

MINISTRY OF CARING, INC.

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

DECEMBER 31, 2020 AND 2019

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, 2020 and 2019, 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 from 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, 2020 and 2019, 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2021 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, and 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 & Shuman, P.A.

September 24, 2021
Wilmington, Delaware

MINISTRY OF CARING, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Cash and Cash Equivalents	\$ 3,639,223	\$ 2,248,067
Cash and Cash Equivalents - Restricted for Investment in Capital	2,353,201	1,858,556
Grants Receivable	1,145,317	873,742
Program Fees Receivable	58,645	86,858
Promises to Give - Net	425,248	544,402
Prepaid Expenses and Other Assets	165,935	147,440
Developer Fee Receivable	703,423	855,753
Due from Affiliated Organizations	1,618,079	1,338,025
Mortgage Escrow Accounts	436,461	413,786
Investments - Qualified Affordable Housing Project Escrow	207,576	184,765
Investments	14,443,727	13,215,951
Investment in Qualified Affordable Housing Project	5,881,769	5,881,833
Property and Equipment - Net	15,295,792	15,788,440
Beneficial Interests in Charitable Trusts	1,303,051	1,222,950
TOTAL ASSETS	\$ 47,677,447	\$ 44,660,568
LIABILITIES		
Accounts Payable	\$ 393,951	\$ 225,777
Accrued Expenses	233,488	201,815
Security and Other Deposits	40,080	39,899
Development Fee Payable	277,430	427,877
Due to Affiliated Organizations	35,785	69,859
Conditional Grant - Paycheck Protection Program Loan	1,023,562	-
Conditional Grant - Other	800,000	-
Line of Credit	1,225,537	1,210,325
Note Payable	15,999	-
Mortgage Payable - Bank	319,959	367,302
Mortgages Payable - Delaware State Housing Authority	944,446	944,446
TOTAL LIABILITIES	5,310,237	3,487,300
NET ASSETS		
Without Donor Restrictions	36,997,477	36,066,412
With Donor Restrictions	5,369,733	5,106,856
TOTAL NET ASSETS	42,367,210	41,173,268
TOTAL LIABILITIES AND NET ASSETS	\$ 47,677,447	\$ 44,660,568

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

MINISTRY OF CARING, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT FROM OPERATIONS			
Contributions	\$ 2,719,768	\$ 633,964	\$ 3,353,732
Fundraising Income	463,639	-	463,639
United Way	61,857	-	61,857
Government Grants	4,132,613	-	4,132,613
Program Fees	527,734	-	527,734
Program Fees - Government Contracts	459,931	-	459,931
Miscellaneous Income	35,624	-	35,624
TOTAL SUPPORT FROM OPERATIONS	8,401,166	633,964	9,035,130
EXPENSES			
Program Services (78%)	7,799,277	-	7,799,277
Management and General (17%)	1,692,092	-	1,692,092
Fundraising (5%)	451,452	-	451,452
TOTAL EXPENSES	9,942,821	-	9,942,821
CHANGE IN NET ASSETS FROM OPERATIONS	(1,541,655)	633,964	(907,691)
OTHER SUPPORT AND REVENUE			
Contributions and Grants Restricted for Capital Investment	-	221,106	221,106
Change in Value of Beneficial Interests in Charitable Trusts	-	80,101	80,101
Net Investment Income	1,747,983	32,892	1,780,875
Income Distributed from Perpetual Trust	19,615	-	19,615
Partnership Loss - Investment in Qualified Affordable Housing Project	(64)	-	(64)
TOTAL OTHER SUPPORT AND REVENUE	1,767,534	334,099	2,101,633
Net Assets Released from Restriction	705,186	(705,186)	-
CHANGE IN NET ASSETS	931,065	262,877	1,193,942
NET ASSETS - Beginning of Year	36,066,412	5,106,856	41,173,268
NET ASSETS - End of Year	\$ 36,997,477	\$ 5,369,733	\$ 42,367,210

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	\$ 2,106,147	\$ 382,670	\$ 2,488,817
Fundraising Income	337,590	-	337,590
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 FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	2020			
	Program Services	Management and General	Fundraising	Total Program and Supporting Services
SALARIES AND RELATED EXPENSES				
Salaries - Religious Employees	\$ 349,994	\$ 85,950	\$ 21,605	\$ 457,549
Salaries - Lay Employees	2,952,935	629,401	177,544	3,759,880
Employee Benefits	680,388	167,086	42,002	889,476
Payroll Taxes	211,187	51,862	13,038	276,087
TOTAL SALARIES AND RELATED EXPENSES	4,194,504	934,299	254,189	5,382,992
OTHER EXPENSES				
Advertising and Public Relations	49	-	-	49
Amortization	-	239	-	239
Assistance to Individuals and Groups	374,216	-	-	374,216
Automobile Expenses	30,327	31,385	826	62,538
Loan to Affiliate - Bad Debt Reserve	-	195,000	-	195,000
Cleaning and Janitorial	82,698	6,063	160	88,921
Conferences and Training	3,698	3,047	80	6,825
Contribution to Affiliate	470,240	-	-	470,240
Depreciation	1,056,613	129,903	3,331	1,189,847
Educational and Program Supplies	15,409	-	-	15,409
Food and Beverages	137,752	2,678	70	140,500
Fundraising Events	-	-	161,397	161,397
Insurance	250,450	44,388	617	295,455
Interest Expense and Bank Fees	-	46,001	-	46,001
Medical and Dental Supplies	28,212	-	-	28,212
Minor Equipment	34,794	6,539	172	41,505
Miscellaneous	11,457	44,828	1,180	57,465
Office Supplies	25,085	8,428	222	33,735
Other Supplies	23,159	15,012	395	38,566
Postage	741	11,441	301	12,483
Printing and Publications	28,910	37,955	999	67,864
Professional Fees	99,554	63,867	-	163,421
Repairs and Maintenance	270,721	50,267	1,323	322,311
Service Contracts	277,422	-	24,591	302,013
Utilities	383,266	60,752	1,599	445,617
TOTAL OTHER EXPENSES	3,604,773	757,793	197,263	4,559,829
TOTAL EXPENSES	\$ 7,799,277	\$ 1,692,092	\$ 451,452	\$ 9,942,821

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 STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Revenue and Other Support	\$ 8,566,448	\$ 8,181,807
Cash Paid to Suppliers and Employees	(8,382,233)	(8,311,918)
Interest Paid	(13,123)	(14,655)
Interest and Dividends Received	278,288	315,616
	<u>449,380</u>	<u>170,850</u>
NET CASH FROM OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(678,497)	(1,025,672)
Purchase of Investments	(11,425,419)	(6,481,890)
Proceeds from Sale of Investments	11,765,518	6,789,491
Interest Earned but Retained in Mortgage Escrow Deposits	(3,015)	(3,463)
Net Deposits into Mortgage Escrow	(19,660)	(18,889)
Loans to Affiliated Organizations	(197,000)	-
Investment in Qualified Affordable Housing Project	-	(1,209,794)
	<u>(558,073)</u>	<u>(1,950,217)</u>
NET CASH FROM INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions and Grants Restricted for the Purchase of Property and Equipment	221,106	1,731,159
Proceeds from Conditional Grants Restricted for the Purchase of Property and Equipment	800,000	-
Proceeds from Line of Credit	185,000	-
Principal Payments on Line of Credit	(186,147)	(31,895)
Principal Payments on Note Payable	(1,684)	-
Principal Payments on Mortgage Payable	(47,343)	(45,810)
Proceeds from Conditional Grant - Paycheck Protection Program Loan	1,023,562	-
	<u>1,994,494</u>	<u>1,653,454</u>
NET CASH FROM FINANCING ACTIVITIES		
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	1,885,801	(125,913)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - Beginning of Year	<u>4,106,623</u>	<u>4,232,536</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - End of Year	<u>\$ 5,992,424</u>	<u>\$ 4,106,623</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, 2020 AND 2019

