

MINISTRY OF CARING, INC.

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

DECEMBER 31, 2021 AND 2020

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Independent Auditors' Report

To the Board of Directors
Ministry of Caring, Inc.

Report on the Audit of Financial Statements

Opinion

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, 2021 and 2020, 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.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ministry of Caring, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Ministry of Caring, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

To the Board of Directors
Ministry of Caring, Inc.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ministry of Caring, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Ministry of Caring's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ministry of Caring's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

To the Board of Directors
Ministry of Caring, Inc.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2022, on our consideration of Ministry of Caring'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'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's internal control over financial reporting and compliance.

Belfint, Lyons & Shuman, P.A.

September 9, 2022
Wilmington, Delaware

MINISTRY OF CARING, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$ 3,836,646	\$ 3,639,223
Cash and Cash Equivalents - Restricted for Investment in Capital	984,315	2,353,201
Grants Receivable	1,344,588	1,145,317
Program Fees Receivable	39,440	58,645
Promises to Give - Net	718,936	425,248
Prepaid Expenses and Other Assets	150,989	165,935
Developer Fee Receivable	423,011	703,423
Due from Affiliated Organizations	805,125	1,618,079
Mortgage Escrow Accounts	478,975	436,461
Investments - Qualified Affordable Housing Project Escrow	226,131	207,576
Investments	20,621,240	14,443,727
Investment in Qualified Affordable Housing Project	8,323,405	5,881,769
Property and Equipment - Net	15,135,689	15,295,792
Beneficial Interests in Charitable Trusts	1,385,617	1,303,051
TOTAL ASSETS	\$ 54,474,107	\$ 47,677,447
LIABILITIES		
Accounts Payable	\$ 240,966	\$ 393,951
Accrued Expenses	352,771	233,488
Security and Other Deposits	44,151	40,080
Development Fee Payable	77,430	277,430
Due to Affiliated Organizations	36,085	35,785
Conditional Grant - Paycheck Protection Program Loan	-	1,023,562
Conditional Grant - Other	800,000	800,000
Line of Credit	-	1,225,537
Note Payable	16,194	15,999
Mortgage Payable - Bank	272,617	319,959
Mortgages Payable - Delaware State Housing Authority	944,446	944,446
TOTAL LIABILITIES	2,784,660	5,310,237
NET ASSETS		
Without Donor Restrictions	42,842,563	36,997,477
With Donor Restrictions	8,846,884	5,369,733
TOTAL NET ASSETS	51,689,447	42,367,210
TOTAL LIABILITIES AND NET ASSETS	\$ 54,474,107	\$ 47,677,447

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

MINISTRY OF CARING, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT FROM OPERATIONS			
Contributions	\$ 2,228,780	\$ 913,471	\$ 3,142,251
Fundraising Income	291,209	107,507	398,716
United Way	47,345	-	47,345
Government Grants	7,143,507	-	7,143,507
Government Grant - PPP Loan Forgiveness	1,023,562	-	1,023,562
Program Fees	433,770	-	433,770
Program Fees - Government Contracts	573,350	-	573,350
Miscellaneous Income	34,458	-	34,458
TOTAL SUPPORT FROM OPERATIONS	11,775,981	1,020,978	12,796,959
EXPENSES			
Program Services (81%)	7,530,989	-	7,530,989
Management and General (16%)	1,519,615	-	1,519,615
Fundraising (3%)	302,196	-	302,196
TOTAL EXPENSES	9,352,800	-	9,352,800
CHANGE IN NET ASSETS FROM OPERATIONS	2,423,181	1,020,978	3,444,159
OTHER SUPPORT AND REVENUE			
Contributions and Grants Restricted for Capital Investment	-	4,100,963	4,100,963
Change in Value of Beneficial Interests in Charitable Trusts	-	82,566	82,566
Net Investment Income	1,612,530	31,514	1,644,044
Income Distributed from Perpetual Trust	17,866	-	17,866
Gain on Disposal of Property and Equipment	32,639	-	32,639
Partnership Loss - Investment in Qualified Affordable Housing Project	-	-	-
TOTAL OTHER SUPPORT AND REVENUE	1,663,035	4,215,043	5,878,078
Net Assets Released from Restriction	1,758,870	(1,758,870)	-
CHANGE IN NET ASSETS	5,845,086	3,477,151	9,322,237
NET ASSETS - Beginning of Year	36,997,477	5,369,733	42,367,210
NET ASSETS - End of Year	\$ 42,842,563	\$ 8,846,884	\$ 51,689,447

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 Interest 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 FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	2021			Total Program and Supporting Services
	Program Services	Management and General	Fundraising	
SALARIES AND RELATED EXPENSES				
Salaries - Religious Employees	\$ 403,931	\$ 98,160	\$ 17,028	\$ 519,119
Salaries - Lay Employees	3,071,719	651,207	126,256	3,849,182
Employee Benefits	663,642	161,273	27,975	852,890
Payroll Taxes	226,098	54,944	9,531	290,573
TOTAL SALARIES AND RELATED EXPENSES	4,365,390	965,584	180,790	5,511,764
OTHER EXPENSES				
Advertising and Public Relations	-	44	1	45
Amortization	-	239	-	239
Assistance to Individuals and Groups	516,490	-	-	516,490
Automobile Expenses	49,110	33,570	861	83,541
Bad Debt Expense	-	52,650	-	52,650
Cleaning and Janitorial	112,477	2,217	57	114,751
Conferences and Training	1,440	727	19	2,186
Depreciation	1,036,760	127,464	3,268	1,167,492
Educational and Program Supplies	32,114	-	-	32,114
Food and Beverages	153,793	2,146	55	155,994
Fundraising Events	-	-	82,828	82,828
Insurance	58,686	25,110	644	84,440
Interest Expense and Bank Fees	-	31,715	-	31,715
Medical and Dental Supplies	20,031	-	-	20,031
Minor Equipment	23,209	6,316	162	29,687
Miscellaneous	38,880	29,226	749	68,855
Office Supplies	30,891	6,110	157	37,158
Other Supplies	20,240	23,384	600	44,224
Postage	171	10,038	257	10,466
Printing and Publications	25,399	41,886	1,074	68,359
Professional Fees	91,716	62,407	-	154,123
Repairs and Maintenance	234,044	35,132	901	270,077
Service Contracts	340,282	-	28,141	368,423
Utilities	379,866	63,650	1,632	445,148
TOTAL OTHER EXPENSES	3,165,599	554,031	121,406	3,841,036
TOTAL EXPENSES	\$ 7,530,989	\$ 1,519,615	\$ 302,196	\$ 9,352,800

