaries - Lay Employees	3,139,812	618,966	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	4,448,945	750,223	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
Insurance	90,952	40,141	2,113	133,206
Interest Expense and Bank Fees	-	39,970	-	39,970
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	24,118	10,082	530	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	3,016,682	488,292	265,768	3,770,742
TOTAL EXPENSES	\$ 7,465,627	\$ 1,238,515	\$ 518,334	\$ 9,222,476

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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Revenue and Other Support	\$ 8,181,807	\$ 8,303,645
Cash Paid to Suppliers and Employees	(8,311,918)	(8,136,892)
Interest Paid	(14,655)	(16,216)
Interest and Dividends Received	<u>315,616</u>	<u>401,120</u>
NET CASH FROM OPERATING ACTIVITIES	<u>170,850</u>	<u>551,657</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(1,025,672)	(511,998)
Purchase of Investments	(6,481,890)	(5,499,509)
Proceeds from Sale of Investments	6,789,491	5,515,812
Interest Earned but Retained in Mortgage Escrow Deposits	(3,463)	(2,119)
Net Deposits into Mortgage Escrow	(18,889)	(19,922)
Loans to Affiliated Organizations	-	(1,235,000)
Repayments of Loans from Affiliated Organizations	-	400,000
Investment in Qualified Affordable Housing Project	<u>(1,209,794)</u>	<u>(1,417,973)</u>
NET CASH FROM INVESTING ACTIVITIES	<u>(1,950,217)</u>	<u>(2,770,709)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions and Grants Restricted for the Purchase of Property and Equipment	1,731,159	2,818,541
Proceeds from Line of Credit	-	1,200,000
Principal Payments on Line of Credit	(31,895)	-
Principle Payments on Mortgage Payable	<u>(45,810)</u>	<u>(44,250)</u>
NET CASH FROM FINANCING ACTIVITIES	<u>1,653,454</u>	<u>3,974,291</u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(125,913)	1,755,239
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - Beginning of Year	<u>4,232,536</u>	<u>2,477,297</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - End of Year	<u><u>\$ 4,106,623</u></u>	<u><u>\$ 4,232,536</u></u>

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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Change in Net Assets	<u>\$ 3,409,692</u>	<u>\$ 1,321,206</u>
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities		
Depreciation and Amortization	1,139,832	1,082,541
Losses (Gains) on Investments	(1,950,642)	911,816
Partnership Loss - Investment in Qualified Affordable Housing Project	434	-
Disposal of Property and Equipment Associated with Qualified Affordable Housing Project	-	1,500
Discount on Promises to Give	(6,611)	(15,531)
Noncash Contributions Received	(69,840)	(171,833)
Contributions and Grants Restricted for the Purchase of Property and Equipment	(1,731,159)	(2,818,541)
Change in Value of Interest in Charitable Trusts	(151,296)	135,956
Change in Assets		
Grants Receivable	(205,567)	16,713
Program Fees Receivable	42,728	28,272
Promises to Give	(48,433)	95,448
Prepaid Expenses and Other Assets	3,919	(25,016)
Developer Fee Receivable	(581,560)	(74,193)
Due from Affiliated Organizations	(60,104)	54,992
Change in Liabilities		
Accounts Payable	38,616	(100,774)
Accrued Expenses	47,910	15,921
Lease Deposit Liability	(7,541)	(15,084)
Developer Fee Payable	290,780	64,973
Security and Other Deposits	(818)	5,812
Due to Affiliated Organizations	<u>10,510</u>	<u>37,479</u>
Total Adjustments	<u>(3,238,842)</u>	<u>(769,549)</u>
NET CASH FROM OPERATING ACTIVITIES	<u><u>\$ 170,850</u></u>	<u><u>\$ 551,657</u></u>

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

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

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, 2019 and 2018, 16% and 17%, 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

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 1: NATURE OF ACTIVITIES - CONTINUED

Dining Room Services - Continued - members of nearly 100 churches, synagogues, businesses, and civic groups who prepare and serve meals on a rotating basis.

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.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 1: NATURE OF ACTIVITIES - CONTINUED

Long-Term Housing Services - Continued

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.

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 - This program provides 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 continue working on the root causes of homelessness to regain self-sufficiency. To achieve program objectives of employment retention and independent living, residents 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.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 1: NATURE OF ACTIVITIES - CONTINUED

Holistic Housing Services - Continued

St. Francis Holistic Housing - Provides a comprehensive network of supportive services for women with children. Services include childcare, 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.

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.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 1: NATURE OF ACTIVITIES - CONTINUED

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 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 States of America (U.S. GAAP).

Changes in Accounting Principles - During the year ended December 31, 2019, the Organization changed its accounting methods for revenue recognition and contributions as a result of implementing the requirements in the Financial Accounting Standard Board's (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* and FASB Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.

Revenue Recognition - FASB ASC Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes, or replaces nearly all U.S. GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization has implemented Topic 606 and has adjusted the presentation in these consolidated financial statements accordingly. The amendments have been applied retrospectively, with no effect on net assets.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Changes in Accounting Principles - Continued

Contributions - In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying consolidated financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the Organization's implementation of ASU 2018-08.

Revenue Recognition for Contracts with Customers - In accordance with FASB ASC 606, the Organization recognizes revenue resulting from contracts with customers when it satisfies its performance obligations by transferring control over a product or service to a customer. The following is a description of principal exchange transactions from which the Organization generates revenue:

Program Fees - Revenue from program services consist primarily of child-care fees, dental fees, and administrative service fees from affiliated organizations. Child-care fees are comprised of direct payments from families, as well as subsidy payments made on behalf of families from the State of Delaware Purchase of Care program. Child-care fees are recognized over time in the period the related services are delivered. The Pierre Toussaint Dental Office provides basic dental services to uninsured poor patients. Dental fees are comprised of direct payments from patients, as well as subsidy payments made on behalf of patients from the State of Delaware Ryan White program. Dental fees are recognized at the point in time the services are provided. The Organization provides administrative services for affiliated organizations on a monthly basis. Administrative service fees are recognized over time in the period the related services are delivered.

Unconditional amounts due from customers for services in which the Organization has met its performance obligations are recorded as program fee receivables on the consolidated statements of financial position. Program fee subsidies from the State of Delaware are included in program fees - government grants in the consolidated statements of activities.

At times, the Organization may receive payments prior to the period in which the Organization will provide the related programs and services. These payments represent contract liabilities and

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition for Contracts with Customers - Continued

Program Fees - Continued - are recorded as deferred revenue on the consolidated statements of financial position. Amounts paid in advance are deferred to the period in which the applicable programs and services will be delivered. There was no deferred revenue as of December 31, 2019 and 2018.

The Organization receives rental fees from tenants. This revenue is included in program fees in the consolidated statements of activities and falls outside the scope of Topic 606. Rental income is recognized on a straight-line basis over the term of the related lease agreement in accordance with FASB ASC 840.

Fundraising Income - Special Events - The Organization recognizes special event revenue equal to the cost of direct benefits provided to the donor, and contribution revenue for the difference. Special event revenue equal to the cost of the direct benefits provided to the donor is recognized at the time the benefit is delivered, generally when the event occurs. Contribution revenue resulting from special events is recognized upon receipt. Special event revenue is included in contributions and fundraising on the consolidated statements of activities.

Affordable Housing Developer Fee - During the year ended December 31, 2017, the Organization entered into an agreement with the Village of St. John, L.P. to provide certain services with respect to overseeing the development of the Village of St. John project. The development agreement contains distinct performance obligations related to the construction of the project. The Organization recognizes development fee revenue over time as the performance obligations are met. This revenue is included in affordable housing developer fee on the consolidated statements of activities. As of December 31, 2019, all performance obligations had been met and all related revenue had been recognized accordingly. Payment of the development fee is contingent upon the occurrence of certain events, as detailed in the development agreement. Conditional amounts due from the Village of St. John, L.P. for services in which the Organization has met its performance obligations represent contract assets and are recorded as developer fee receivable on the consolidated statements of financial position.

Note 5 discloses accounts receivable and contract asset balances related to revenue from contracts with customers as of the beginning and the end of the years ended December 31, 2019 and 2018. There were no contract liabilities with respect to revenue from contracts with customers as of the beginning or the end of the years ended December 31, 2019 and 2018.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition for Contributions and Grants - 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, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenue under these contracts and grants is recognized when the Organization has fulfilled certain performance requirements or incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to fulfilling certain performance requirements or incurring qualifying expenditures are reported as refundable grants in the statements of financial position.

As of December 31, 2019, the Organization had remaining award balances on conditional contracts and grants of \$4,584,916. These award balances are not recognized in the accompanying consolidated financial statements. Included in these total remaining award balances are \$2,011,383 of contracts and grants conditioned upon performance requirements and the incurrence of allowable qualifying expenses for Ministry of Caring, Inc. programs. In addition, \$2,573,533 are conditioned upon the occurrence of allowable development costs for the Village of St. John project. As indicated in Note 13, the \$2,573,533 represents a remaining capital commitment to the qualified affordable housing project investment and will be funded by the State of Delaware environmental grants and historic tax credit funding.