	2020	2019
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,193,942	\$ 3,409,692
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities		
Loan to Affiliate - Bad Debt Reserve	195,000	-
Depreciation and Amortization	1,190,086	1,139,832
Gains on Investments	(1,557,413)	(1,950,642)
Partnership Loss - Investment in Qualified Affordable Housing Project	64	434
Discount on Promises to Give	(5,827)	(6,611)
Noncash Contributions Received	(33,273)	(69,840)
Contributions and Grants Restricted for the Purchase of Property and Equipment	(221,106)	(1,731,159)
Change in Value of Beneficial Interests in Charitable Trusts	(80,101)	(151,296)
Change in Assets		
Grants Receivable	(271,575)	(205,567)
Program Fees Receivable	28,213	42,728
Promises to Give	124,981	(48,433)
Prepaid Expenses and Other Assets	(18,734)	3,919
Net Developer Fee Receivable	1,883	(581,560)
Due from Affiliated Organizations	(261,695)	(60,104)
Change in Liabilities		
Accounts Payable	167,155	38,616
Accrued Expenses	31,673	47,910
Lease Deposit Liability	-	(7,541)
Development Fee Payable	-	290,780
Security and Other Deposits	181	(818)
Due to Affiliated Organizations	(34,074)	10,510
Total Adjustments	(744,562)	(3,238,842)
NET CASH FROM OPERATING ACTIVITIES	\$ 449,380	\$ 170,850

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

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020 and 2019, 17% and 16%, respectively, of the Organization's total support from operations was derived from contracts with the U.S. Department of Housing and Urban Development.

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

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

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

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

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

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

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 1: NATURE OF ACTIVITIES - CONTINUED

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

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

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

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

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

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

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

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, 2020

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 34½-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, 2020

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.

During 2020, the Organization's normal operations and revenue streams were impacted by the COVID-19 pandemic. In March 2020, in order to comply with state and local health and safety standards, the Organization faced various restrictions and closed their three childcare centers as well as their dental office. Two of the childcare centers reopened in August 2020. The Emmanuel Dining Room and all the shelters remained open during the year and worked to address the immediate needs of those most affected by the pandemic. Even with restrictions in place, the Organization served over 150,000 meals during 2020. While program fee revenue decreased compared to the prior year due to the childcare centers and dental office closures, much of the lost revenue was mitigated by increased contributions from individuals and corporations and COVID-related funding, primarily through receipt of the PPP loan (Note 25) and enhanced childcare reimbursement funding from the State of Delaware. Additionally, the Organization's typical Guild fundraising programs were replaced by one virtual "Count Me In" fundraising event.

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).

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition for Contracts with Customers - In accordance with the Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC) 606, *Revenue Recognition Standard*, 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 childcare fees, dental fees, and administrative service fees from affiliated organizations. Childcare 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. Childcare 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 contracts 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 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, 2020 and 2019.

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, *Leases*.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition for Contracts with Customers - Continued

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 fundraising income 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, 2020 and 2019. 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, 2020 and 2019.

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 consolidated statements of financial position.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition for Contributions and Grants - Continued

As of December 31, 2020 and 2019, the Organization had remaining award balances on conditional cost-reimbursable federal and state contracts and grants of \$3,828,934 and \$4,453,019, respectively. These award balances are not recognized in the accompanying consolidated financial statements. Included in these total remaining award balances are \$1,387,298 and \$2,011,383, respectively, of contracts and grants conditioned upon performance requirements and the incurrence of allowable qualifying expenses for Ministry of Caring, Inc. programs. In addition, \$2,441,636 are conditioned upon the occurrence of allowable development costs for the Village of St. John project. As indicated in Note 13, the \$2,441,636 represents a remaining capital commitment to the qualified affordable housing project investment. This commitment was satisfied in full subsequent to the year ended December 31, 2020, and was funded by the State of Delaware environmental grants and historic tax credit funding.

During the year ended December 31, 2020, the Organization received an advance payment of \$800,000 from a conditional grant contingent upon approval of tax credit funding for the Villa Maria project. This amount is recorded as conditional grant - other in the consolidated statements of financial position.

As indicated in Note 25, during the year ended December 31, 2020, the Organization received a conditional grant under the Paycheck Protection Program totaling \$1,023,562. The Organization will recognize revenue upon satisfaction of the conditions.

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, 2020

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, 2020 and 2019.

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, 2020 and 2019. 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 uncollectible. There was no allowance for uncollectible promises to give as of December 31, 2020 and 2019.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

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 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, 2020 and 2019.

Investment in Qualified Affordable Housing Project - In accordance with the FASB 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 (loss) - 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 value in the consolidated statements of financial position, with changes in fair value recognized in the consolidated statements of activities.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Beneficial Interests in Charitable Trusts - Continued

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 income distributed from 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 with FASB 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 FASB 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, 2020

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 FASB 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 FASB ASC 820, *Fair Value Measurements and Disclosure*. Under FASB 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. FASB 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.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Taxes - Continued

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, 2020 and 2019, and therefore, a provision for income taxes is not required.

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, 2020 and 2019.

The federal informational returns of the Organization for the years ended December 31, 2017, 2018, and 2019 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, 2020 and 2019 were \$5,780,740 and \$3,802,706, 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, 2020

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>2020</u>	<u>2019</u>
Financial Assets as of December 31		
Cash and Cash Equivalents	\$ 5,992,424	\$ 4,106,623
Grants Receivable	1,145,317	873,742
Program Fees Receivable	58,645	86,858
Promises to Give - Net	425,248	544,402
Developer Fee Receivable	703,423	855,753
Due from Affiliated Organizations	1,618,079	1,338,025
Mortgage Escrow Accounts	436,461	413,786
Investments - Qualified Affordable Housing Project Escrow	207,576	184,765
Investments	14,443,727	13,215,951
Beneficial Interest in Charitable Trusts	<u>1,303,051</u>	<u>1,222,950</u>
 Total Financial Assets as of December 31	 26,333,951	 22,842,855
Less Amounts Not Available for General Expenditures Within One Year		
Donor Restricted - Purpose Restricted for Capital Projects	(2,008,441)	(1,858,556)
Donor Restricted - Time Restriction in Future Periods Beyond One Year	(300,000)	(360,000)
Donor Restricted Endowment Funds	(946,450)	(946,544)
Noncurrent Portion of Developer Fee Receivable	(423,011)	(423,011)
Developer Fee Receivable Not Available for Operations Due to Contractual Obligation	(277,430)	(427,877)
Mortgage Escrow Accounts Not Available for Operations	(436,461)	(413,786)
Security and Other Deposits Held for Others	(40,080)	(39,899)
Qualified Affordable Housing Project Escrow Held in Board-Designated Endowment	(207,576)	(184,765)
Board-Designated Endowment Funds in Excess of Annual Spending Allocation in the Amount of \$0 and \$500,676 for the Years Ending December 31, 2021 and 2020, Respectively	(13,497,277)	(11,768,731)
Beneficial Interest in Charitable Trusts in Excess of Estimated Annual Distribution from Perpetual Trust	(1,283,436)	(1,205,577)
Conditional Grant - Purpose Restricted for Villa Maria Project	<u>(344,760)</u>	<u>-</u>
 Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	 <u>\$ 6,569,029</u>	 <u>\$ 5,214,109</u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

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. As described in Note 12, effective January 1, 2021, the Organization’s Board of Directors passed a resolution to temporarily suspend distributions from the board-designated endowment fund.