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 STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Revenue and Other Support	\$ 11,361,762	\$ 8,566,448
Cash Paid to Suppliers and Employees	(8,333,652)	(8,382,233)
Interest Paid	(14,354)	(13,123)
Interest and Dividends Received	361,429	278,288
	3,375,185	449,380
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(728,146)	(678,497)
Proceeds from Disposal of Property and Equipment	46,913	-
Purchase of Investments	(11,246,669)	(11,425,419)
Proceeds from Sale of Investments	6,490,315	11,765,518
Interest Earned but Retained in Mortgage Escrow Deposits	(1,791)	(3,015)
Net Deposits into Mortgage Escrow	(40,723)	(19,660)
Loans to Affiliated Organizations	(11,100)	(197,000)
Repayment of Loans from Affiliated Organizations	1,225,537	-
Investment in Qualified Affordable Housing Project	(2,441,636)	-
	(6,707,300)	(558,073)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions and Grants Restricted for the Purchase of Property and Equipment	3,450,963	221,106
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	(1,225,537)	(186,147)
Principal Payments on Note Payable	(17,432)	(1,684)
Principal Payments on Mortgage Payable	(47,342)	(47,343)
Proceeds from Conditional Grant - Paycheck Protection Program Loan	-	1,023,562
	2,160,652	1,994,494
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(1,171,463)	1,885,801
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - Beginning of Year	5,992,424	4,106,623
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - End of Year	\$ 4,820,961	\$ 5,992,424

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, 2021 AND 2020

	2021	2020
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 9,322,237	\$ 1,193,942
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities		
Loan to Affiliate - Bad Debt Reserve	-	195,000
Bad Debt Expense	52,650	-
Depreciation and Amortization	1,167,731	1,190,086
Gains on Investments	(1,361,696)	(1,557,413)
Partnership Loss - Investment in Qualified Affordable Housing Project	-	64
Discount on Promises to Give	(5,030)	(5,827)
Gain on Disposal of Property and Equipment	(32,639)	-
Noncash Contributions Received	(157,016)	(33,273)
Contributions and Grants Restricted for the Purchase of Property and Equipment	(3,450,963)	(221,106)
Grant Income from Forgiveness of PPP Loan	(1,023,562)	-
Change in Value of Beneficial Interests in Charitable Trusts	(82,566)	(80,101)
Change in Assets		
Grants Receivable	(199,271)	(271,575)
Program Fees Receivable	19,205	28,213
Promises to Give	(341,308)	124,981
Prepaid Expenses and Other Assets	14,707	(18,734)
Net Developer Fee Receivable	80,412	1,883
Due from Affiliated Organizations	(401,483)	(261,695)
Change in Liabilities		
Accounts Payable	(181,420)	167,155
Accrued Expenses	(49,174)	31,673
Security and Other Deposits	4,071	181
Due to Affiliated Organizations	300	(34,074)
Total Adjustments	(5,947,052)	(744,562)
NET CASH FROM OPERATING ACTIVITIES	\$ 3,375,185	\$ 449,380

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

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021 and 2020, 11% and 17%, respectively, of the Organization's total support from operations was derived from contracts with the U.S. Department of Housing and Urban Development.

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

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

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

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

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

Dining Room Services - The Emmanuel Dining Room helps alleviate the immediate needs of Delaware's hungry with nutritious meals served at no cost. The program operates at three locations in economically depressed areas of Wilmington and New Castle, Delaware. At the heart of Emmanuel Dining Room lies the faithful ongoing support of 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, 2021

NOTE 1: NATURE OF ACTIVITIES - CONTINUED

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

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

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

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

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

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

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

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

NOTE 1: NATURE OF ACTIVITIES - CONTINUED

Long-Term Housing Services - Continued

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

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

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

House of Joseph Residence - 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.

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.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

NOTE 1: NATURE OF ACTIVITIES - CONTINUED

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

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

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

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

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

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

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

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

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Principles of Consolidation - Continued - 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).

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, 2021 and 2020.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition for Contracts with Customers - Continued

Program Fees - Continued

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*.

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. 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, 2021 and 2020. 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, 2021 and 2020.

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.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition for Contributions and Grants - Continued

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.

As of December 31, 2021 and 2020, the Organization had remaining award balances on conditional cost-reimbursable federal and state contracts and grants of \$1,589,988 and \$3,828,934, respectively. These award balances are not recognized in the accompanying consolidated financial statements. Included in these total remaining award balances are \$1,589,988 and \$1,387,298, respectively, of contracts and grants conditioned upon performance requirements and the incurrence of allowable qualifying expenses for Ministry of Caring, Inc. programs. In addition, as of December 31, 2020, \$2,441,636 were conditioned upon the occurrence of allowable development costs for the Village of St. John project. As indicated in Note 13, the \$2,441,636 represented a remaining capital commitment to the qualified affordable housing project investment as of December 31, 2020. This commitment was satisfied in full during the year ended December 31, 2021, 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 of December 31, 2021 and 2020. In June 2022, the Organization was notified that the donor lifted the requirements of the condition. As a result, \$800,000 will be recognized as contribution revenue in the consolidated statement of activities during the year ending December 31, 2022.

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 satisfied the conditions during the year ended December 31, 2021, and as a result, recognized grant revenue in the consolidated statement of activities.

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.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net Assets - Continued

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.

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 receivable 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 receivable during the years ended December 31, 2021 and 2020.