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, although their use may be limited by board designation.

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.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net Assets - Continued

Net Assets With Donor Restrictions - Continued - The Organization has elected the simultaneous release accounting policy for donor-restricted contributions and grants that are initially recognized as conditional contributions and the satisfaction of both donor-imposed condition and donor-imposed restriction occurs at the same time. These transactions primarily consist of contracts with government agencies. With respect to these transactions, the Organization reports an increase in net assets without donor restrictions with the restriction and condition being satisfied in the same reporting period the revenue is recognized.

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 and program fees receivables due from 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 or program fees receivables during the years ended December 31, 2019 and 2018.

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, 2019 and 2018. The Organization determines the allowance for uncollectible 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, 2019 and 2018.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, 2019 and 2018.

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 income - investment in qualified affordable housing project in the consolidated statements of activities.

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

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Beneficial Interests in Charitable Trusts - Continued - 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.

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.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 16), 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.

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 Ministry of Caring, Inc. 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 Ministry of Caring, Inc.'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, 2019 and 2018, and therefore, a provision for income taxes is not required.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Taxes - Continued

Income not related to the Ministry of Caring Inc.'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 Ministry of Caring, Inc. 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, 2019 and 2018.

The federal informational returns of the Organization for the years ended December 31, 2016, 2017, and 2018 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, 2019 and 2018 were \$3,802,706 and \$4,232,188, respectively.

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.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 3: AVAILABILITY AND LIQUIDITY

The following reflects the Organization's financial assets as of the date of the consolidated statements 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:

	<u>2019</u>	<u>2018</u>
Financial Assets as of December 31		
Cash and Cash Equivalents	\$ 4,106,623	\$ 4,232,536
Grants Receivable	873,742	668,175
Program Fees Receivable	86,858	129,586
Promises to Give - Net	544,402	489,358
Developer Fee Receivable	855,753	274,193
Due from Affiliated Organizations	1,338,025	1,243,529
Mortgage Escrow Accounts	413,786	391,434
Investments - Qualified Affordable Housing Project Escrow	184,765	165,000
Investments	13,215,951	11,522,835
Beneficial Interest in Split-Interest Agreements	<u>1,222,950</u>	<u>1,071,654</u>
 Total Financial Assets as of December 31	 22,842,855	 20,188,300
Less Amounts Not Available for General Expenditures Within One Year		
Donor Restricted - Purpose Restricted for Capital Projects	(1,858,556)	(1,944,493)
Donor Restricted - Purpose Restricted for Nonoperating Program Initiatives	-	(315,000)
Donor Restricted - Time Restriction in Future Periods Beyond One Year	(360,000)	(420,000)
Donor Restricted Endowment Funds	(946,544)	(1,096,099)
Noncurrent Portion of Developer Fee Receivable	(423,011)	(274,193)
Developer Fee Receivable Not Available for Operations Due to Contractual Obligation	(427,877)	-
Noncurrent Portion of Due from Affiliated Organizations	-	(1,219,481)
Mortgage Escrow Accounts Not Available for Operations	(413,786)	(391,434)
Security and Other Deposits Held for Others	(39,899)	(40,717)
Qualified Affordable Housing Project Escrow Held in Board-Designated Endowment	(184,765)	(165,000)
Board-Designated Endowment Funds in Excess of Annual Spending Allocation in the amount of \$500,676 for the years ending December 31, 2020 and 2019	(11,768,731)	(9,926,060)
Beneficial Interest in Charitable Trusts in Excess of Estimated Annual Distribution from Perpetual Trust	<u>(1,205,577)</u>	<u>(1,054,569)</u>
 Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	 <u>\$ 5,214,109</u>	 <u>\$ 3,341,254</u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 3: AVAILABILITY AND LIQUIDITY - CONTINUED

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 17, 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:

	<u>2019</u>	<u>2018</u>
Subject to Expenditure for Specified Purposes		
Purpose Restricted for Capital Projects		
Village of St. John	\$ 654,570	\$ 884,441
403 Washington Street	824,000	107,000
Villa Maria	64,100	-
Fire and Security Protection	46,043	90,233
Infrastructure Capital Campaign	-	618,408
Emmanuel Dining Room	60,000	60,000
Child Care Center	20,000	20,000
Il Bambino Child Care	70,000	70,000
Bethany House	-	73,268
Nazareth House	100,000	-
Equipment	-	1,300
Information Technology	8,039	8,039
Child Care Playground	11,804	11,804
	<u>1,858,556</u>	<u>1,944,493</u>
Total Purpose Restricted for Capital Projects		

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 4: NET ASSETS WITH DONOR RESTRICTIONS - CONTINUED

	<u>2019</u>	<u>2018</u>
Purpose Restricted for Program Initiatives		
Immigration	\$ -	\$ 3,000
CNA Training	128,877	79,797
Scholarship	25,000	25,000
Cliff Abel Holiday Fund	19,889	15,570
Case Management Triage	100,000	-
Employment and Training Program	200,000	-
House of Joseph Residence and Training Program	183,299	315,000
Other Program Initiatives	<u>1,741</u>	<u>1,451</u>
Total Purpose Restricted for Program Initiatives	<u>658,806</u>	<u>439,818</u>
Subject to Time Restriction in Future Periods		
Pledge Receivable for Administration Building Debt Service	<u>420,000</u>	<u>480,000</u>
Subject to Endowment Spending Policy and Appropriation		
Child Care Program Operations (Held in Endowment)	687,533	878,099
Endowment Fund to Support Emmanuel Dining Room (Including Original Gift Amount of \$87,237)	<u>259,011</u>	<u>218,000</u>
Total Subject to Endowment Spending Policy and Appropriation	<u>946,544</u>	<u>1,096,099</u>
Not Subject to Appropriation or Expenditure		
Beneficial Interest in Remainder Trusts	345,415	294,469
Beneficial Interest in Perpetual Trusts	<u>877,535</u>	<u>777,185</u>
Total Not Subject to Appropriation or Expenditure	<u>1,222,950</u>	<u>1,071,654</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 5,106,856</u></u>	<u><u>\$ 5,032,064</u></u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

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:

	<u>2019</u>	<u>2018</u>
Net Assets Released from Restriction for Capital Investment		
Village of St. John	\$ 1,059,871	\$ 1,314,473
Villa Maria	5,900	-
Fire and Security Protection	45,848	51,281
Infrastructure Capital Campaign	696,676	216,592
Child Care Center	-	4,000
Equipment	8,800	10,000
	<u>1,817,095</u>	<u>1,596,346</u>
Net Assets Released from Restriction for Program Expenditures		
CNA Training	5,120	1,291
Child Care Program Operations	210,566	308,298
House of Joseph Residence and Training Program	131,701	-
Cliff Abel Holiday Fund	1,181	11,330
Other Program Initiatives	5,681	4,328
	<u>354,249</u>	<u>325,247</u>
Net Assets Released from Restriction with the Passage of Time	<u>60,000</u>	<u>60,000</u>
Total Net Assets Released from Restriction	<u>\$ 2,231,344</u>	<u>\$ 1,981,593</u>

NOTE 5: REVENUE FROM CONTRACTS WITH CUSTOMERS

The following tables disaggregates the Organization's revenue based on the timing of satisfaction of performance obligations for the year ended December 31:

	<u>2019</u>		
	<u>Services Provided</u>		
	<u>At a Point in Time</u>	<u>Over Time</u>	<u>Total</u>
Fundraising Income - Special Events	\$ 62,560	\$ -	\$ 62,560
Program Fees	128,441	197,929	326,370
Program Fees - Government Grants	180,323	693,217	873,540
Affordable Housing Developer Fee	-	581,560	581,560
Miscellaneous Income	2,610	-	2,610
	<u>\$ 373,934</u>	<u>\$ 1,472,706</u>	<u>\$ 1,846,640</u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 5: REVENUE FROM CONTRACTS WITH CUSTOMERS - CONTINUED

	2018		
	Services Provided		
	At a Point in Time	Over Time	Total
Fundraising Income - Special Events	\$ 60,998	\$ -	\$ 60,998
Program Fees	115,119	196,033	311,152
Program Fees - Government Grants	62,068	718,633	780,701
Affordable Housing Developer Fee	-	218,440	218,440
Miscellaneous Income	12,554	-	12,554
	\$ 250,739	\$ 1,133,106	\$ 1,383,845

Accounts receivable and contract asset balances from contracts with customers are as follows:

	2019		
	Accounts Receivable	Contract Assets	Contract Liabilities
Beginning of Year	\$ 129,586	\$ 274,193	\$ -
End of Year	86,858	855,753	-
	2018		
	Accounts Receivable	Contract Assets	Contract Liabilities
Beginning of Year	\$ 160,598	\$ 200,000	\$ -
End of Year	129,586	274,193	-

NOTE 6: 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:

	2019	2018
Cash and Cash Equivalents	\$ 2,248,067	\$ 2,288,043
Cash and Cash Equivalents - Restricted for Investment in Capital	1,858,556	1,944,493
Total Cash, Cash Equivalents, and Restricted Cash Reported on the Consolidated Statements of Cash Flows	\$ 4,106,623	\$ 4,232,536

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 6: SUPPLEMENTAL CASH FLOW DISCLOSURES - CONTINUED

Noncash investing and financing for the years ended December 31, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Noncash Investing and Financing Activities		
Donated Investments	\$ 69,840	\$ 77,533
Property and Equipment Acquired with Accounts Payable	26,863	-
Donated Property and Equipment	-	94,300
Disposal of Property and Equipment Associated with Qualified Affordable Housing Project	-	1,500

NOTE 7: GRANTS RECEIVABLE

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

	<u>2019</u>	<u>2018</u>
State of Delaware - Division of Social Services	\$ 50,989	\$ -
State of Delaware - Grant-In-Aid	305,825	-
City of Wilmington - Community Development Block Grant	4,894	40,399
City of Wilmington - Emergency Solutions Grant	24,952	-
State of Delaware - Office of Community Services	30,633	61,267
New Castle County - Emergency Solutions Grant	20,000	-
First State Community Action Agency	63,717	60,105
Emergency Food and Shelter Program	22,249	12,833
State of Delaware - Purchase of Care Stars Program	63,575	58,903
State of Delaware - Child and Adult Care Food Program	41,954	44,766
City of Wilmington - HOPWA	42,071	43,276
State of Delaware - Division of Public Health	56,611	52,941
Delaware State Housing Authority - Rapid Re-Housing Program	-	7,600
U.S. Department of Housing and Urban Development		
Continuum of Care	101,213	212,621
HOPWA	16,275	8,851
State of Delaware - AmeriCorps State Caring Corps	28,784	64,613
	<u>\$ 873,742</u>	<u>\$ 668,175</u>
Total	<u>\$ 873,742</u>	<u>\$ 668,175</u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 8: UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give as of December 31 were receivable from various donors as follows:

	<u>2019</u>	<u>2018</u>
Receivable in Less than One Year	\$ 146,541	\$ 96,365
Receivable in One to Five Years	301,507	243,250
Receivable in More than Five Years	<u>120,000</u>	<u>180,000</u>
	568,048	519,615
Less Discounts to Net Present Value	<u>23,646</u>	<u>30,257</u>
Total Unconditional Promises to Give - Net	<u><u>\$ 544,402</u></u>	<u><u>\$ 489,358</u></u>

NOTE 9: 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:

	<u>2019</u>	<u>2018</u>
<i>Delaware State Housing Authority Operating Reserve</i> - Funds may be utilized for the payment of operating expenses and loan delinquencies.		
- Mary Mother of Hope House I Fund	\$ 202,765	\$ 202,765
- St. Francis Holistic Housing Fund	16,426	16,426
<i>Insurance Reserve</i> - Funds may be utilized for insurance premiums.		
- Mary Mother of Hope House I Fund	36,781	27,181
- St. Francis Holistic Housing Fund	5,613	5,613
<i>Reserve for Replacement</i> - Funds may be utilized for replacement of structural elements and mechanical equipment or for common area painting and decorating.		
- Mary Mother of Hope House I Fund	45,836	40,004
- St. Francis Holistic Housing Fund	103,884	96,964
<i>Interest Reserve</i> - 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	<u>2,441</u>	<u>2,441</u>
	<u><u>\$ 413,786</u></u>	<u><u>\$ 391,434</u></u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 10: NET INVESTMENT INCOME (LOSS)

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

	<u>2019</u>	<u>2018</u>
Interest and Dividends	\$ 350,008	\$ 408,948
Investment Advisory Fees	(75,546)	(71,983)
Realized Gains	282,815	366,430
Unrealized Gains (Losses)	<u>1,667,827</u>	<u>(1,278,246)</u>
Net Investment Income (Loss)	<u>\$ 2,225,104</u>	<u>\$ (574,851)</u>

NOTE 11: FAIR VALUE MEASUREMENTS

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

	<u>2019</u>				
	<u>Total Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Cost Basis</u>
Investments					
Cash Funds	\$ 393,912	\$ 393,912	\$ -	\$ -	\$ 393,912
U.S. Treasury Securities	2,262,441	2,262,441	-	-	2,220,477
U.S. Agency Securities	698,541	698,541	-	-	688,483
Mutual Funds	2,278,549	2,278,549	-	-	2,161,106
Corporate Bonds	1,620,972	1,620,972	-	-	1,566,434
Domestic Equities	4,802,327	4,802,327	-	-	3,679,949
International Equities	1,134,967	1,134,967	-	-	997,226
Funds Held at Delaware Community Foundation	<u>24,242</u>	<u>-</u>	<u>24,242</u>	<u>-</u>	<u>24,242</u>
Total Investments	<u>13,215,951</u>	<u>13,191,709</u>	<u>24,242</u>	<u>-</u>	<u>\$ 11,731,829</u>
Qualified Affordable					
Housing Project Escrow					
Cash Funds	8,289	8,289	-	-	8,289
Mutual Funds	100,493	100,493	-	-	97,054
Domestic Equities	70,891	70,891	-	-	61,327
International Equities	<u>5,092</u>	<u>5,092</u>	<u>-</u>	<u>-</u>	<u>4,059</u>
Total Qualified Affordable Housing Project Escrow	<u>184,765</u>	<u>184,765</u>	<u>-</u>	<u>-</u>	<u>\$ 170,729</u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 11: FAIR VALUE MEASUREMENTS - CONTINUED

	2019				Total Cost Basis
	Total Fair Value	Level 1	Level 2	Level 3	
Beneficial Interest in Charitable Trusts					
Remainder Trusts	\$ 345,415	\$ -	\$ -	\$ 345,415	
Perpetual Trusts	877,535	-	877,535	-	
Total Charitable Trusts	<u>1,222,950</u>	<u>-</u>	<u>877,535</u>	<u>345,415</u>	
Total Assets	<u>\$ 14,623,666</u>	<u>\$ 13,191,709</u>	<u>\$ 901,777</u>	<u>\$ 345,415</u>	
	2018				Total Cost Basis
	Total Fair Value	Level 1	Level 2	Level 3	
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	<u>11,522,835</u>	<u>11,498,593</u>	<u>24,242</u>	<u>-</u>	<u>\$ 11,694,709</u>
Qualified Affordable Housing Project Escrow					
Cash Funds	3,961	3,961	-	-	3,961
Mutual Funds	101,591	101,591	-	-	96,869
Domestic Equities	58,488	58,488	-	-	65,290
International Equities	960	960	-	-	1,085
Total Qualified Affordable Housing Project Escrow	<u>165,000</u>	<u>165,000</u>	<u>-</u>	<u>-</u>	<u>\$ 167,205</u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 11: FAIR VALUE MEASUREMENTS - CONTINUED

	2018				Total Cost Basis
	Total Fair Value	Level 1	Level 2	Level 3	
Beneficial Interest in Charitable Trusts					
Remainder Trusts	\$ 294,469	\$ -	\$ -	\$ 294,469	
Perpetual Trusts	<u>777,185</u>	<u>-</u>	<u>777,185</u>	<u>-</u>	
Total Charitable Trusts	<u>1,071,654</u>	<u>-</u>	<u>777,185</u>	<u>294,469</u>	
Total Assets	<u>\$ 12,759,489</u>	<u>\$ 11,663,593</u>	<u>\$ 801,427</u>	<u>\$ 294,469</u>	

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, 2019 and 2018:

Beneficial Interest in Charitable Trusts	
Balance - January 1, 2018	\$ 344,131
Change in Value of Charitable Remainder Trust	<u>(49,662)</u>
Balance - December 31, 2018	294,469
Change in Value of Charitable Remainder Trust	<u>50,946</u>
Balance - December 31, 2019	<u>\$ 345,415</u>

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 12: 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

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 12: ENDOWMENT - CONTINUED

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.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 12: ENDOWMENT - CONTINUED

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

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 12,454,172	\$ -	\$ 12,454,172
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	-	171,774	-
Purpose Restricted - Child Care Program Operations	-	687,533	-
Total Donor-Restricted Endowment Funds	-	946,544	946,544
Total Endowment Funds	\$ 12,454,172	\$ 946,544	\$ 13,400,716
	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 10,591,736	\$ -	\$ 10,591,736
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	\$ 10,591,736	\$ 1,096,099	\$ 11,687,835

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 12: 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, 2019 and 2018.