NOTE 4: NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specified Purposes		
Purpose Restricted for Capital Projects		
Village of St. John	\$ 727,376	\$ 654,570
403 Washington Street	824,000	824,000
Villa Maria	209,250	64,100
Fire and Security Protection	-	46,043
Emmanuel Dining Room	60,000	60,000
Child Care Center	-	20,000
Il Bambino Child Care	70,000	70,000
Nazareth House	100,000	100,000
Information Technology	6,011	8,039
Child Care Playground	<u>11,804</u>	<u>11,804</u>
 Total Purpose Restricted for Capital Projects	 <u>2,008,441</u>	 <u>1,858,556</u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 4: NET ASSETS WITH DONOR RESTRICTIONS - CONTINUED

	<u>2020</u>	<u>2019</u>
Purpose Restricted for Program Initiatives		
CNA Training	\$ 62,177	\$ 128,877
Scholarship	25,000	25,000
Cliff Abel Holiday Fund	19,889	19,889
Case Management Triage	42,646	100,000
Employment and Training Program	-	200,000
House of Joseph Residence and Training Program	22,365	183,299
Emmanuel Dining Room Operations	578,964	-
Other Program Initiatives	750	1,741
	<u>751,791</u>	<u>658,806</u>
Subject to Time Restriction in Future Periods		
Pledge Receivable for Administration Building Debt Service	<u>360,000</u>	<u>420,000</u>
Subject to Endowment Spending Policy and Appropriation		
Child Care Program Operations (Held in Endowment)	654,547	687,533
Endowment Fund to Support Emmanuel Dining Room (Including Original Gift Amount of \$87,237)	<u>291,903</u>	<u>259,011</u>
	<u>946,450</u>	<u>946,544</u>
Not Subject to Appropriation or Expenditure		
Beneficial Interest in Remainder Trusts	370,665	345,415
Beneficial Interest in Perpetual Trusts	<u>932,386</u>	<u>877,535</u>
	<u>1,303,051</u>	<u>1,222,950</u>
Total Net Assets With Donor Restrictions	<u>\$ 5,369,733</u>	<u>\$ 5,106,856</u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

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:

	2020	2019
Net Assets Released from Restriction for Capital Investment		
Village of St. John	\$ -	\$ 1,059,871
Villa Maria	3,150	5,900
Fire and Security Protection	46,043	45,848
Infrastructure Capital Campaign	-	696,676
Child Care Center	20,000	-
Information Technology	2,028	8,800
	71,221	1,817,095
Net Assets Released from Restriction for Program Expenditures		
CNA Training	121,700	5,120
Child Care Program Operations	32,986	210,566
Cliff Abel Holiday Fund	-	1,181
Case Management Triage	57,354	-
Employment and Training Program	200,000	-
House of Joseph Residence and Training Program	160,934	131,701
Other Program Initiatives	991	5,681
	573,965	354,249
Net Assets Released from Restriction with the Passage of Time	60,000	60,000
Total Net Assets Released from Restriction	\$ 705,186	\$ 2,231,344

NOTE 5: REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	2020		
	Services Provided		
	At a Point in Time	Over Time	Total
Fundraising Income - Special Events	\$ 985	\$ -	\$ 985
Program Fees	169,783	117,313	287,096
Program Fees - Government Contracts	33,214	426,717	459,931
Miscellaneous Income	2,107	-	2,107
	\$ 206,089	\$ 544,030	\$ 750,119

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 5: REVENUE FROM CONTRACTS WITH CUSTOMERS - CONTINUED

	2019		
	Services Provided		
	At a Point in Time	Over Time	Total
Fundraising Income - Special Events	\$ 62,560	\$ -	\$ 62,560
Program Fees	128,441	197,929	326,370
Program Fees - Government Contracts	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>

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

	2020		
	Accounts Receivable	Contract Assets	Contract Liabilities
Beginning of Year	\$ 86,858	\$ 855,753	\$ -
End of Year	58,645	703,423	-

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

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:

	2020	2019
Cash and Cash Equivalents	\$ 3,639,223	\$ 2,248,067
Cash and Cash Equivalents - Restricted for Investment in Capital	2,353,201	1,858,556
Total Cash, Cash Equivalents, and Restricted Cash Reported on the Consolidated Statements of Cash Flows	<u>\$ 5,992,424</u>	<u>\$ 4,106,623</u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 6: SUPPLEMENTAL CASH FLOW DISCLOSURES - CONTINUED

Noncash investing and financing activities for the years ended December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Noncash Investing and Financing Activities		
Donated Investments	\$ 33,273	\$ 69,840
Property and Equipment Acquired with Accounts Payable	1,019	26,863
Property and Equipment Acquired with Note Payable	17,683	-
Value Received for Exchange of Property and Equipment	16,400	-

NOTE 7: GRANTS RECEIVABLE

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

	<u>2020</u>	<u>2019</u>
State of Delaware - Division of Social Services	\$ 103,758	\$ 50,989
State of Delaware - Grant-In-Aid	305,825	305,825
City of Wilmington - Community Development Block Grant	-	4,894
City of Wilmington - Emergency Solutions Grant	23,311	24,952
State of Delaware - Office of Community Services	67,393	30,633
New Castle County - Emergency Solutions Grant	10,000	20,000
New Castle County - Health Equity Grant	20,222	-
First State Community Action Agency	61,738	63,717
Emergency Food and Shelter Program	-	22,249
State of Delaware - Purchase of Care Stars Program	47,063	63,575
State of Delaware - Enhanced Childcare Reimbursements	76,100	-
State of Delaware - Child and Adult Care Food Program	28,291	41,954
City of Wilmington - HOPWA	27,914	42,071
State of Delaware - Division of Public Health	52,580	56,611
Delaware State Housing Authority - Rapid Re-Housing Program	14,658	-
U.S. Department of Housing and Urban Development		
Continuum of Care	236,853	101,213
HOPWA	69,611	16,275
State of Delaware - AmeriCorps State Caring Corps	-	28,784
	<u> </u>	<u> </u>
Total	<u>\$ 1,145,317</u>	<u>\$ 873,742</u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 8: UNCONDITIONAL PROMISES TO GIVE