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

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Promises to Give - Continued - 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, 2021 and 2020. 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. Promises to give totaling \$52,650 and \$0 were written off to bad debt expense during the years ended December 31, 2021 and 2020, respectively. There was no allowance for uncollectible promises to give as of December 31, 2021 and 2020.

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 \$5,000 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, 2021 and 2020.

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.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Beneficial interests in charitable trusts include the following:

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

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

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Use of Estimates - Continued - of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses - The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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

Amortization - Due to the immaterial balance of the Organization's loan origination fees (Note 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.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Taxes - The Ministry of Caring, Inc. is a nonprofit organization that is exempt from income taxes under the Internal Revenue Service (IRS) Section 501(c)(3) of the Internal Revenue Code (Code) and therefore, has made no provision for federal income taxes in the accompanying consolidated financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been determined by the IRS not to be a “private foundation” within the meaning of Section 509(a)(2) of the IRS Code.

The Ministry of Caring, Inc.’s wholly owned subsidiary is treated as a for-profit corporation for federal and state income tax purposes. There was no taxable income attributed to this entity during the years ended December 31, 2021 and 2020, 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, 2021 and 2020.

The federal informational returns of the Organization for the years ended December 31, 2018, 2019, and 2020, 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, 2021 and 2020, were \$8,144,603 and \$5,780,740, 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.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

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:

	2021	2020
Financial Assets as of December 31		
Cash and Cash Equivalents	\$ 4,820,961	\$ 5,992,424
Grants Receivable	1,344,588	1,145,317
Program Fees Receivable	39,440	58,645
Promises to Give - Net	718,936	425,248
Developer Fee Receivable	423,011	703,423
Due from Affiliated Organizations	805,125	1,618,079
Mortgage Escrow Accounts	478,975	436,461
Investments - Qualified Affordable Housing Project Escrow	226,131	207,576
Investments	20,621,240	14,443,727
Beneficial Interest in Charitable Trusts	1,385,617	1,303,051
 Total Financial Assets as of December 31	 30,864,024	 26,333,951
Less: Amounts Not Available for General Expenditures Within One Year		
Donor Restricted - Purpose Restricted for Capital Projects	(5,795,134)	(2,008,441)
Donor Restricted - Time Restriction in Future Periods Beyond One Year	(240,000)	(300,000)
Donor Restricted Endowment Funds	(977,964)	(946,450)
Noncurrent Portion of Developer Fee Receivable	(423,011)	(423,011)
Developer Fee Receivable Not Available for Operations Due to Contractual Obligation	-	(277,430)
Mortgage Escrow Accounts Not Available for Operations	(478,975)	(436,461)
Security and Other Deposits Held for Others	(44,151)	(40,080)
Qualified Affordable Housing Project Escrow Held in Board-Designated Endowment	(226,131)	(207,576)
Board-Designated Endowment Funds Without Donor Restrictions in Excess of Annual Spending Allocation in the Amount of \$0 for the Years Ending December 31, 2022 and 2021	(15,143,276)	(13,497,277)
Beneficial Interest in Charitable Trusts in Excess of Estimated Annual Distribution from Perpetual Trust	(1,367,751)	(1,283,436)
Conditional Grant - Purpose Restricted for Villa Maria Project	(344,760)	(344,760)
 Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	 <u>\$ 5,822,871</u>	 <u>\$ 6,569,029</u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

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>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purposes		
Purpose Restricted for Capital Projects		
Village of St. John	\$ 727,376	\$ 727,376
403 Washington Street	824,000	824,000
Villa Maria	1,840,883	209,250
Emmanuel Dining Room	60,000	60,000
Il Bambino Child Care	70,000	70,000
Nazareth House	100,000	100,000
Information Technology	-	6,011
Child Care Playground	12,223	11,804
House of Joseph Holistic Housing	215,000	-
General Infrastructure Capital Campaign	1,514,152	-
Promises to Give - General Infrastructure Campaign	431,500	-
	<u>5,795,134</u>	<u>2,008,441</u>
Total Purpose Restricted for Capital Projects		

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

NOTE 4: NET ASSETS WITH DONOR RESTRICTIONS - CONTINUED

	<u>2021</u>	<u>2020</u>
Purpose Restricted for Program Initiatives		
CNA and CDL Training	\$ -	\$ 62,177
Child Care Scholarships	25,000	25,000
Clif Abel Holiday Fund	23,609	19,889
Case Management Triage	-	42,646
House of Joseph Residence and Training Program	-	22,365
Emmanuel Dining Room Operations	202,575	578,964
Emmanuel Dining Room - Nourishing Neighbors	24,174	-
Homelessness Diversion Program	112,061	-
Other Program Initiatives	<u>750</u>	<u>750</u>
Total Purpose Restricted for Program Initiatives	<u>388,169</u>	<u>751,791</u>
Subject to Time Restriction in Future Periods		
Promise to Give for Administration Building Debt Service	<u>300,000</u>	<u>360,000</u>
Subject to Endowment Spending Policy and Appropriation		
Child Care Program Operations (Held in Endowment)	654,547	654,547
Endowment Fund to Support Emmanuel Dining Room (Including Original Gift Amount of \$87,237)	<u>323,417</u>	<u>291,903</u>
Total Subject to Endowment Spending Policy and Appropriation	<u>977,964</u>	<u>946,450</u>
Not Subject to Appropriation or Expenditure		
Beneficial Interest in Remainder Trusts	394,428	370,665
Beneficial Interest in Perpetual Trusts	<u>991,189</u>	<u>932,386</u>
Total Not Subject to Appropriation or Expenditure	<u>1,385,617</u>	<u>1,303,051</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 8,846,884</u></u>	<u><u>\$ 5,369,733</u></u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