Changes in the Endowment's net assets for the years ended December 31, 2019 and 2018 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - January 1, 2018	<u>\$ 11,122,258</u>	<u>\$ 1,416,163</u>	<u>\$ 12,538,421</u>
Investment Return (Loss)			
Investment Income - Net of Fees	315,133	6,416	321,549
Net Losses - Realized and Unrealized	<u>(893,634)</u>	<u>(18,182)</u>	<u>(911,816)</u>
Total Investment Loss	<u>(578,501)</u>	<u>(11,766)</u>	<u>(590,267)</u>
Contributions and Deposits into Endowment	244,248	-	244,248
Distribution of Endowment Assets	(504,567)	-	(504,567)
Reclassifications - Net Assets Released from Restriction	<u>308,298</u>	<u>(308,298)</u>	<u>-</u>
Endowment Net Assets - December 31, 2018	<u>10,591,736</u>	<u>1,096,099</u>	<u>11,687,835</u>
Investment Return			
Investment Income - Net of Fees	231,280	4,895	236,175
Net Gains - Realized and Unrealized	<u>1,914,526</u>	<u>36,116</u>	<u>1,950,642</u>
Total Investment Return	<u>2,145,806</u>	<u>41,011</u>	<u>2,186,817</u>
Contributions and Deposits into Endowment	69,840	-	69,840
Distribution of Endowment Assets	(543,776)	-	(543,776)
Reclassifications - Net Assets Released from Restriction	<u>190,566</u>	<u>(190,566)</u>	<u>-</u>
Endowment Net Assets - December 31, 2019	<u><u>\$ 12,454,172</u></u>	<u><u>\$ 946,544</u></u>	<u><u>\$ 13,400,716</u></u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 13: 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, 2019 and 2018.

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

	<u>2019</u>	<u>2018</u>
Ownership %	0.01%	0.01%
Carrying Amount of Investment	<u>\$ 5,881,833</u>	<u>\$ 4,672,473</u>
Income (Loss) from Investment	<u>\$ (434)</u>	<u>\$ -</u>

The Organization had estimated remaining capital commitments to this qualified affordable housing project investment as of December 31, 2019 in the amount of approximately \$2,573,533, which will be funded by State of Delaware environmental grants and historic tax credit funding. 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.

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, 2019 and 2018.

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

	<u>2019</u>	<u>2018</u>
Partnership Income (Loss) Investment in Qualified Affordable Housing Project	<u>\$ (434)</u>	<u>\$ -</u>
Change in Net Assets	<u>\$ (434)</u>	<u>\$ -</u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 13: 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:

	<u>2019</u>	<u>2018</u>
Investment in Qualified Affordable Housing Project	<u>\$ 5,881,833</u>	<u>\$ 4,672,473</u>
Total Assets	<u><u>\$ 5,881,833</u></u>	<u><u>\$ 4,672,473</u></u>
Total Liabilities	\$ -	\$ -
Total Net Assets	<u>5,881,833</u>	<u>4,672,473</u>
Total Liabilities and Net Assets	<u><u>\$ 5,881,833</u></u>	<u><u>\$ 4,672,473</u></u>

NOTE 14: PROPERTY AND EQUIPMENT

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

	<u>2019</u>	<u>2018</u>
Land	\$ 972,982	\$ 972,982
Building and Improvements	28,422,903	27,507,917
Construction in Progress	190,158	236,192
Furniture and Equipment	4,085,676	3,903,487
Automobiles	<u>598,131</u>	<u>596,737</u>
	34,269,850	33,217,315
Accumulated Depreciation	<u>18,481,410</u>	<u>17,341,817</u>
Property and Equipment - Net	<u><u>\$ 15,788,440</u></u>	<u><u>\$ 15,875,498</u></u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 15: BENEFICIAL INTERESTS IN CHARITABLE TRUSTS

The Organization has known remainder interests in two charitable remainder unitrusts. For the years ended December 31, 2019 and 2018, the Organization's beneficial interest in these split-interest agreements increased (decreased) by \$50,946 and \$(49,662), respectively, which represented a change in the value of trust assets. As of December 31, 2019 and 2018, the Organization's estimated present value interest in these trusts was \$345,415 and \$294,469, 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 \$17,373 and \$17,085 during the years ended December 31, 2019 and 2018, respectively. Included in the consolidated statements of activities is an increase (decrease) in the Organization's beneficial interest in the trust of \$100,350 and \$(86,294) for the years ended December 31, 2019 and 2018, 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, 2019 and 2018 was \$877,535 and \$777,185, respectively.

NOTE 16: 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, 2019 and 2018, loan origination costs were carried at \$3,610 and \$3,849, respectively, net of accumulated amortization of \$5,971 and \$5,732, respectively.

NOTE 17: 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, 2019 and 2018 was 2.30% and 3.02%, respectively. The available credit is reevaluated monthly and is based on the market value of the pledged collateral. As of December 31, 2019, the estimated market value of the Organization's investments pledged as collateral was \$6,787,455 and the available line of credit was \$3,625,047. The outstanding balance was \$1,210,325 and \$1,207,828 as of December 31, 2019 and 2018, respectively.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 18: 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, 2019 and 2018 was \$367,302 and \$413,112, 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:

2020	\$	47,574
2021		49,239
2022		50,962
2023		52,745
2024		54,592
Thereafter		<u>1,056,636</u>
		<u><u>\$ 1,311,748</u></u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 19: 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 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 was contingently liable as guarantor with respect to this construction loan. The guaranty agreement indicated that the Organization would serve as guarantor with respect to this construction loan until the project was completed and the construction loan converted to a permanent mortgage at final closing. Final closing occurred during the year ended December 31, 2019. As such, the construction loan converted to a permanent mortgage and the Organization was released from the obligation as the guarantor. The outstanding balance of the construction loan was \$0 and \$1,300,000 as of December 31, 2019 and 2018, and 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 13, 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 were \$10,382,842 and \$4,890,513 as of December 31, 2019 and 2018, respectively. As of December 31, 2019 and 2018, these guarantees were not required to be included in the Organization's consolidated statements of financial position.

NOTE 20: 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, 2019 and 2018. 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 \$123,751 and \$13,127, respectively, for the year ended December 31, 2019 and \$75,030 and \$15,442, respectively, for the year ended December 31, 2018.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 21: 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, 2019 and 2018, revenue from administrative services on behalf of these entities totaled \$76,884 and \$79,145, 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, 2019 and 2018, 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.

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, during the year ended December 31, 2018, the Organization utilized its existing line of credit (Note 17) 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 loan balance due from the Village of St. John, L.P. was \$1,210,325 and \$1,207,828 as of December 31, 2019 and 2018, respectively.

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

	<u>2019</u>	<u>2018</u>
Due from Affiliated Organizations		
Sacred Heart Village I, Inc.	\$ -	\$ 15,037
Sacred Heart Village I, Inc. - Advance (Net of \$160,095 Allowance)	-	-
Sacred Heart Housing, Inc.	55,197	8,135
Village of St. John, L.P.	1,242,711	1,219,481
Sacred Heart Village II, Inc.	38,694	876
Mother Teresa House, Inc.	<u>1,423</u>	<u>-</u>
Total Due from Affiliated Organizations	<u>1,338,025</u>	<u>1,243,529</u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 21: RELATED-PARTY TRANSACTIONS - CONTINUED

	2019	2018
Due to Affiliated Organizations		
Sacred Heart Housing, Inc.	\$ 34,600	\$ 34,600
Sacred Heart Village I, Inc.	21,698	-
Mother Teresa House, Inc.	-	10,268
Sacred Heart Village II, Inc.	12,003	12,003
Village of St. John, L.P.	1,185	1,185
Sacred Heart Oratory	373	1,293
Total Due to Affiliated Organizations	69,859	59,349
Net Due from (to) Affiliated Organizations	\$ 1,268,166	\$ 1,184,180

NOTE 22: LEASES

The Organization leases office equipment and a parking lot for various terms under operating lease agreements. The leases expire on various dates through December 2025. Rental expense for the years ended December 31, 2019 and 2018 was \$74,921 and \$78,030, respectively.

As of December 31, 2019, future minimum lease payment are as follows:

2020	\$ 67,567
2021	53,176
2022	11,596
2023	12,755
2024	14,031
Thereafter	15,434
	\$ 174,559

NOTE 23: 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, insurance, which is allocated on the basis of the underlying building values, as well as salaries, employee benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2019

NOTE 24: SUBSEQUENT EVENT

In December 2019, COVID-19 emerged and has subsequently spread worldwide. The pandemic resulted in federal, state and local governments, and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, and stay at home orders and advisories. As the COVID-19 pandemic is complex and evolving, the Organization cannot reasonably estimate the duration and severity of this pandemic on the Organization's financial position, results of operations, and cash flows. Possible effects may include disruption to the Organization's revenues, unavailability of products and supplies used in operations, and a decline in value of assets held by the Organization, including investments. Management currently believes that it has adequate liquidity and business plans to address these possible risks for the next 12 months from the date of this report.

In response to the uncertainty created by the COVID-19 pandemic, the federal government signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. A provision of the CARES Act allowed for loans to eligible small businesses, including nonprofit organizations, under its Paycheck Protection Program (PPP) administered by the U.S. Small Business Administration. PPP Loans have a maturity term of 2 or 5 years and incur interest at a rate of 1%. PPP Loans contain provisions to forgive all or a portion of the funds borrowed based on a calculation that considers the borrower's incurrence of eligible costs and maintaining employee and salary levels for a period of time after receipt of the loan funds. In April 2020, the Organization received a PPP Loan in the amount of \$1,023,562.