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

	<u>2020</u>	<u>2019</u>
Receivable in Less than One Year	\$ 134,734	\$ 146,541
Receivable in One to Five Years	248,333	301,507
Receivable in More than Five Years	<u>60,000</u>	<u>120,000</u>
	443,067	568,048
Less: Discounts to Net Present Value	<u>17,819</u>	<u>23,646</u>
Total Unconditional Promises to Give - Net	<u><u>\$ 425,248</u></u>	<u><u>\$ 544,402</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>2020</u>	<u>2019</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	46,189	36,781
- 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	52,015	45,836
- St. Francis Holistic Housing Fund	110,972	103,884
<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>\$ 436,461</u></u>	<u><u>\$ 413,786</u></u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 10: NET INVESTMENT INCOME

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

	2020	2019
Interest and Dividends	\$ 294,647	\$ 350,008
Investment Advisory Fees	(71,185)	(75,546)
Realized Gains	826,179	282,815
Unrealized Gains	731,234	1,667,827
Net Investment Income	\$ 1,780,875	\$ 2,225,104

NOTE 11: FAIR VALUE MEASUREMENTS

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

	2020				
	Total Fair Value	Level 1	Level 2	Level 3	Total Cost Basis
Investments					
Cash Funds	\$ 290,274	\$ 290,274	\$ -	\$ -	\$ 290,274
U.S. Treasury Securities	3,232,961	3,232,961	-	-	3,206,185
U.S. Agency Securities	153,683	153,683	-	-	151,293
Mutual Funds	2,490,019	2,490,019	-	-	2,170,921
Corporate Bonds	1,462,806	1,462,806	-	-	1,431,100
Domestic Equities	5,242,167	5,242,167	-	-	3,724,867
International Equities	1,571,817	1,571,817	-	-	1,271,076
Total Investments	14,443,727	14,443,727	-	-	\$ 12,245,716
Qualified Affordable Housing Project Escrow					
Cash Funds	5,458	5,458	-	-	5,458
Mutual Funds	112,710	112,710	-	-	105,335
Domestic Equities	80,595	80,595	-	-	59,241
International Equities	8,813	8,813	-	-	6,161
Total Qualified Affordable Housing Project Escrow	207,576	207,576	-	-	\$ 176,195

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 11: FAIR VALUE MEASUREMENTS - CONTINUED

	2020				Total Cost Basis
	Total Fair Value	Level 1	Level 2	Level 3	
Beneficial Interest in Charitable Trusts					
Remainder Trusts	\$ 370,665	\$ -	\$ -	\$ 370,665	
Perpetual Trusts	932,386	-	932,386	-	
Total Charitable Trusts	<u>1,303,051</u>	<u>-</u>	<u>932,386</u>	<u>370,665</u>	
Total Assets	<u>\$ 15,954,354</u>	<u>\$ 14,651,303</u>	<u>\$ 932,386</u>	<u>\$ 370,665</u>	
	2019				Total Cost Basis
	Total Fair Value	Level 1	Level 2	Level 3	
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	24,242	-	24,242	-	24,242
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	5,092	5,092	-	-	4,059
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, 2020

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>\$ 13,376,474</u>	<u>\$ 901,777</u>	<u>\$ 345,415</u>	

Fair value for the beneficial interest in perpetual trusts is determined based upon the underlying value of the trusts' assets and the Organization's percentage of interest in the trusts. Fair value for the beneficial interest in remainder trusts is determined based upon applicable discount rates, the estimated life expectancy of the beneficiaries, and the Organization's percentage of interest in the trusts.

NOTE 12: ENDOWMENT

The Organization's Endowment includes donor-restricted contributions to support the operations of the childcare programs and Emmanuel Dining Room. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Organization. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of the initial gift amount donated to the fund (including promises to give net of discount and allowance for doubtful accounts), (b) the original value of subsequent gifts donated to the fund, and (c) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed in UPMIFA. The donor-restricted endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 12: ENDOWMENT - CONTINUED

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 - During the years ended December 31, 2020 and 2019, the Organization appropriated annual distributions in 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. Effective January 1, 2021, the Organization’s Board of Directors passed a resolution to temporarily suspend distributions from the endowment funds.

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

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 13,704,853	\$ -	\$ 13,704,853
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	-	204,666	-
Purpose Restricted - Child Care Program Operations	-	654,547	-
Total Donor-Restricted Endowment Funds	-	946,450	946,450
Total Endowment Funds	\$ 13,704,853	\$ 946,450	\$ 14,651,303

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 12: ENDOWMENT - CONTINUED

	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

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, 2020 and 2019.

Changes in the Endowment's net assets for the years ended December 31, 2020 and 2019 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - January 1, 2019	\$ 10,591,736	\$ 1,096,099	\$ 11,687,835
Investment Return			
Investment Income - Net of Fees	231,280	4,895	236,175
Net Gains - Realized and Unrealized	1,914,526	36,116	1,950,642
Total Investment Return	2,145,806	41,011	2,186,817

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 12: ENDOWMENT - CONTINUED

	Without Donor Restrictions	With Donor Restrictions	Total
Contributions and Deposits into Endowment	\$ 69,840	\$ -	\$ 69,840
Distribution of Endowment Assets	(543,776)	-	(543,776)
Reclassifications - Net Assets Released from Restriction	190,566	(190,566)	-
Endowment Net Assets - December 31, 2019	<u>12,454,172</u>	<u>946,544</u>	<u>13,400,716</u>
Investment Return			
Investment Income - Net of Fees	204,046	4,618	208,664
Net Gains - Realized and Unrealized	<u>1,529,139</u>	<u>28,274</u>	<u>1,557,413</u>
Total Investment Return	<u>1,733,185</u>	<u>32,892</u>	<u>1,766,077</u>
Contributions and Deposits into Endowment	33,273	-	33,273
Distribution of Endowment Assets	(548,763)	-	(548,763)
Reclassifications - Net Assets Released from Restriction	<u>32,986</u>	<u>(32,986)</u>	<u>-</u>
Endowment Net Assets - December 31, 2020	<u>\$ 13,704,853</u>	<u>\$ 946,450</u>	<u>\$ 14,651,303</u>

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, 2020 and 2019.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 13: INVESTMENT IN QUALIFIED AFFORDABLE HOUSING PROJECT - CONTINUED

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

	<u>2020</u>	<u>2019</u>
Ownership %	0.01%	0.01%
Carrying Amount of Investment	<u>\$ 5,881,769</u>	<u>\$ 5,881,833</u>
Income (Loss) from Investment	<u>\$ (64)</u>	<u>\$ (434)</u>

The Organization had remaining capital commitments to this qualified affordable housing project investment as of December 31, 2020 in the amount of \$2,441,636. 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. These commitments were satisfied in full subsequent to the year ended December 31, 2020 and were funded by State of Delaware environmental grants and historic tax credit funding.

The Organization has not recognized affordable housing tax credits or other tax benefits/provisions from its investment in the qualified affordable housing project in its consolidated financial statements during the years ended December 31, 2020 and 2019.