NOTE 4: NET ASSETS WITH DONOR RESTRICTIONS - CONTINUED

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

	<u>2021</u>	<u>2020</u>
Net Assets Released from Restriction for Capital Investment		
Villa Maria	\$ -	\$ 3,150
Fire and Security Protection	-	46,043
General Infrastructure Capital Campaign	302,347	-
Child Care Center	-	20,000
Child Care Playground	5,911	-
Information Technology	<u>6,011</u>	<u>2,028</u>
Total Released from Restriction for Capital Investment	<u>314,269</u>	<u>71,221</u>
Net Assets Released from Restriction for Program Expenditures		
CNA and CDL Training	132,177	121,700
Child Care Program Operations	10,000	32,986
Clif Abel Holiday Fund	1,280	-
Case Management Triage	42,646	57,354
Emmanuel Dining Room Operations	971,893	-
Emmanuel Dining Room - Nourishing Neighbors	16,300	-
Homelessness Diversion Program	47,939	-
Employment and Training Program	-	200,000
House of Joseph Residence and Training Program	22,366	160,934
Shelter Operations	115,000	-
Pierre Toussaint Dental Office Operations	25,000	-
Other Program Initiatives	<u>-</u>	<u>991</u>
Total Released from Restriction for Program Expenditures	<u>1,384,601</u>	<u>573,965</u>
Net Assets Released from Restriction with the Passage of Time	<u>60,000</u>	<u>60,000</u>
Total Net Assets Released from Restriction	<u><u>\$ 1,758,870</u></u>	<u><u>\$ 705,186</u></u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

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:

	2021		
	Services Provided		
	At a Point in Time	Over Time	Total
Program Fees	\$ 10,327	\$ 146,057	\$ 156,384
Program Fees - Government Contracts	375	572,975	573,350
Miscellaneous Income	5,474	-	5,474
	<u>\$ 16,176</u>	<u>\$ 719,032</u>	<u>\$ 735,208</u>
	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
	<u>\$ 206,089</u>	<u>\$ 544,030</u>	<u>\$ 750,119</u>

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

	2021		
	Accounts Receivable	Contract Assets	Contract Liabilities
Beginning of Year	\$ 58,645	\$ 703,423	\$ -
End of Year	39,440	423,011	-
	2020		
	Accounts Receivable	Contract Assets	Contract Liabilities
Beginning of Year	\$ 86,858	\$ 855,753	\$ -
End of Year	58,645	703,423	-

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

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:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 3,836,646	\$ 3,639,223
Cash and Cash Equivalents - Restricted for Investment in Capital	<u>984,315</u>	<u>2,353,201</u>
Total Cash, Cash Equivalents, and Restricted Cash Reported on the Consolidated Statements of Cash Flows	<u>\$ 4,820,961</u>	<u>\$ 5,992,424</u>

Noncash investing and financing activities for the years ended December 31, 2021 and 2020, consisted of the following:

	<u>2021</u>	<u>2020</u>
Noncash Investing and Financing Activities		
Donated Investments	\$ 78,018	\$ 33,273
Donated Property and Equipment	78,998	-
Property and Equipment Acquired with Accounts Payable	28,435	1,019
Property and Equipment Acquired with Note Payable	17,627	17,683
Property and Equipment Acquired with Accrued Expenses	168,457	-
Value Received for Exchange of Property and Equipment	-	16,400

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

NOTE 7: GRANTS RECEIVABLE

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

	<u>2021</u>	<u>2020</u>
State of Delaware - Division of Social Services	\$ 85,000	\$ 103,758
State of Delaware - Grant-In-Aid	305,825	305,825
City of Wilmington - Community Development Block Grant	113,939	-
City of Wilmington - Emergency Solutions Grant	179,526	23,311
State of Delaware - Office of Community Services	30,633	67,393
New Castle County - Emergency Solutions Grant	63,704	10,000
New Castle County - Health Equity Grant	-	20,222
First State Community Action Agency	65,849	61,738
Emergency Food and Shelter Program	-	-
State of Delaware - Purchase of Care Stars Program	49,276	47,063
State of Delaware - Enhanced Childcare Reimbursements	-	76,100
State of Delaware - Child and Adult Care Food Program	10,974	28,291
City of Wilmington - HOPWA	37,092	27,914
State of Delaware - Division of Public Health	51,377	52,580
Delaware State Housing Authority - Rapid Re-Housing Program	-	14,658
U.S. Department of Housing and Urban Development		
Continuum of Care	200,270	236,853
HOPWA	151,123	69,611
	<u>1,344,588</u>	<u>1,145,317</u>
Total	<u>\$ 1,344,588</u>	<u>\$ 1,145,317</u>

NOTE 8: UNCONDITIONAL PROMISES TO GIVE

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

	<u>2021</u>	<u>2020</u>
Receivable in Less than One Year	\$ 178,725	\$ 134,734
Receivable in One to Five Years	553,000	248,333
Receivable in More than Five Years	<u>-</u>	<u>60,000</u>
	731,725	443,067
Less: Discounts to Net Present Value	<u>12,789</u>	<u>17,819</u>
Total Unconditional Promises to Give - Net	<u>\$ 718,936</u>	<u>\$ 425,248</u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

NOTE 9: MORTGAGE ESCROW DEPOSITS

Escrow deposits associated with mortgages payable for the properties at the Mary Mother of Hope House I program, St. Francis Holistic Housing program, and House of Joseph Holistic Housing program are held with the Delaware State Housing Authority (DSHA) and consisted of the following as of December 31:

	2021	2020
<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	55,789	46,189
- 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	58,015	52,015
- St. Francis Holistic Housing Fund	118,238	110,972
<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	2,441	2,441
<i>Working Capital Reserve</i> - Represents 2.5% of the combined construction financing. Funds will be released at permanent closing provided there are no outstanding construction or financial issues.		
- House of Joseph Holistic Housing Fund	19,648	-
	\$ 478,975	\$ 436,461

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

NOTE 10: NET INVESTMENT INCOME

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

	2021	2020
Interest and Dividends	\$ 361,429	\$ 294,647
Investment Advisory Fees	(79,081)	(71,185)
Realized Gains	1,095,706	826,179
Unrealized Gains	265,990	731,234
Net Investment Income	\$ 1,644,044	\$ 1,780,875