NOTE 25: RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

The Organization restated its 2018 financial statements to account for a \$270,000 capital contribution to the Village of St. John project. Sacred Heart Housing, Inc., a related party (Note 21), received an award from the City of Wilmington for project development costs. In order to facilitate the intent of the transaction as an equity investment in qualified affordable housing project, the Organization was required to recognize a contribution from Sacred Heart Housing, Inc. and corresponding project investment during the year ended December 31, 2018. The effects of this restatement on the 2018 financial statements is as follows:

	As Previously Reported	As Restated	Adjustment
As of December 31, 2018			
Investment in Qualified Affordable Housing Project	\$ 4,402,473	\$ 4,672,473	\$ 270,000
Net Assets Without Donor Restrictions	32,461,512	32,731,512	270,000
Total Net Assets	37,493,576	37,763,576	270,000
For the Year Ended December 31, 2018			
Total Contributions and Fundraising	2,900,819	3,170,819	270,000
Change in Net Assets	1,051,206	1,321,206	270,000

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 the 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, 2019, 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 24, 2020.

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.

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 from 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 & Shurman, P.A.

August 24, 2020
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, 2019. 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ministry of Caring, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

To the Board of Directors
Ministry of Caring, Inc.

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

Opinion on Each Major Federal Program

In our opinion, Ministry of Caring, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

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 2019-001. 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 an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ministry of Caring, Inc.'s internal control over compliance.

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

To the Board of Directors
Ministry of Caring, Inc.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 2019-001, 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 & Shurman, P.A.

August 24, 2020
Wilmington, Delaware

MINISTRY OF CARING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2019

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	\$ 161,128	\$ -
Department of Housing and Urban Development			
Community Development Block Grants/Entitlement Grants City of Wilmington	14.218	17,998	-
Emergency Solutions Grants New Castle County	14.231	30,000	-
City of Wilmington	14.231	<u>25,514</u>	<u>-</u>
		<u>55,514</u>	<u>-</u>
Housing Opportunities for Persons with AIDS Direct Award	14.241	311,835	-
City of Wilmington	14.241	<u>68,747</u>	<u>-</u>
		<u>380,582</u>	<u>-</u>
Continuum of Care Direct Award	14.267	1,142,415	-
Department of Health and Human Services			
Community Services Block Grant First State Community Action Agency	93.569	196,788	-
Corporation for National and Community Service			
AmeriCorps State of Delaware - Department of Health and Social Services	94.006	144,814	-
Department of Homeland Security			
Emergency Food and Shelter National Board Program Jewish Family Services of Delaware	97.024	<u>22,249</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 2,121,488</u></u>	<u><u>\$ -</u></u>

MINISTRY OF CARING, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2019

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, 2019. 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, 2019

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Internal Control Over Financial Reporting:

- Material Weakness(es) Identified? Yes No
- Significant Deficiencies Identified that are Not Considered to be Material Weaknesses? Yes No

Noncompliance Material to Financial Statements Noted? Yes No

Federal Awards

Internal Control Over Major Programs:

- Material Weakness(es) Identified? Yes No
- Significant Deficiencies Identified that are not Considered to be Material Weaknesses? Yes No

Type of Auditors' Report Issued on Compliance for Major Programs: **Unmodified**

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

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
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?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2019

II. Financial Statement Findings

There were no current year financial statement findings.

III. Federal Award Findings and Questioned Costs

Finding Reference Number: 2019-001

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: Program Income

Criteria: The requirements of Title 24 U.S. *Code of Federal Regulations* (CFR) Part 578, *Continuum of Care Program*, Subpart F, *Program Requirements* indicate that recipients are not required to impose occupancy charges on program participants as a condition of residing in the housing. However, if occupancy charges are imposed, they may not exceed the highest of:

- 30% of the family's monthly adjusted income (adjustment factors include the number of people in the family, age of family members, medical expenses, and child-care expenses) or
- 10% of the family's monthly gross income.

Condition: Our testing included a sample of 10 tenants from 6 different programs. Audit procedures determined 3 instances where occupancy charges were not calculated in accordance with the requirements of Title 24 CFR Part 578:

- 1 tenant at Bethany House I was incorrectly charged rent based on 30% of their gross income, instead of their monthly adjusted income. This tenant exceeded the age of 62; therefore, they should have received a \$400 elderly deduction which would have reduced their gross income.
- 1 tenant at Saint Francis Holistic Housing was incorrectly charged rent based on 10% of their gross income. 30% of their adjusted gross income produced a higher rent amount. According to the regulations, the highest of the two calculations should be utilized.
- A file for 1 tenant at Nazareth House Holistic Housing did not contain the rent calculation to support the occupancy charge on file. According to the income documentation in the file and our rent recalculation, the tenant should have been charged a higher occupancy fee than the amount actually charged.

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2019

III. Federal Award Findings and Questioned Costs - Continued

Finding Reference Number: 2019-001 - Continued

Cause: Error in the methodology for calculating tenant rent.

Effect: 1 tenant was charged monthly rent amounts which exceeded the maximum allowed by the Code of Federal Regulations. 2 tenants were charged monthly rent amounts which did not exceed the maximum allowed by the Code of Federal Regulations; however, the amount charged was not the highest of the two options in the calculation. This resulted in inconsistency in how tenants were charged rent.

Recommendation: We recommend the Organization implement procedures to ensure that shelters which choose to charge rent are calculating rent based on the criteria in the Title 24 CFR Part 578. More specifically, we recommend the Organization distribute a rent calculation worksheet to all the shelters which will ensure a uniform method is being utilized that is in compliance with the requirements of Title 24 CFR Part 578.

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2019

IV. Corrective Action Plan

Finding Reference Number: 2019-001

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

Condition: Our testing included a sample of 10 tenants from 6 different programs. Audit procedures determined 3 instances where occupancy charges were not calculated in accordance with the requirements of Title 24 CFR Part 578:

- 1 tenant at Bethany House I was incorrectly charged rent based on 30% of their gross income, instead of their monthly adjusted income. This tenant exceeded the age of 62; therefore, they should have received a \$400 elderly deduction which would have reduced their gross income.
- 1 tenant at Saint Francis Holistic Housing was incorrectly charged rent based on 10% of their gross income. 30% of their adjusted gross income produced a higher rent amount. According to the regulations, the highest of the two calculations should be utilized.
- A file for 1 tenant at Nazareth House Holistic Housing did not contain the rent calculation to support the occupancy charge on file. According to the income documentation in the file and our rent recalculation, the tenant should have been charged a higher occupancy fee than the amount actually charged.

Corrective Action Plan:

Bethany House I: Program Director will recalculate the identified tenant's rent calculation using the eligible \$400 elderly deduction. Once complete, MOC will offer to reimburse tenant the overcharged amount in full or offer to reduce rent until tenant is reimbursed in full. Going forward, program director will review case manager work through a checklist approval process.

St. Francis Holistic Housing: Program Director will recalculate the rent of the tenant living in Saint Francis Holistic Housing and inform the tenant of her new rent amount. MOC will not request any repayment of the under charged amount. Going forward, program director will be required to confirm calculations are correct and sign off confirming it was reviewed and accepted.

Nazareth House Holistic Housing: Program Director will review and sign off on all rent calculations. MOC will require programs to use the HUD calculation sheet which will reduce errors and miscalculation. Program Director will review each rent calculation to confirm accuracy, and the required calculation sheet will be filed in tenants' file. Random sampling of files will be done quarterly.

Contact Person Responsible for Corrective Action: John Bates, Deputy Director of Programs

Anticipated Completion Date of Corrective Action: October 31, 2020

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2019

V. Status of Prior Year Findings

Finding Reference Number: 2018-01

Continuum of Care - CFDA 14.267

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.