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>2020</u>	<u>2019</u>
Partnership Income (Loss) Investment in Qualified Affordable Housing Project	<u>\$ (64)</u>	<u>\$ (434)</u>
Change in Net Assets	<u>\$ (64)</u>	<u>\$ (434)</u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

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>2020</u>	<u>2019</u>
Investment in Qualified Affordable Housing Project	<u>\$ 5,881,769</u>	<u>\$ 5,881,833</u>
Total Assets	<u>\$ 5,881,769</u>	<u>\$ 5,881,833</u>
Total Liabilities	\$ -	\$ -
Total Net Assets	<u>5,881,769</u>	<u>5,881,833</u>
Total Liabilities and Net Assets	<u>\$ 5,881,769</u>	<u>\$ 5,881,833</u>

NOTE 14: PROPERTY AND EQUIPMENT

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

	<u>2020</u>	<u>2019</u>
Land	\$ 976,782	\$ 972,982
Building and Improvements	28,714,867	28,327,435
Construction in Progress	315,114	285,626
Furniture and Equipment	4,344,472	4,085,676
Automobiles	<u>591,784</u>	<u>598,131</u>
	34,943,019	34,269,850
Accumulated Depreciation	<u>19,647,227</u>	<u>18,481,410</u>
Property and Equipment - Net	<u>\$ 15,295,792</u>	<u>\$ 15,788,440</u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 15: BENEFICIAL INTERESTS IN CHARITABLE TRUSTS

The Organization has known remainder interests in two charitable remainder unitrusts. For the years ended December 31, 2020 and 2019, the Organization's beneficial interest in these split-interest agreements increased by \$25,250 and \$50,946, respectively, which represented a change in the value of trust assets. As of December 31, 2020 and 2019, the Organization's estimated present value interest in these trusts was \$370,665 and \$345,415, respectively.

The Organization has a beneficial interest in a charitable perpetual trust. Distributions from the perpetual trust, reported as income distributed from perpetual trust in the consolidated statements of activities, were \$19,615 and \$17,373 during the years ended December 31, 2020 and 2019, respectively. Included in the consolidated statements of activities is an increase in the Organization's beneficial interest in the trust of \$54,851 and \$100,350 for the years ended December 31, 2020 and 2019, 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, 2020 and 2019 was \$932,386 and \$877,535, 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, 2020 and 2019, loan origination costs were carried at \$3,371 and \$3,610, respectively, net of accumulated amortization of \$6,210 and \$5,971, 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, 2020 and 2019 was 0.65% and 2.30%, respectively. The available credit is reevaluated monthly and is based on the market value of the pledged collateral. As of December 31, 2020, the estimated market value of the Organization's investments pledged as collateral was \$7,459,779 and the available line of credit was \$4,181,382. The outstanding balance was \$1,225,537 and \$1,210,325 as of December 31, 2020 and 2019, respectively. Subsequent to the year ended December 31, 2020, the line of credit outstanding balance was paid in full.

NOTE 18: NOTE PAYABLE

The Organization has an interest-free note payable to a financial institution in the amount of \$15,999 as of December 31, 2020. Payments are due in monthly installments of \$281 through September 2025.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 18: NOTE PAYABLE - CONTINUED

Future maturities of this note payable as of December 31, 2020 are as follows:

2021	\$	3,368
2022		3,368
2023		3,368
2024		3,368
2025		2,527
	\$	15,999

NOTE 19: 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, 2020 and 2019, was \$319,959 and \$367,302, respectively. The mortgage is secured by property located at 115 E. 14th Street in Wilmington, Delaware.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 19: MORTGAGE DEBT PAYABLE - CONTINUED

Future maturities of mortgages payable as of December 31, 2020, are as follows:

2021	\$	49,239
2022		50,962
2023		52,746
2024		54,592
2025		56,503
Thereafter		<u>1,000,363</u>
	<u>\$</u>	<u>1,264,405</u>

NOTE 20: COMMITMENTS AND CONTINGENCIES

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

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 \$11,246,845 and \$10,382,842 as of December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, these guarantees were not required to be included in the Organization's consolidated statements of financial position.

Construction Commitments - During the year ended December 31, 2020, the Organization entered into a construction contract totaling \$1,766,154 for the renovation of two properties located in Wilmington, Delaware. As of December 31, 2020, the renovations had not started.

NOTE 21: 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, 2020 and 2019. 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

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 21: PENSION PLAN - CONTINUED

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 \$84,728 and \$17,168, respectively, for the year ended December 31, 2020, and \$123,751 and \$13,127, respectively, for the year ended December 31, 2019.

NOTE 22: 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, 2020 and 2019, revenue from administrative services on behalf of these entities totaled \$76,884.

In the past, the Organization advanced funds to Sacred Heart Village I, Inc. In 2004, the Organization fully reserved as uncollectible a receivable from Sacred Heart Village I, Inc. in the amount of \$160,095, which resulted from prior advances. As of December 31, 2020 and 2019, the receivable from that advance remains fully reserved.

During the year ended December 31, 2020, the Organization advanced Sacred Heart Village II, Inc. \$195,000. The receivable from that advance was fully reserved as uncollectible as of December 31, 2020.

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 \$1,225,537 and \$1,210,325 as of December 31, 2020 and 2019, respectively. Subsequent to the year ended, December 31, 2020, Village of St. John, L.P. paid the loan balance in full.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 22: RELATED-PARTY TRANSACTIONS - CONTINUED

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

	2020	2019
Due from Affiliated Organizations		
Sacred Heart Village I, Inc.	\$ 8,570	\$ -
Sacred Heart Village I, Inc. - Advance (Net of \$160,095 Allowance)	-	-
Sacred Heart Housing, Inc.	50,123	55,197
Sacred Heart Oratory	1,268	-
Village of St. John, L.P.	1,344,428	1,242,711
Sacred Heart Village II, Inc.	125,576	38,694
Sacred Heart Village II, Inc. - Advance (Net of \$195,000 Allowance)	-	-
Mother Teresa House, Inc.	3,619	1,423
Villa Maria	84,495	-
	<u>1,618,079</u>	<u>1,338,025</u>
Due to Affiliated Organizations		
Sacred Heart Housing, Inc.	34,600	34,600
Sacred Heart Village I, Inc.	-	21,698
Sacred Heart Village II, Inc.	-	12,003
Village of St. John, L.P.	1,185	1,185
Sacred Heart Oratory	-	373
	<u>35,785</u>	<u>69,859</u>
Net Due from (to) Affiliated Organizations	<u>\$ 1,582,294</u>	<u>\$ 1,268,166</u>

NOTE 23: 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, 2020 and 2019 was \$78,785 and \$74,921, respectively.

As of December 31, 2020, future minimum lease payment are as follows:

2021	\$	53,176
2022		11,596
2023		12,755
2024		14,031
2025		15,434
		<u>106,992</u>
	\$	<u>106,992</u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2020

NOTE 24: 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.

NOTE 25: CONDITIONAL GRANT - PAYCHECK PROTECTION PROGRAM LOAN

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.

The PPP loan has been recorded as a conditional grant on the consolidated statement of financial position as of December 31, 2020. The Organization will recognize the conditional grant as revenue upon satisfaction of the conditions contained in the PPP loan agreement, which includes the submission of an application for loan forgiveness.

Management anticipates the Organization will incur enough eligible costs to qualify for forgiveness of the loan during the year ending December 31, 2021.