NOTE 11: FAIR VALUE MEASUREMENTS

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

	2021				Total Cost Basis
	Total Fair Value	Level 1	Level 2	Level 3	
Investments					
Cash Funds	\$ 3,903,224	\$ 3,903,224	\$ -	\$ -	\$ 3,903,224
Certificate of Deposit	746,756	746,756	-	-	747,000
U.S. Treasury Securities	3,934,376	3,934,376	-	-	3,947,060
U.S. Agency Securities	150,424	150,424	-	-	150,328
Mutual Funds	2,645,467	2,645,467	-	-	2,386,957
Corporate Bonds	1,385,452	1,385,452	-	-	1,384,598
Domestic Equities	6,504,824	6,504,824	-	-	4,607,635
International Equities	1,350,717	1,350,717	-	-	1,036,678
Total Investments	20,621,240	20,621,240	-	-	18,163,480
Qualified Affordable					
Housing Project Escrow					
Cash Funds	8,403	8,403	-	-	8,403
Mutual Funds	122,964	122,964	-	-	119,033
Domestic Equities	91,013	91,013	-	-	58,940
International Equities	3,751	3,751	-	-	2,133
Total Qualified Affordable					
Housing Project Escrow	226,131	226,131	-	-	\$ 188,509

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

NOTE 11: FAIR VALUE MEASUREMENTS - CONTINUED

	2021				Total Cost Basis
	Total Fair Value	Level 1	Level 2	Level 3	
Beneficial Interest in Charitable Trusts					
Remainder Trusts	\$ 394,428	\$ -	\$ -	\$ 394,428	
Perpetual Trusts	991,189	-	991,189	-	
Total Charitable Trusts	1,385,617	-	991,189	394,428	
Total Assets	<u>\$ 22,232,988</u>	<u>\$ 20,847,371</u>	<u>\$ 991,189</u>	<u>\$ 394,428</u>	
	2020				Total Cost Basis
	Total Fair Value	Level 1	Level 2	Level 3	
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, 2021

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>	

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, the Emmanuel Dining Room, and various capital projects. 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, 2021

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 - The Organization's policy allows annual distributions in an amount equal to 4% of the rolling three-year average value. In establishing this policy, the Organization considered 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.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

NOTE 12: ENDOWMENT - CONTINUED

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

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds			
General Operations	\$ 15,370,495	\$ -	\$ 15,370,495
Capital Projects	(1,088)	4,500,000	4,498,912
Total Board-Designated Endowment Funds	<u>15,369,407</u>	<u>4,500,000</u>	<u>19,869,407</u>
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	-	236,180	-
Purpose Restricted - Child Care Program Operations	-	654,547	-
Total Donor-Restricted Endowment Funds	<u>-</u>	<u>977,964</u>	<u>977,964</u>
Total Endowment Funds	<u>\$ 15,369,407</u>	<u>\$ 5,477,964</u>	<u>\$ 20,847,371</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds			
General Operations	\$ 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	<u>-</u>	<u>946,450</u>	<u>946,450</u>
Total Endowment Funds	<u>\$ 13,704,853</u>	<u>\$ 946,450</u>	<u>\$ 14,651,303</u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

NOTE 12: ENDOWMENT - CONTINUED

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are to be reported in net assets with donor restrictions. There were no deficiencies in funds as of December 31, 2021 and 2020.

Changes in the Endowment's net assets for the years ended December 31, 2021 and 2020, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - January 1, 2020	\$ 12,454,172	\$ 946,544	\$ 13,400,716
Investment Return			
Investment Income - Net of Fees	204,046	4,618	208,664
Net Gains - Realized and Unrealized	1,529,139	28,274	1,557,413
Total Investment Return	1,733,185	32,892	1,766,077
Contributions and Deposits into Endowment	33,273	-	33,273
Distribution of Endowment Assets	(548,763)	-	(548,763)
Reclassifications - Net Assets Released from Restriction	32,986	(32,986)	-
Endowment Net Assets - December 31, 2020	13,704,853	946,450	14,651,303
Investment Return			
Investment Income - Net of Fees	274,381	7,132	281,513
Net Gains - Realized and Unrealized	1,337,314	24,382	1,361,696
Total Investment Return	1,611,695	31,514	1,643,209
Contributions and Deposits into Endowment	94,216	4,500,000	4,594,216
Distribution of Endowment Assets	(41,357)	-	(41,357)
Endowment Net Assets - December 31, 2021	\$ 15,369,407	\$ 5,477,964	\$ 20,847,371

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

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, 2021 and 2020.

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

	2021	2020
Ownership %	0.01%	0.01%
Carrying Amount of Investment	<u>\$ 8,323,405</u>	<u>\$ 5,881,769</u>
Income (Loss) from Investment	<u>\$ -</u>	<u>\$ (64)</u>

As of December 31, 2020, the Organization had remaining capital commitments to this qualified affordable housing project investment in the amount of \$2,441,636. Such amounts were not reflected in the consolidated financial statements as a liability or in the carrying amount of the investment in the qualified affordable housing project as of December 31, 2020. These commitments were satisfied in full during the year ended December 31, 2021, 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, 2021 and 2020.

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:

	2021	2020
Partnership Income (Loss) Investment in Qualified Affordable Housing Project	<u>\$ -</u>	<u>\$ (64)</u>
Change in Net Assets	<u>\$ -</u>	<u>\$ (64)</u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

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>2021</u>	<u>2020</u>
Investment in Qualified Affordable Housing Project	<u>\$ 8,323,405</u>	<u>\$ 5,881,769</u>
Total Assets	<u>\$ 8,323,405</u>	<u>\$ 5,881,769</u>
Total Liabilities	\$ -	\$ -
Total Net Assets	<u>8,323,405</u>	<u>5,881,769</u>
Total Liabilities and Net Assets	<u>\$ 8,323,405</u>	<u>\$ 5,881,769</u>

NOTE 14: PROPERTY AND EQUIPMENT

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

	<u>2021</u>	<u>2020</u>
Land	\$ 976,782	\$ 976,782
Building and Improvements	29,022,370	28,714,867
Construction in Progress	681,443	315,114
Furniture and Equipment	4,484,633	4,344,472
Automobiles	<u>605,363</u>	<u>591,784</u>
	35,770,591	34,943,019
Accumulated Depreciation	<u>20,634,902</u>	<u>19,647,227</u>
Property and Equipment - Net	<u>\$ 15,135,689</u>	<u>\$ 15,295,792</u>