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

SUPPLEMENTARY INFORMATION

MARY MOTHER OF HOPE HOUSE I FUND



BELFINT • LYONS • SHUMAN
Certified Public Accountants

www.belfint.com

Independent Auditors' Report on Supplementary Information Required by DSHA

To the Board of 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, 2019 and 2018, and our report thereon dated August 24, 2020, which expressed an unmodified opinion on those consolidated financial statements, appears on page 2. 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 24, 2020
Wilmington, Delaware

**MARY MOTHER OF HOPE HOUSE I FUND
OF MINISTRY OF CARING, INC.
DSHA PROJECT NO. DE-HDF-353-FY10-01
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019**

ASSETS	
Cash and Cash Equivalents	\$ 200
Grants Receivable	127,779
Prepaid Expenses	1,548
Escrow Accounts	285,421
Due from Other Funds	32,079
Investments	265,657
Property and Equipment - Net	<u>15,758</u>
TOTAL ASSETS	<u><u>\$ 728,442</u></u>
LIABILITIES	
Accounts Payable	\$ 30,416
Accrued Expenses	11,521
Notes Payable	<u>600,000</u>
TOTAL LIABILITIES	<u>641,937</u>
NET ASSETS	
Without Donor Restrictions	86,505
With Donor Restrictions	<u>-</u>
TOTAL NET ASSETS	<u>86,505</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 728,442</u></u>

DSHA STATEMENT OF PROFIT AND LOSS

Project Name: Mary Mother of Hope House I Fund

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

Year Ending 12/31/19

Part I	Description of Account	Amount	
RENTAL INCOME 5100	Rent Revenue - Gross Potential	5120	\$ -
	Tenant Assistance Payments	5121	
	Rent Revenue - Stores and Commercial	5140	
	Garage and Parking Space	5170	
	Flexible Subsidy Revenue	5180	
	Miscellaneous Rent Revenue	5190	
	Excess Rent	5191	
	Rent Revenue - Insurance	5192	
	Special Claims Revenue	5193	
	Retained Excess Income	5194	
	Lease Revenue (Nursing Homes)	5195	
	Total Rent Revenue		
VACANCIES 5200	Apartments	5220	
	Stores and Commercial	5240	
	Rental Concessions	5250	
	Garage and Parking Space	5270	
	Miscellaneous	5290	
Total Vacancies			\$ -
	Net Rent Revenue (Rent Revenue Less Vacancies)		\$ -
FINANCIAL REVENUE 5400	Nursing Homes/Assisted Living/Board & Care/Other Elderly Care/Coop/and Other Revenue	5300	
	Members Group Life Insurance Expense (Co-ops)	5320	
	Financial Revenue - Project Operations	5410	
	Revenue from Investments - Residual Receipts	5430	263
	Revenue from Investments - Replacement Reserve	5440	363
	Expiration of Gift Donor Restrictions (Non-Profits)	5460	
	Gifts (Non-Profits)	5470	61,899
Revenue from Investments - Miscellaneous	5490	44,275	
Total Financial Revenue			\$ 106,800
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): Government Grants	5990	380,583
Total Other Revenue			\$ 380,583
	Total Revenue		\$ 487,383
ADMINISTRATIVE EXPENSES 6200 6300	Conventions and Meetings	6203	
	Management Consultants	6204	7,974
	Advertising and Marketing	6210	
	Social Activity	6215	
	Other Renting Expenses	6250	
	Office Salaries	6310	241,655
	Office Expenses	6311	8,053
Office of Model Apartment Rent	6312		

DSHA STATEMENT OF PROFIT AND LOSS - CONTINUED

ADMINISTRATIVE EXPENSES 6200 6300 (Continued)	Management Fee	6320	\$ 2,122	
	Manager or Superintendent Salaries	6330		
	Administrative Rent Free Unit	6331		
	Legal Expenses - Project	6340		
	Auditing Expense - Project	6350	3,101	
	Bookkeeping Fees/Accounting Services	6351		
	Telephone and Answering Services	6360	5,291	
	Bad Debt Expense	6370		
	Miscellaneous Administrative Expenses	6390		
	Total Administrative Expenses			
UTILITIES EXPENSE 6400	Fuel Oil/Coal	6420	1,405	
	Electricity (Lights and Misc. Power)	6450	11,733	
	Water	6451		
	Gas	6452		
	Sewer	6453	9,373	
	Total Utilities Expenses			
OPERATING AND MAINTENANCE 6500	Janitor and Cleaning Payroll	6510		
	Janitorial Supplies	6515	3,675	
	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	22,164	
	Repairs Material	6541	12,767	
	Repairs Contracts	6542	5,705	
	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	15,972		
Total Operating and Maintenance Expense				\$ 60,283
TAXES AND INSURANCE 6700	Real Estate Taxes	6710		
	Payroll Taxes (FICA) (Project's Share)	6711	16,963	
	Property and Liability Insurance (Hazard)	6720	4,841	
	Fidelity Bond Insurance	6721		
	Workers' Compensation	6722	10,158	
	Health Insurance and Other Employee Benefits	6723	74,094	
	Miscellaneous Taxes, Licenses, Permits, and Insurance	6790	1,817	
	Total Taxes and Insurance			
	Total Operating Expenses			\$ 458,863

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	\$ 206,613	\$ 206,613
	Total Cost of Operations Before Depreciation			\$ 665,476
	Profit (Loss) Before Depreciation		\$ (178,093)	
DEPRECIATION 6600	Depreciation Expenses	6600	4,949	
	Amortization Expense	6610		
	Operating Profit or (Loss)			\$ (183,042)
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)			\$ (183,042)
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.		\$ 5,796	
	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, 2019**

NET ASSETS WITHOUT DONOR RESTRICTIONS BALANCE - Beginning of Year	\$	269,547
Change in Net Assets Without Donor Restrictions		<u>(183,042)</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS BALANCE - End of Year	\$	<u>86,505</u>
NET ASSETS WITH DONOR RESTRICTIONS BALANCE - Beginning of Year	\$	-
Change in Net Assets With Donor Restrictions		<u>-</u>
NET ASSETS WITH DONOR RESTRICTIONS BALANCE - End of Year	\$	<u>-</u>

IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST

Development Name	Mary Mother of Hope House I Fund of Ministry of Caring, Inc.
DSHA/HUD/RD Number	DE-HDF-353-FY10-01
Fiscal Year End	December 31, 2019

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

	<u>Yes, No or N/A</u>	<u>Working Paper Reference</u>
1. <u>Mortgage Status</u>		
A. Are payments on the mortgage(s) current?	<u>N/A</u>	<u> </u>
First Lien		
Second Lien		
Third Lien		
Fourth Lien		
Fifth Lien		
B. Has the mortgagor/grantee complied with the terms and conditions of the mortgage, modification, Regulatory, forbearance and/or workout agreement?	<u>Yes</u>	<u> </u>
C. If the workout agreement, Regulatory Agreement or subsequent correspondence requires periodic deposits of surplus cash, were such deposits made within 60 days after the end of the specified period?	<u>N/A</u>	<u> </u>
2. <u>Books and Records</u>		
A. Are a completed set of books and records maintained in a satisfactory manner?	<u>Yes</u>	<u>WP# 1000-04</u>
B. Does the mortgagor/grantee make frequent postings (at least monthly) to the ledger accounts?	<u>Yes</u>	<u>WP# 1402-03</u>
3. <u>Cash Activities</u>		
A. Are the cash receipts deposited in an account in the name of the development/program?	<u>No</u>	<u>WP# 2001</u>
B. Are all account balances fully federally insured?	<u>No</u>	<u>WP# 2005</u>
C. Are security deposits kept in an account separate and apart from all other funds of the development?	<u>N/A</u>	<u> </u>
D. Are security deposits kept in an interest-bearing account and is the interest returned to the tenant or applied to a tenant balance?	<u>N/A</u>	<u> </u>

IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST - CONTINUED

Examination Item Reference (Cont.)

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

IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST - CONTINUED

Examination Item Reference (Cont.)

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

Delaware State Housing Authority
COMPUTATION OF SURPLUS CASH AND DISTRIBUTIONS

Property Name <u>Mary Mother of Hope House I Fund</u>	Fiscal Period Ending <u>12/31/2019</u>	DSHA/HDF Number <u>DE-HDF-353-FY10-01</u>
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PART A. - COMPUTE SURPLUS CASH

Section 1 - Cash

1.	Cash	\$ <u>200</u>	
2.	Tenant Subsidy Vouchers due for Period Covered by Financial Statements	\$ _____	
3.	Other (Describe) _____	\$ _____	
	(A) Total Cash (Add Lines 1, 2, & 3)		\$ <u>200</u>

Section 2 - Current Obligations

4.	Accrued Mortgage Interest Payables	\$ _____	
5.	Delinquent Mortgage Principal Payments	\$ _____	
6.	Delinquent Deposits to Reserve for Replacements	\$ _____	
7.	Accounts Payable (due within 30 days)	\$ <u>30,416</u>	
8.	Loans and Notes Payable (due within 30 days)	\$ _____	
9.	Deficient Tax Insurance/Mortgage Insurance Escrow	\$ _____	
10.	Accrued Expenses (not escrowed)	\$ <u>11,521</u>	
11.	Paid Rents	\$ _____	
12.	Tenant Security Deposits Liability	\$ _____	
13.	Other (Describe) _____	\$ _____	
	(B) Total Liabilities		\$ <u>41,937</u>
	(C) Surplus Cash (Deficiency)		\$ <u>(41,737)</u>
	Line (A) Minus Line (B)		

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

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

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

SUPPLEMENTARY INFORMATION

ST. FRANCIS HOLISTIC HOUSING FUND



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, 2019 and 2018, and our report thereon dated August 24, 2020, which expressed an unmodified opinion on those consolidated financial statements, appears on page 2. 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 24, 2020
Wilmington, Delaware

**ST. FRANCIS HOLISTIC HOUSING FUND
OF MINISTRY OF CARING, INC.
DSHA PROJECT NO. DE 26B93-0325
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019**