SINGLE AUDIT



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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, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 24, 2021.

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) as a basis for designing 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 a 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Belfint, Lyons & Shuman, P.A.

September 24, 2021
Wilmington, Delaware



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***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, 2020. Ministry of Caring, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

To the Board of Directors
Ministry of Caring, Inc.

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

Opinion on Each Major Federal Program

In our opinion, Ministry of Caring, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

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 2020-001. 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 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

To the Board of Directors
Ministry of Caring, Inc.

weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

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

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

Belfint, Lyons & Shuman, P.A.

September 24, 2021
Wilmington, Delaware

MINISTRY OF CARING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA#</u>	<u>Expenditures</u>	<u>Expenditures to Subrecipients</u>
Department of Agriculture			
Child and Adult Care Food Program State of Delaware - Department of Education	10.558	\$ 92,167	\$ -
Department of Housing and Urban Development			
Emergency Solutions Grants New Castle County	14.231	10,000	-
City of Wilmington	14.231	<u>21,599</u>	<u>-</u>
		<u>31,599</u>	<u>-</u>
Housing Opportunities for Persons with AIDS Direct Award	14.241	289,842	-
City of Wilmington	14.241	<u>64,972</u>	<u>-</u>
		<u>354,814</u>	<u>-</u>
Continuum of Care Direct Award	14.267	1,215,774	-
Department of the Treasury			
Coronavirus Relief Fund New Castle County	21.019	30,000	-
Department of Housing and Urban Development	21.019	<u>19,658</u>	<u>-</u>
		<u>49,658</u>	<u>-</u>
Department of Health and Human Services			
Community Services Block Grant First State Community Action Agency	93.569	223,031	-
Corporation for National and Community Service			
AmeriCorps State of Delaware - Department of Health and Social Services	94.006	82,821	-
Department of Homeland Security			
Emergency Food and Shelter National Board Program United Way of Delaware	97.024	<u>76,750</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 2,126,614</u></u>	<u><u>\$ -</u></u>

MINISTRY OF CARING, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2020

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, 2020. 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, 2020

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Internal Control Over Financial Reporting:

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

Noncompliance Material to Financial Statements Noted? Yes No

Federal Awards

Internal Control Over Major Programs:

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

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

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

Identification of Major Programs:

CFDA Number(s)

Name of Federal Program

14.267

Continuum of Care

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

Auditee Qualified as Low-Risk Auditee? Yes No

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2020

II. Financial Statement Findings

There were no current year financial statement findings.

III. Federal Award Findings and Questioned Costs

Finding Reference Number: 2020-001

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 or 10% of the family's monthly gross income. In determining program participants' adjusted income used in the calculation of occupancy charges, the following must be deducted from annual income:

- \$480 for each dependent;
- \$400 for any elderly family or disabled family;
- The sum of unreimbursed medical expenses of any elderly or disabled family to the extent the sum exceeds three percent of annual income;
- Reasonable child care expenses necessary to enable a member of the family to be employed or further their education.

Additionally, the requirements indicate that recipients must maintain documentation to support program participants' income if occupancy charges are imposed.

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2020

III. Federal Award Findings and Questioned Costs - Continued

Finding Reference Number: 2020-001 - Continued

Condition: Our testing included a sample of 10 tenants from 6 different programs. Audit procedures determined an instance where the program participant's adjusted income was not determined in accordance with the requirements of Title 24 CFR Part 578:

- The rent calculation for 1 tenant at Mary Mother of Hope House Permanent Housing incorrectly deducted medical expenses equal to three percent of annual income in determining adjusted income. There was no documentation of medical expenses in the tenant's file.

Cause: Error in the methodology for determining program participant adjusted income.

Effect: The tenant was charged a monthly rent amount lower than the correctly calculated amount.

Recommendation: We recommend the Organization implement procedures to ensure that shelters which choose to charge rent are calculating rent and maintaining the proper documentation based on the criteria in Title 24 CFR 578.

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2020

IV. Corrective Action Plan

Finding Reference Number: 2020-001

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 an instance where the program participant's adjusted income was not determined in accordance with the requirements of Title 24 CFR Part 578:

- The rent calculation for 1 tenant at Mary Mother of Hope House Permanent Housing incorrectly deducted medical expenses equal to three percent of annual income in determining adjusted income. There was no documentation of medical expenses in the tenant's file.

Corrective Action Plan:

Staff Training: Refresher with all staff who does rent calculation - 2 times a year and with any new staff upon their arrival (1st refresher training August 25, 2021, second 6 months after first training; new staff will be trained within two weeks of start date).

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 (implementation of this process was done last year; the current identified error was in 2019 when resident arrived).

Random sampling of files will be done quarterly by administrative team - first review October 2021.

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

Anticipated Completion Date of Corrective Action: August 25, 2021 for the staff training; October 2021 for the random sampling and review of files.

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2020

V. Status of Prior Year Findings

Finding Reference Number: 2019-001

Continuum of Care - CFDA 14.267

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.

Status: A similar finding was identified in the current year audit.

SUPPLEMENTARY INFORMATION

MARY MOTHER OF HOPE HOUSE I FUND



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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, 2020 and 2019, and our report thereon dated September 24, 2021, 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.

September 24, 2021
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, 2020**

ASSETS	
Cash and Cash Equivalents	\$ 200
Grants Receivable	114,262
Escrow Accounts	46,228
Replacement Reserve	52,015
Operating Reserve	202,765
Due from Other Funds	648
Investments	289,665
Property and Equipment - Net	<u>33,083</u>
TOTAL ASSETS	<u><u>\$ 738,866</u></u>
LIABILITIES	
Accounts Payable	\$ 25,126
Accrued Expenses	11,491
Notes Payable	<u>600,000</u>
TOTAL LIABILITIES	<u>636,617</u>
NET ASSETS	
Without Donor Restrictions	102,249
With Donor Restrictions	<u>-</u>
TOTAL NET ASSETS	<u>102,249</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 738,866</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 12/31/20

Part I	Description of Account	Amount	
RENTAL INCOME 5100	Rent Revenue - Gross Potential	5120	\$ -
	Tenant Assistance Payments	5121	
	Rent Revenue - Stores and Commercial	5140	
	Garage and Parking Space	5170	
	Flexible Subsidy Revenue	5180	
	Miscellaneous Rent Revenue	5190	
	Excess Rent	5191	
	Rent Revenue - Insurance	5192	
	Special Claims Revenue	5193	
	Retained Excess Income	5194	
	Lease Revenue (Nursing Homes)	5195	
	Total Rent Revenue		
VACANCIES 5200	Apartments	5220	
	Stores and Commercial	5240	
	Rental Concessions	5250	
	Garage and Parking Space	5270	
	Miscellaneous	5290	
Total Vacancies			\$ -
Net Rent Revenue (Rent Revenue Less Vacancies)			\$ -
	Nursing Homes/Assisted Living/Board & Care/Other Elderly Care/Coop/and Other Revenue	5300	75,552
	Members Group Life Insurance Expense (Co-ops)	5320	
FINANCIAL REVENUE 5400	Financial Revenue - Project Operations	5410	
	Revenue from Investments - Residual Receipts	5430	283
	Revenue from Investments - Replacement Reserve	5440	341
	Expiration of Gift Donor Restrictions (Non-Profits)	5460	
	Gifts (Non-Profits)	5470	52,844
	Revenue from Investments - Miscellaneous	5490	34,374
Total Financial Revenue			\$ 163,394
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	326,564
Total Other Revenue			\$ 326,564
Total Revenue			\$ 489,958
ADMINISTRATIVE EXPENSES 6200 6300	Conventions and Meetings	6203	1,200
	Management Consultants	6204	7,239
	Advertising and Marketing	6210	
	Social Activity	6215	
	Other Renting Expenses	6250	
	Office Salaries	6310	240,212
	Office Expenses	6311	5,776
	Office of Model Apartment Rent	6312	