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

NOTE 15: BENEFICIAL INTERESTS IN CHARITABLE TRUSTS

The Organization has known remainder interests in two charitable remainder unitrusts. For the years ended December 31, 2021 and 2020, the Organization's beneficial interest in these split-interest agreements increased by \$23,763 and \$25,250, respectively, which represented a change in the value of trust assets. As of December 31, 2021 and 2020, the Organization's estimated present value interest in these trusts was \$394,428 and \$370,665, 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 \$17,866 and \$19,615 during the years ended December 31, 2021 and 2020, respectively. Included in the consolidated statements of activities is an increase in the Organization's beneficial interest in the trust of \$58,803 and \$54,851 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, was \$991,189 and \$932,386, 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, 2021 and 2020, loan origination costs were carried at \$3,132 and \$3,371, respectively, net of accumulated amortization of \$6,449 and \$6,210, 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, was .65%. The available credit is reevaluated monthly and is based on the market value of the pledged collateral. As of December 31, 2021, the estimated market value of the Organization's investments pledged as collateral was \$8,355,801 and the available line of credit was \$6,083,823. The outstanding balance on the line of credit was \$0 and \$1,225,537 as of December 31, 2021 and 2020, respectively.

NOTE 18: NOTE PAYABLE

The Organization has a note payable to a financial institution in the amount of \$16,194 as of December 31, 2021. Interest on the note payable is fixed at 1.90%. Payments are due in monthly installments of \$382 through September 2025.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

NOTE 18: NOTE PAYABLE - CONTINUED

Future maturities of this note payable as of December 31, 2021, are as follows:

2022	\$	4,407
2023		4,407
2024		4,407
2025		2,973
	\$	16,194

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.

DSHA (House of Joseph Holistic Housing) - During the year ended December 31, 2021, the Organization entered into an agreement with DSHA for a construction loan totaling \$285,912 through the Housing Development Fund (HDF). Proceeds from this loan will be used to finance the renovation of a seven-unit apartment building located at 704 West Street. The construction loan bears interest of 3% per annum and is payable on the first day of each month following the first advance of the principal. The term of this loan will not exceed 18 months (construction period). After the construction period, the loan will convert to deferred permanent financing and bear interest at 1% per annum for a term of 30 years. There were no draws on this loan during the year ended December 31, 2021, and as such, there was no outstanding loan balance as of December 31, 2021.

DSHA (House of Joseph Holistic Housing) - During the year ended December 31, 2021, the Organization entered into an agreement with DSHA for a non-interest-bearing construction loan totaling \$500,000 through the National Housing Trust Fund (NHTF). Proceeds from this loan will be used to finance the renovation of a seven-unit apartment

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

NOTE 19: MORTGAGE DEBT PAYABLE - CONTINUED

DSHA (House of Joseph Holistic Housing) - Continued - building located at 704 West Street. The term of this loan will not exceed 18 months (construction period). After the construction period, the loan will convert to deferred permanent financing and bear interest at 1% per annum for a term of 30 years. There were no draws on this loan during the year ended December 31, 2021, and as such, there was no outstanding loan balance as of December 31, 2021.

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, 2021 and 2020, was \$272,617 and \$319,959, respectively. The mortgage is secured by property located at 115 E. 14th Street in Wilmington, Delaware.

Future maturities of mortgages payable as of December 31, 2021, are as follows:

2022	\$	50,962
2023		52,746
2024		54,592
2025		56,503
2026		57,814
Thereafter		944,446
	\$	1,217,063

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 was contingently liable as guarantor with respect to both mortgages. The combined outstanding balances of these loans were \$11,246,845 as of December 31, 2020, and were not required to be included in the Organization's consolidated statements of financial position. During the year ended December 31, 2021, both construction loans were converted to permanent financing and the Organization was released from their obligation as guarantor.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

NOTE 20: COMMITMENTS AND CONTINGENCIES - CONTINUED

Construction Commitments - During the year ended December 31, 2021, the Organization entered into construction contracts for the renovation of four properties located in Wilmington, Delaware. As of December 31, 2021, the renovations were still in progress. The remaining contract commitment as of December 31, 2021 totaled \$2,731,651.

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, 2021 and 2020. The plan provides for full vesting after 5 years of service. The account value of contributions is also fully vested when an employee reaches the age of 65, becomes totally and permanently disabled, or dies. In regard to religious employees, the Organization has separate letters of agreement with the various religious orders that provide for annual retirement payments directly to their respective religious communities. The amount of this contribution is specified by the agreements in force with the various religious orders. Pension plan expense for lay and religious employees was \$115,922 and \$21,525, respectively, for the year ended December 31, 2021, and \$84,728 and \$17,168, respectively, for the year ended December 31, 2020.

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, 2021 and 2020, revenue from administrative services on behalf of these entities totaled \$76,634 and \$76,884, respectively.

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, 2021 and 2020, 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, 2021 and 2020.

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

NOTE 22: RELATED-PARTY TRANSACTIONS - CONTINUED

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. The loan balance due from the Village of St. John, L.P. was \$0 and \$1,225,537 as of December 31, 2021 and 2020, respectively. Village of St. John, L.P. paid the loan balance in full during the year ended December 31, 2021.

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

	2021	2020
Due from Affiliated Organizations		
Sacred Heart Village I, Inc.	\$ 9,004	\$ 8,570
Sacred Heart Village I, Inc. - Advance (Net of \$160,095 Allowance)	-	-
Sacred Heart Housing, Inc.	104,176	50,123
Sacred Heart Oratory	1,766	1,268
Village of St. John, L.P.	219,399	1,344,428
Sacred Heart Village II, Inc.	166,346	125,576
Sacred Heart Village II, Inc. - Advance (Net of \$195,000 Allowance)	-	-
Mother Teresa House, Inc.	20,415	3,619
Villa Maria	284,019	84,495
Total Due from Affiliated Organizations	805,125	1,618,079
Due to Affiliated Organizations		
Sacred Heart Housing, Inc.	34,600	34,600
Village of St. John, L.P.	1,485	1,185
Total Due to Affiliated Organizations	36,085	35,785
Net Due from (to) Affiliated Organizations	\$ 769,040	\$ 1,582,294

MINISTRY OF CARING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

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, 2021 and 2020, was \$78,885 and \$78,785, respectively.