ASSETS

Cash and Cash Equivalents	\$ -
Grants Receivable	19,363
Prepaid Expenses and Refundable Deposits	171
Escrow Accounts	24,480
Replacement Reserve	103,884
Investments	157,850
Property and Equipment - Net	249,130
Loan Origination Costs - Net	<u>3,610</u>

TOTAL ASSETS

\$ 558,488

LIABILITIES

Accounts Payable	\$ 7,455
Accounts Payable - Due to Other Funds (Net)	588,197
Accrued Expenses	1,167
Security Deposits	744
Mortgage Payable - DSHA	<u>344,446</u>

TOTAL LIABILITIES

942,009

NET DEFICIENCY IN ASSETS

Without Donor Restrictions	<u>(383,521)</u>
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TOTAL LIABILITIES AND NET DEFICIENCY IN ASSETS

\$ 558,488

DSHA STATEMENT OF PROFIT AND LOSS

Project Name: St. Francis Holistic Housing Fund

Project Number: DE 26B93-0325

Year Ending: 12/31/19

Part I	Description of Account	Amount	
RENTAL INCOME 5100	Rent Revenue - Gross Potential	5120	\$ 12,612
	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)			\$ 12,612
FINANCIAL REVENUE 5400	Nursing Homes/Assisted Living/Board & Care/Other Elderly Care/Co-op/and Other Revenue	5300	
	Members Group Life Insurance Expense (Co-ops)	5320	
	Financial Revenue - Project Operations	5410	
	Revenue from Investments - Residual Receipts	5430	70
	Revenue from Investments - Replacement Reserve	5440	861
	Expiration of Gift Donor Restrictions (Non-Profits)	5460	
	Gifts (Non-Profits)	5470	
Revenue from Investments - Miscellaneous	5490	25,749	
Total Financial Revenue			\$ 26,680
OTHER REVENUE 5900	Laundry and Vending Revenue	5910	62
	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	253,769
Total Other Revenue			\$ 253,831
Total Revenue			\$ 293,123
ADMINISTRATIVE EXPENSES 6200 6300	Conventions and Meetings	6203	
	Management Consultants	6204	781
	Advertising and Marketing	6210	
	Social Activity	6215	
	Other Renting Expenses	6250	
	Office Salaries	6310	58,719
	Office Expenses	6311	
Office of Model Apartment Rent	6312		

DSHA STATEMENT OF PROFIT AND LOSS - CONTINUED

ADMINISTRATIVE EXPENSES 6200 6300 (Continued)	Management Fee	6320	\$ 13,356	
	Manager or Superintendent Salaries	6330		
	Administrative Rent Free Unit	6331		
	Legal Expenses - Project	6340		
	Auditing Expense - Project	6350	3,101	
	Bookkeeping Fees/Accounting Services	6351		
	Telephone and Answering Services	6360	1,486	
	Bad Debt Expense	6370		
	Miscellaneous Administrative Expenses	6390		
	Total Administrative Expenses			\$ 77,443
UTILITIES EXPENSE 6400	Fuel Oil/Coal	6420	1,373	
	Electricity (Lights and Miscellaneous Power)	6450	1,940	
	Water	6451		
	Gas	6452		
	Sewer	6453	5,727	
	Total Utilities Expenses			\$ 9,040
OPERATING AND MAINTENANCE 6500	Janitor and Cleaning Payroll	6510		
	Janitorial Supplies	6515		
	Janitorial Cleaning Contracts	6517		
	Exterminating Contract/Payroll	6519		
	Exterminating Supplies	6520		
	Operating and Maintenance Rent Free Unit	6521		
	Garbage and Trash Removal	6525		
	Fire Safety/Equipment and Contract	6528		
	Security Payroll/Contract	6530		
	Security Rent Free Unit	6531		
	Grounds Payroll	6535		
	Grounds Supplies	6536		
	Grounds Contract	6537		
	Repairs Payroll	6540	26,885	
	Repairs Material	6541	10,596	
	Repairs Contracts	6542	2,220	
	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			\$ 39,701	
TAXES AND INSURANCE 6700	Real Estate Taxes	6710		
	Payroll Taxes (FICA) (Project's Share)	6711	3,592	
	Property and Liability Insurance (Hazard)	6720	2,019	
	Fidelity Bond Insurance	6721		
	Workers' Compensation	6722	1,419	
	Health Insurance and other Employee Benefits	6723	73	
	Miscellaneous Taxes, Licenses, Permits, and Insurance	6790	-	
	Total Taxes and Insurance			\$ 7,103
	Total Operating Expenses		\$ 133,287	

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	\$ 23,494	\$ 23,494
Total Cost of Operations Before Depreciation				\$ 156,781
Profit (Loss) Before Depreciation			136,342	
DEPRECIATION 6600	Depreciation Expenses	6600	37,467	
	Amortization Expense	6610	239	
Operating Profit or (Loss)				\$ 98,636
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)				\$ 98,636
Part II*				
1. Total principal payments required under the mortgage, even if payments under a Workout Agreement are less or more than those required under the mortgage.			\$ -	
2. Replacement Reserve deposits required by the Regulatory Agreement or Amendments thereto, even if payments may be temporarily suspended or waived.			\$ 6,878	
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 DEFICIENCY IN ASSETS
YEAR ENDED DECEMBER 31, 2019**

NET DEFICIENCY IN ASSETS WITHOUT DONOR	
RESTRICTIONS BALANCE - Beginning of Year	\$ (482,157)
Change in Net Deficiency in Assets Without Donor Restrictions	98,636
	<u>98,636</u>
 NET DEFICIENCY IN ASSETS WITHOUT DONOR	
RESTRICTIONS BALANCE - End of Year	\$ (383,521)
	<u>(383,521)</u>
 NET ASSETS WITH DONOR RESTRICTIONS BALANCE - Beginning of Year	
Change in Net Assets With Donor Restrictions	-
	<u>-</u>
 NET ASSETS WITH DONOR RESTRICTIONS BALANCE - End of Year	
	\$ -
	<u>-</u>
	<u>-</u>

IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST

Development Name	<u>St. Francis Holistic Housing Fund of Ministry of Caring, Inc.</u>
DSHA/HUD/RD Number	<u>DE 26B93-0325</u>
Fiscal Year End	<u>December 31, 2019</u>

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

	<u>Yes, No or N/A</u>	<u>Working Paper Reference</u>
1. <u>Mortgage Status</u>		
A. Are payments on the mortgage(s) current?	<u>N/A</u>	<u></u>
First Lien		
Second Lien		
Third Lien		
Fourth Lien		
Fifth Lien		
B. Has the mortgagor/grantee complied with the terms and conditions of the mortgage, modification, Regulatory, forbearance and/or workout agreement?	<u>Yes</u>	<u></u>
C. If the workout agreement, Regulatory Agreement or subsequent correspondence requires periodic deposits of surplus cash, were such deposits made within 60 days after the end of the specified period?	<u>N/A</u>	<u></u>
2. <u>Books and Records</u>		
A. Are a completed set of books and records maintained in a satisfactory manner?	<u>Yes</u>	<u>WP# 1000-09</u>
B. Does the mortgagor/grantee make frequent postings (at least monthly) to the ledger accounts?	<u>Yes</u>	<u>WP# 1402-03</u>
3. <u>Cash Activities</u>		
A. Are the cash receipts deposited in an account in the name of the development/program?	<u>No</u>	<u>WP# 2001</u>
B. Are all account balances fully federally insured?	<u>No</u>	<u>WP# 2005</u>
C. Are security deposits kept in an account separate and apart from all other funds of the development?	<u>No</u>	<u>WP# 4105</u>
D. Are security deposits kept in an interest-bearing account and is the interest returned to the tenant or applied to a tenant balance?	<u>No</u>	<u>WP# 2001</u>

IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST - CONTINUED

Examination Item Reference (Cont.)

	<u>Yes, No or N/A</u>	<u>Working Paper Reference</u>
E. Does the balance in the security deposit account equal or exceed the liability? Note: The liability difference should include the accrued interest payable.	<u>No</u>	<u>WP# 4105</u>
F. Does the owner and/or the management agent have a fidelity bond in an amount at least equal to potential collections for two months which provides coverage for all employees handling cash?	<u>Yes</u>	<u>WP# 605</u>
G. Did cash disbursements exclude payments for items listed below:		
(1) Legal expenses incurred in the sale of partnership interest or in connection with permanent closing?	<u>N/A</u>	<u> </u>
(2) The fee for the preparation of a partner's, shareholder's or individual's federal, state, or local income tax returns?	<u>N/A</u>	<u> </u>
(3) Expenses for advice to an owner on tax consequences of foreclosure?	<u>N/A</u>	<u> </u>
(4) Reimbursement to the owners or affiliates for prior advances, capital expenditures and/or development acquisition costs while the mortgage/grant is in default, under modification, forbearance or provisional workout arrangements?	<u>N/A</u>	<u> </u>
(5) Were all disbursements from the operating account(s) made exclusively for operation or obligations of the development?	<u>Yes</u>	<u>WP# 8002</u>
(6) Were letter of credit fees paid for out of operations or obligations of the development?	<u>N/A</u>	<u> </u>

IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST - CONTINUED

Examination Item Reference (Cont.)