DSHA STATEMENT OF PROFIT AND LOSS - CONTINUED

ADMINISTRATIVE EXPENSES 6200 6300 (Continued)	Management Fee	6320	\$ 2,367	
	Manager or Superintendent Salaries	6330		
	Administrative Rent Free Unit	6331		
	Legal Expenses - Project	6340		
	Auditing Expense - Project	6350	2,937	
	Bookkeeping Fees/Accounting Services	6351		
	Telephone and Answering Services	6360	4,758	
	Bad Debt Expense	6370		
	Miscellaneous Administrative Expenses	6390		
	Total Administrative Expenses			\$ 264,489
UTILITIES EXPENSE 6400	Fuel Oil/Coal	6420	1,177	
	Electricity (Lights and Misc. Power)	6450	9,663	
	Water	6451		
	Gas	6452		
	Sewer	6453	9,519	
Total Utilities Expenses			\$ 20,359	
OPERATING AND MAINTENANCE 6500	Janitor and Cleaning Payroll	6510		
	Janitorial Supplies	6515	7,753	
	Janitorial Cleaning Contracts	6517		
	Exterminating Contract/Payroll	6519		
	Exterminating Supplies	6520		
	Operating and Maintenance Rent Free Unit	6521		
	Garbage and Trash Removal	6525		
	Fire Safety/Equipment and Contract	6528		
	Security Payroll/Contract	6530		
	Security Rent Free Unit	6531		
	Grounds Payroll	6535		
	Grounds Supplies	6536		
	Grounds Contract	6537		
	Repairs Payroll	6540	21,368	
	Repairs Material	6541	17,032	
	Repairs Contracts	6542	6,136	
	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			\$ 52,289	
TAXES AND INSURANCE 6700	Real Estate Taxes	6710		
	Payroll Taxes (FICA) (Project's Share)	6711	18,818	
	Property and Liability Insurance (Hazard)	6720	4,609	
	Fidelity Bond Insurance	6721		
	Workers' Compensation	6722	9,359	
	Health Insurance and Other Employee Benefits	6723	74,335	
	Miscellaneous Taxes, Licenses, Permits, and Insurance	6790	1,158	
	Total Taxes and Insurance			\$ 108,279
	Total Operating Expenses			\$ 445,416

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	\$ 20,467	\$ 20,467
	Total Cost of Operations Before Depreciation			\$ 465,883
	Profit (Loss) Before Depreciation		24,075	
DEPRECIATION 6600	Depreciation Expenses	6600	8,331	
	Amortization Expense	6610		
	Operating Profit or (Loss)			\$ 15,744
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)			\$ 15,744
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.		\$ 7,448	
	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, 2020**

NET ASSETS WITHOUT DONOR RESTRICTIONS BALANCE - Beginning of Year	\$	86,505
Change in Net Assets Without Donor Restrictions		15,744
NET ASSETS WITHOUT DONOR RESTRICTIONS BALANCE - End of Year	\$	102,249
NET ASSETS WITH DONOR RESTRICTIONS BALANCE - Beginning of Year	\$	-
Change in Net Assets With Donor Restrictions		-
NET ASSETS WITH DONOR RESTRICTIONS BALANCE - End of Year	\$	-

Delaware State Housing Authority
COMPUTATION OF SURPLUS CASH AND DISTRIBUTIONS

Property Name	Fiscal Period Ending	DSHA/HDF Number
Mary Mother of Hope House I Fund	12/31/2020	DE-HDF-353-FY10-01

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>25,126</u>	
8.	Loans and Notes Payable (due within 30 days)	\$ _____	
9.	Deficient Tax Insurance/Mortgage Insurance Escrow	\$ _____	
10.	Accrued Expenses (not escrowed)	\$ <u>11,491</u>	
11.	Paid Rents	\$ _____	
12.	Tenant Security Deposits Liability	\$ _____	
13.	Other (Describe) _____	\$ _____	
	(B) Total Liabilities		\$ <u>36,617</u>
	(C) Surplus Cash (Deficiency)		\$ <u>(36,417)</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



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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, 2020 and 2019, and our report thereon dated September 24, 2021, 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.

September 24, 2021
Wilmington, Delaware

**ST. FRANCIS HOLISTIC HOUSING FUND
OF MINISTRY OF CARING, INC.
DSHA PROJECT NO. DE 26B93-0325
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020**

ASSETS

Cash and Cash Equivalents	\$ -
Grants Receivable	26,179
Prepaid Expenses and Refundable Deposits	171
Escrow Accounts	8,054
Replacement Reserve	110,972
Operating Reserve	16,426
Investments	172,115
Property and Equipment - Net	287,262
Loan Origination Costs - Net	<u>3,371</u>

TOTAL ASSETS

\$ 624,550

LIABILITIES

Accounts Payable	\$ 5,628
Accounts Payable - Due to Other Funds (Net)	629,197
Accrued Expenses	3,148
Security Deposits	144
Mortgage Payable - DSHA	<u>344,446</u>

TOTAL LIABILITIES

982,563

NET DEFICIENCY IN ASSETS

Without Donor Restrictions	<u>(358,013)</u>
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TOTAL LIABILITIES AND NET DEFICIENCY IN ASSETS