As of December 31, 2021, future minimum lease payment are as follows:

2022	\$	41,604
2023		42,764
2024		44,040
2025		45,444
2026		<u>22,500</u>
	\$	<u>196,352</u>

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.

During the year ended December 31, 2021, the Organization utilized the loan proceeds for purposes consistent with the PPP and submitted an application for forgiveness. The Organization was notified on August 12, 2021, that its PPP loan was forgiven in full. As a result, \$1,023,562 was recognized as government grant - PPP loan forgiveness in the consolidated statement of activities for the year ended 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, 2021, 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 9, 2022.

Report on 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 or significant deficiencies may exist that were not identified.

To the Board of Directors
Ministry of Caring, Inc.

Report on 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 9, 2022

Wilmington, Delaware



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

To the Board of Directors
Ministry of Caring, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Ministry of Caring, Inc.'s compliance with the types of compliance requirements identified as subject to audit 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, 2021. 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.

In our opinion, Ministry of Caring, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditors' Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of Ministry of Caring, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Ministry of Caring, Inc.'s compliance with the compliance requirements referred to above.

To the Board of Directors
Ministry of Caring, Inc.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Ministry of Caring, Inc.'s federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Ministry of Caring, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Ministry of Caring, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Ministry of Caring, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Ministry of Caring, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Ministry of Caring, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

To the Board of Directors
Ministry of Caring, Inc.

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 2021-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditors' Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

To the Board of Directors
Ministry of Caring, Inc.

Government Auditing Standards requires the auditor to perform limited procedures on Ministry of Caring, Inc.'s response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Ministry of Caring, Inc.'s response was not subjected to the other 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 9, 2022

Wilmington, Delaware

MINISTRY OF CARING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-Through Grantor/Program Title	CFDA#	Expenditures	Expenditures to Subrecipients
Department of Agriculture			
Delaware - Department of Education			
COVID-19 Child and Adult Care Food Program	10.558	\$ 18,984	\$ -
Child and Adult Care Food Program	10.558	125,251	-
		<u>144,235</u>	<u>-</u>
Department of Housing and Urban Development			
City of Wilmington			
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	113,939	-
City of Wilmington			
COVID-19 Emergency Solutions Grants	14.231	190,207	-
Emergency Solutions Grants	14.231	28,689	-
New Castle County			
COVID-19 Emergency Solutions Grants	14.231	100,000	-
		<u>318,896</u>	<u>-</u>
Direct Award			
COVID-19 Housing Opportunities for Persons with AIDS	14.241	38,873	-
Housing Opportunities for Persons with AIDS	14.241	272,545	-
City of Wilmington			
Housing Opportunities for Persons with AIDS	14.241	54,918	-
		<u>366,336</u>	<u>-</u>
Direct Award			
Continuum of Care	14.267	1,130,598	-
Department of Health and Human Services			
First State Community Action Agency			
COVID-19 Community Services Block Grant	93.569	21,012	-
Community Services Block Grant	93.569	218,089	-
		<u>239,101</u>	<u>-</u>
Corporation for National and Community Service			
Delaware - Department of Health and Social Services			
AmeriCorps	94.006	25,234	-
Department of Homeland Security			
United Way of Delaware			
COVID-19 Emergency Food and Shelter National Board Program	97.024	12,500	-
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 2,350,839</u></u>	<u><u>\$ -</u></u>

MINISTRY OF CARING, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2021

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, 2021. 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, 2021

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, 2021

II. Financial Statement Findings

There were no current year financial statement findings.

III. Federal Award Findings and Questioned Costs

Finding Reference Number: 2021-001

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, 2021

III. Federal Award Findings and Questioned Costs - Continued

Finding Reference Number: 2021-001 - Continued

Condition: Our testing included a sample of seven tenants from four different programs. Audit procedures determined the following instances where the program participants' adjusted income and occupancy charge were not determined in accordance with the requirements of Title 24 CFR Part 578:

- The rent calculation for one tenant at Nazareth House Holistic Housing and one tenant at Saint Francis Holistic Housing contained income exclusions consisting of childcare expenses that were used to determine annual income. According to the regulations, childcare expenses should not be used as an income exclusion when calculating annual income. Childcare expenses represent eligible deductions in determining adjusted income. Additionally, both tenants were incorrectly charged rent based on 10% of their annual income. 30% of their adjusted income produced a higher rent amount. According to the regulations, the higher of the two calculations should be utilized.
- The rent calculation for the tenant at Nazareth House Holistic Housing mentioned above 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 annual/adjusted income and tenant rent.

Effect: Two tenants were charged monthly rent amounts lower than the correctly calculated amount. This resulted in inconsistency in how tenants were charged rent across the Organization's shelters.

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, 2021

IV. Corrective Action Plan

Finding Reference Number: 2021-001

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

Condition: Our testing included a sample of seven tenants from four different programs. Audit procedures determined the following instances where the program participants' adjusted income and occupancy charge were not determined in accordance with the requirements of Title 24 CFR Part 578:

- The rent calculation for one tenant at Nazareth House Holistic Housing and one tenant at Saint Francis Holistic Housing contained income exclusions consisting of childcare expenses that were used to determine annual income. According to the regulations, childcare expenses should not be used as an income exclusion when calculating annual income. Childcare expenses represent eligible deductions in determining adjusted income. Additionally, both tenants were incorrectly charged rent based on 10% of their annual income. 30% of their adjusted income produced a higher rent amount. According to the regulations, the higher of the two calculations should be utilized.
- The rent calculation for the tenant at Nazareth House Holistic Housing mentioned above 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: The Case Manager will complete the rent calculation sheet as required. The Program Director will verify they reviewed the case managers rent calculation sheet and sign off that it is correct. The Program Director will then forward to Grant Compliance staff who will review and confirm there are no errors and sign off (new requirement). Starting September 2022, all staff who are responsible to prepare and verify numbers on rent calculation sheets will be required to attend a monthly training where the rent calculation sheets will be reviewed (additional review; increase staff training requirement).