	<u>Yes, No or N/A</u>	<u>Working Paper Reference</u>
H. Were distributions made to, or on behalf of, the owners limited to those authorized by the Regulatory Agreement or the distributions in accordance with prior written approval of DSHA while the development was in a surplus cash position?	<u>N/A</u>	<u> </u>
(1) Developments operating under a modification or forbearance agreement and/or a provisional workout arrangement are not in a "surplus cash" position for distributions.	<u>N/A</u>	<u> </u>
I. Were residual receipts deposited with the mortgagee within 30 days after mortgagee request for such deposit? (HUD Section 8/202/236 projects only)	<u>N/A</u>	<u> </u>
J. Were excess rental collections in Section 236 developments remitted to HUD each month?	<u>N/A</u>	<u> </u>
K. Does the mortgagor/grantee have a formal rent collection policy and is it posted?	<u>Yes</u>	<u>WP# 224</u>
L. Is the collection policy uniformly enforced?	<u>Yes</u>	<u>WP# 224</u>
M. Do tenants' accounts receivable consist exclusively of amounts due from those other than employees?	<u>N/A</u>	<u> </u>
N. Is there a formal procedure to write off bad debts?	<u>No</u>	<u>WP# 224</u>
O. Have write-offs of tenants' accounts been less than one percent of the gross rent?	<u>Yes</u>	<u>WP# 224</u>
P. Are accounts receivable other than tenants' receivable composed exclusively of amounts due from unrelated persons or firms?	<u>Yes</u>	<u>WP# 2321-31</u>
Q. Were there indications that payments for services, supplies or materials were substantially in excess of amounts normally paid for such services, etc.?	<u>No</u>	<u> </u>

IX. AUDIT INTERNAL CONTROL/COMPLIANCE CHECKLIST - CONTINUED

Examination Item Reference (Cont.)

	<u>Yes, No or N/A</u>	<u>Working Paper Reference</u>
R. Were accounts payable remitted in a timely manner so as to not incur late charges/penalties?	<u>Yes</u>	<u>WP# 4102</u>
S. Has the mortgagee made the required deposits to the mortgage escrow accounts as required by the loan documents?	<u>Yes</u>	<u>WP# 5003</u>
4. <u>Management Compensation</u>		
A. Was compensation to the management agent limited to the amounts prescribed in the Management Agreement?	<u>N/A</u>	<u></u>
B. Were development expenses paid in accordance with the management agreement (no expenses that management agents are required to pay charged to the development)?	<u>N/A</u>	<u></u>
5. <u>Rents and Occupancy</u>		
A. On nonsubsidized tax credit developments, is the gross potential rental income from apartments equal to or less than that shown on the most recent rent schedule?	<u>N/A</u>	<u></u>
B. On subsidized developments, are dwelling unit rents the same as those approved by DSHA/HUD/RD on the most recent rent schedule?	<u>N/A</u>	<u></u>
6. <u>RD/HUD Subsidy Payments (Section 8/515 Developments Only)</u>		
A. Were the amounts requested from DSHA/HUD/RD adequately supported by the accounting records?	<u>N/A</u>	<u></u>
B. Were subsidy receipts recorded in the proper accounts?	<u>N/A</u>	<u></u>
C. Utility allowance payments were paid to residents within five days of receipt from DSHA/HUD/RD and in an amount equal to the corresponding utility allowance subsidy amounts received.	<u>N/A</u>	<u></u>

Delaware State Housing Authority
COMPUTATION OF SURPLUS CASH AND DISTRIBUTIONS

Property Name	Fiscal Period Ending	DSHA/HDF Number
St. Francis Holistic Housing Fund	12/31/2019	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)	\$ <u>595,652</u>	
8.	Loans and Notes Payable (due within 30 days)	\$ _____	
9.	Deficient Tax Insurance/Mortgage Insurance Escrow	\$ _____	
10.	Accrued Expenses (not escrowed)	\$ <u>1,167</u>	
11.	Paid Rents	\$ _____	
12.	Tenant Security Deposits Liability	\$ <u>744</u>	
13.	Other (Describe) _____	\$ _____	
	(B) Total Liabilities		\$ <u>597,563</u>
	(C) Surplus Cash (Deficiency)		\$ <u>(597,563)</u>
	Line (A) Minus Line (B)		

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

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

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

SUPPLEMENTARY INFORMATION

EMMANUEL DINING ROOM FUND



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Certified Public Accountants

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*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, 2019 and 2018, and our report thereon dated August 24, 2020, which expressed an unmodified opinion on those consolidated financial statements, appears on page 2. 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 24, 2020
Wilmington, Delaware

**EMMANUEL DINING ROOM FUND
OF MINISTRY OF CARING, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019**

ASSETS	
Cash and Cash Equivalents	\$ 200
Grants Receivable	83,704
Promises to Give	121,387
Prepaid Expenses and Other Current Assets	171
Investments	521,199
Property and Equipment - Net	49,086
Due from Other Funds	<u>419,537</u>
TOTAL ASSETS	<u><u>\$ 1,195,284</u></u>
LIABILITIES	
Accounts Payable	\$ 41,931
Accrued Expenses	<u>11,005</u>
TOTAL LIABILITIES	<u>52,936</u>
NET ASSETS	
Without Donor Restrictions	723,337
With Donor Restrictions	<u>419,011</u>
TOTAL NET ASSETS	<u>1,142,348</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,195,284</u></u>

**EMMANUEL DINING ROOM FUND
OF MINISTRY OF CARING, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Contributions and Fundraising	\$ 741,649	\$ 100,000	\$ 841,649
Contributed Rent	63,000	-	63,000
United Way - Designation and Personal Giving	25,847	-	25,847
Government Grants	234,347	-	234,347
Program Fees and Other Income	481	-	481
Interest and Dividends - Net of Fees	5,312	4,895	10,207
Net Gains on Investments	39,192	36,116	75,308
	<hr/>	<hr/>	<hr/>
Total Revenue	1,109,828	141,011	1,250,839
Net Assets Released from Restrictions	1,480	(1,480)	-
	<hr/>	<hr/>	<hr/>
TOTAL REVENUE AND OTHER SUPPORT	1,111,308	139,531	1,250,839
EXPENSES	<hr/>	<hr/>	<hr/>
	652,807	-	652,807
CHANGE IN NET ASSETS BEFORE ASSISTANCE FROM (TO) OTHER FUNDS	458,501	139,531	598,032
ASSISTANCE FROM (TO) OTHER FUNDS			
Assistance from (to) Other Funds - Net	(93,357)	-	(93,357)
	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS	365,144	139,531	504,675
NET ASSETS - Beginning of Year	<hr/>	<hr/>	<hr/>
	358,193	279,480	637,673
NET ASSETS - End of Year	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 723,337	\$ 419,011	\$ 1,142,348

SUPPLEMENTARY INFORMATION

MINISTRY OF CARING GUILD



BELFINT • LYONS • SHUMAN
Certified Public Accountants

www.belfint.com

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

To the Board of 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, 2019 and 2018, and our report thereon dated August 24, 2020, which expressed an unmodified opinion on those consolidated financial statements, appears on page 2. 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 24, 2020
Wilmington, Delaware

**MINISTRY OF CARING GUILD
OF MINISTRY OF CARING, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

	2019	2018
ASSETS		
Cash and Cash Equivalents	\$ 196,514	\$ 200,810
LIABILITIES		
Accounts Payable and Other Current Liabilities	\$ 8,728	\$ 2,403
Due to Other Funds	4,102	408
TOTAL LIABILITIES	12,830	2,811
NET ASSETS		
Without Donor Restrictions	183,684	197,999
TOTAL LIABILITIES AND NET ASSETS	\$ 196,514	\$ 200,810

**MINISTRY OF CARING GUILD
OF MINISTRY OF CARING, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
REVENUE AND OTHER SUPPORT		
Auction	\$ 123,683	\$ 134,335
Eleganza Fashion Show	80,778	85,246
Voices of Caring	29,085	29,052
Recognition Dinner	5,400	12,150
Mardi Gras	5,755	-
Crab Feast	26,391	28,665
Dinner Theater	-	6,253
Membership Income and Other Contributions	975	2,025
	272,067	297,726
FUNDRAISING EXPENSES		
Auction	29,427	45,762
Eleganza Fashion Show	31,498	29,980
Voices of Caring	1,043	9,434
Recognition Dinner	3,058	1,349
Mardi Gras	1,981	-
Crab Feast	13,516	15,087
Dinner Theater	-	3,414
General Expenses	3,320	5,746
Contributions and Assistance to Ministry of Caring, Inc.	202,539	125,142
	286,382	235,914
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(14,315)	61,812
NET ASSETS WITHOUT DONOR RESTRICTIONS - Beginning of Year	197,999	136,187
NET ASSETS WITHOUT DONOR RESTRICTIONS - End of Year	\$ 183,684	\$ 197,999