\$ 624,550

DSHA STATEMENT OF PROFIT AND LOSS

Project Name: St. Francis Holistic Housing Fund

Project Number: DE 26B93-0325

Year Ending: 12/31/20

Part I	Description of Account	Amount	
RENTAL INCOME 5100	Rent Revenue - Gross Potential	5120	\$ 8,767
	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)		\$ 8,767
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	56
	Revenue from Investments - Replacement Reserve	5440	760
	Expiration of Gift Donor Restrictions (Non-Profits)	5460	
	Gifts (Non-Profits)	5470	
Revenue from Investments - Miscellaneous	5490	19,979	
Total Financial Revenue			\$ 20,795
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	207,469
Total Other Revenue			\$ 207,469
	Total Revenue		\$ 237,031
ADMINISTRATIVE EXPENSES 6200 6300	Conventions and Meetings	6203	
	Management Consultants	6204	750
	Advertising and Marketing	6210	
	Social Activity	6215	
	Other Renting Expenses	6250	
	Office Salaries	6310	62,837
	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	2,937	
	Bookkeeping Fees/Accounting Services	6351		
	Telephone and Answering Services	6360	169	
	Bad Debt Expense	6370		
	Miscellaneous Administrative Expenses	6390		
	Total Administrative Expenses			\$ 80,049
UTILITIES EXPENSE 6400	Fuel Oil/Coal	6420	1,600	
	Electricity (Lights and Miscellaneous Power)	6450	3,435	
	Water	6451		
	Gas	6452		
	Sewer	6453	5,853	
	Total Utilities Expenses			\$ 10,888
OPERATING AND MAINTENANCE 6500	Janitor and Cleaning Payroll	6510		
	Janitorial Supplies	6515	93	
	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	25,919	
	Repairs Material	6541	7,608	
	Repairs Contracts	6542	2,282	
	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			\$ 35,902	
TAXES AND INSURANCE 6700	Real Estate Taxes	6710		
	Payroll Taxes (FICA) (Project's Share)	6711	4,155	
	Property and Liability Insurance (Hazard)	6720	1,922	
	Fidelity Bond Insurance	6721		
	Workers' Compensation	6722	1,569	
	Health Insurance and other Employee Benefits	6723	68	
	Miscellaneous Taxes, Licenses, Permits, and Insurance	6790	-	
	Total Taxes and Insurance			\$ 7,714
	Total Operating Expenses		\$ 134,553	

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	\$ 43,015	\$ 43,015
Total Cost of Operations Before Depreciation				\$ 177,568
Profit (Loss) Before Depreciation			59,463	
DEPRECIATION 6600	Depreciation Expenses	6600	33,716	
	Amortization Expense	6610	239	
Operating Profit or (Loss)				\$ 25,508
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)				\$ 25,508
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.			\$ 8,825	
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, 2020**

NET DEFICIENCY IN ASSETS WITHOUT DONOR	
RESTRICTIONS BALANCE - Beginning of Year	\$ (383,521)
Change in Net Deficiency in Assets Without Donor Restrictions	25,508
	<u>25,508</u>
 NET DEFICIENCY IN ASSETS WITHOUT DONOR	
RESTRICTIONS BALANCE - End of Year	\$ (358,013)
	<u>(358,013)</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>

Delaware State Housing Authority
COMPUTATION OF SURPLUS CASH AND DISTRIBUTIONS

Property Name	Fiscal Period Ending	DSHA/HDF Number
St. Francis Holistic Housing Fund	12/31/2020	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>634,825</u>	
8.	Loans and Notes Payable (due within 30 days)	\$ _____	
9.	Deficient Tax Insurance/Mortgage Insurance Escrow	\$ _____	
10.	Accrued Expenses (not escrowed)	\$ <u>3,148</u>	
11.	Paid Rents	\$ _____	
12.	Tenant Security Deposits Liability	\$ <u>144</u>	
13.	Other (Describe) _____	\$ _____	
	(B) Total Liabilities		\$ <u>638,117</u>
	(C) Surplus Cash (Deficiency)		\$ <u>(638,117)</u>
	Line (A) Minus Line (B)		

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

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

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

SUPPLEMENTARY INFORMATION

EMMANUEL DINING ROOM FUND



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

To the Board of 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, 2020 and 2019, and our report thereon dated September 24, 2021, 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.

September 24, 2021
Wilmington, Delaware

**EMMANUEL DINING ROOM FUND
OF MINISTRY OF CARING, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020**

ASSETS	
Cash and Cash Equivalents	\$ 250
Grants Receivable	91,710
Promises to Give	54,908
Prepaid Expenses	171
Investments	568,301
Property and Equipment - Net	34,302
Due from Other Funds	<u>917,313</u>
TOTAL ASSETS	<u><u>\$ 1,666,955</u></u>
LIABILITIES	
Accounts Payable	\$ 42,692
Accrued Expenses	<u>23,593</u>
TOTAL LIABILITIES	<u>66,285</u>
NET ASSETS	
Without Donor Restrictions	627,157
With Donor Restrictions	<u>973,513</u>
TOTAL NET ASSETS	<u>1,600,670</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,666,955</u></u>

**EMMANUEL DINING ROOM FUND
OF MINISTRY OF CARING, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Contributions	\$ 659,424	\$ 578,964	\$ 1,238,388
Fundraising Income	11,179	-	11,179
Contributed Rent	63,000	-	63,000
United Way - Designation and Personal Giving	48,162	-	48,162
Government Grants	178,316	-	178,316
Interest and Dividends - Net of Fees	4,673	4,618	9,291
Net Gains on Investments	28,622	28,274	56,896
	<hr/>	<hr/>	<hr/>
Total Revenue	993,376	611,856	1,605,232
Net Assets Released from Restrictions	57,354	(57,354)	-
	<hr/>	<hr/>	<hr/>
TOTAL REVENUE AND OTHER SUPPORT	1,050,730	554,502	1,605,232
EXPENSES	776,119	-	776,119
	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS BEFORE ASSISTANCE FROM (TO) OTHER FUNDS	274,611	554,502	829,113
ASSISTANCE FROM (TO) OTHER FUNDS			
Assistance from (to) Other Funds - Net	(370,791)	-	(370,791)
	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS	(96,180)	554,502	458,322
NET ASSETS - Beginning of Year	723,337	419,011	1,142,348
	<hr/>	<hr/>	<hr/>
NET ASSETS - End of Year	\$ 627,157	\$ 973,513	\$ 1,600,670
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SUPPLEMENTARY INFORMATION

MINISTRY OF CARING GUILD



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*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, 2020 and 2019, and our report thereon dated September 24, 2021, 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.

September 24, 2021
Wilmington, Delaware

**MINISTRY OF CARING GUILD
OF MINISTRY OF CARING, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

	2020	2019
ASSETS		
Cash and Cash Equivalents	\$ 408,836	\$ 196,514
Due from Other Funds	20,716	-
TOTAL ASSETS	\$ 429,552	\$ 196,514
LIABILITIES		
Accounts Payable and Other Current Liabilities	\$ 6,576	\$ 8,728
Due to Other Funds	-	4,102
TOTAL LIABILITIES	6,576	12,830
NET ASSETS		
Without Donor Restrictions	422,976	183,684
TOTAL LIABILITIES AND NET ASSETS	\$ 429,552	\$ 196,514

**MINISTRY OF CARING GUILD
OF MINISTRY OF CARING, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
REVENUE AND OTHER SUPPORT		
Count Me In	\$ 353,474	\$ -
Auction	67,712	123,683
Eleganza Fashion Show	-	80,778
Voices of Caring	-	29,085
Recognition Dinner	-	5,400
Mardi Gras	690	5,755
Crab Feast	-	26,391
Membership Income and Other Contributions	8,783	975
	430,659	272,067
FUNDRAISING EXPENSES		
Count Me In	3,210	-
Auction	17,979	29,427
Eleganza Fashion Show	-	31,498
Voices of Caring	-	1,043
Recognition Dinner	-	3,058
Mardi Gras	1,037	1,981
Crab Feast	-	13,516
General Expenses	15,768	3,320
Contributions and Assistance to Ministry of Caring, Inc.	153,373	202,539
	191,367	286,382
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	239,292	(14,315)
NET ASSETS WITHOUT DONOR RESTRICTIONS - Beginning of Year:	183,684	197,999
NET ASSETS WITHOUT DONOR RESTRICTIONS - End of Year	\$ 422,976	\$ 183,684