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

Anticipated Completion Date of Corrective Action: September 2022

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
DECEMBER 31, 2021

V. Status of Prior Year Findings

Finding Reference Number: 2020-001

Continuum of Care - CFDA 14.267

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 one 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.

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, 2021 and 2020, and our report thereon dated September 9, 2022, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information required by DSHA for Mary Mother of Hope House I Fund is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Belfint, Lyons & Shuman, P.A.

September 9, 2022
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, 2021**

ASSETS	
Cash and Cash Equivalents	\$ 200
Grants Receivable	144,068
Escrow Accounts	55,829
Replacement Reserve	58,015
Operating Reserve	202,765
Due from Other Funds	76,080
Investments	320,928
Property and Equipment - Net	<u>52,953</u>
TOTAL ASSETS	<u><u>\$ 910,838</u></u>
LIABILITIES	
Accounts Payable	\$ 30,290
Accrued Expenses	8,685
Notes Payable	<u>600,000</u>
TOTAL LIABILITIES	<u>638,975</u>
NET ASSETS	
Without Donor Restrictions	271,863
With Donor Restrictions	<u>-</u>
TOTAL NET ASSETS	<u>271,863</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 910,838</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 12/31/21

Part I	Description of Account	Amount	
RENTAL INCOME 5100	Rent Revenue - Gross Potential	5120	\$ -
	Tenant Assistance Payments	5121	
	Rent Revenue - Stores and Commercial	5140	
	Garage and Parking Space	5170	
	Flexible Subsidy Revenue	5180	
	Miscellaneous Rent Revenue	5190	
	Excess Rent	5191	
	Rent Revenue - Insurance	5192	
	Special Claims Revenue	5193	
	Retained Excess Income	5194	
	Lease Revenue (Nursing Homes)	5195	
	Total Rent Revenue		
VACANCIES 5200	Apartments	5220	
	Stores and Commercial	5240	
	Rental Concessions	5250	
	Garage and Parking Space	5270	
	Miscellaneous	5290	
Total Vacancies			\$ -
	Net Rent Revenue (Rent Revenue Less Vacancies)		\$ -
FINANCIAL REVENUE 5400	Nursing Homes/Assisted Living/Board & Care/Other Elderly Care/Coop/and Other Revenue	5300	104,615
	Members Group Life Insurance Expense (Co-ops)	5320	
	Financial Revenue - Project Operations	5410	
	Revenue from Investments - Residual Receipts	5430	198
	Revenue from Investments - Replacement Reserve	5440	216
	Expiration of Gift Donor Restrictions (Non-Profits)	5460	
	Gifts (Non-Profits)	5470	24,877
Revenue from Investments - Miscellaneous	5490	32,244	
Total Financial Revenue			\$ 162,150
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	427,980
Total Other Revenue			\$ 427,980
	Total Revenue		\$ 590,130
ADMINISTRATIVE EXPENSES 6200 6300	Conventions and Meetings	6203	
	Management Consultants	6204	7,557
	Advertising and Marketing	6210	
	Social Activity	6215	
	Other Renting Expenses	6250	
	Office Salaries	6310	192,454
	Office Expenses	6311	7,151
Office of Model Apartment Rent	6312		

DSHA STATEMENT OF PROFIT AND LOSS - CONTINUED

ADMINISTRATIVE EXPENSES 6200 6300 (Continued)	Management Fee	6320	\$ 3,364	
	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	3,403	
	Bad Debt Expense	6370		
	Miscellaneous Administrative Expenses	6390		
	Total Administrative Expenses			\$ 216,866
UTILITIES EXPENSE 6400	Fuel Oil/Coal	6420	1,489	
	Electricity (Lights and Misc. Power)	6450	8,388	
	Water	6451		
	Gas	6452		
	Sewer	6453	9,590	
	Total Utilities Expenses			\$ 19,467
OPERATING AND MAINTENANCE 6500	Janitor and Cleaning Payroll	6510		
	Janitorial Supplies	6515	8,730	
	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	23,407	
	Repairs Material	6541	8,805	
	Repairs Contracts	6542	8,950	
	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			\$ 49,892	
TAXES AND INSURANCE 6700	Real Estate Taxes	6710		
	Payroll Taxes (FICA) (Project's Share)	6711	13,657	
	Property and Liability Insurance (Hazard)	6720	5,141	
	Fidelity Bond Insurance	6721		
	Workers' Compensation	6722	5,057	
	Health Insurance and Other Employee Benefits	6723	82,381	
	Miscellaneous Taxes, Licenses, Permits, and Insurance	6790	748	
	Total Taxes and Insurance			\$ 106,984
	Total Operating Expenses			\$ 393,209

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	\$ 15,392	\$ 15,392
	Total Cost of Operations Before Depreciation			\$ 408,601
	Profit (Loss) Before Depreciation		181,529	
DEPRECIATION 6600	Depreciation Expenses	6600	11,915	
	Amortization Expense	6610		
	Operating Profit or (Loss)			\$ 169,614
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)			\$ 169,614
Part II*				
	1. Total principal payments required under the mortgage, even if payments under a Workout Agreement are less or more than those required under the mortgage.		\$ -	
	2. Replacement Reserve deposits required by the Regulatory Agreement or Amendments thereto, even if payments may be temporarily suspended or waived.		\$ 6,000	
	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, 2021**

NET ASSETS WITHOUT DONOR RESTRICTIONS BALANCE - Beginning of Year	\$	102,249
Change in Net Assets Without Donor Restrictions		<u>169,614</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS BALANCE - End of Year	\$	<u><u>271,863</u></u>
NET ASSETS WITH DONOR RESTRICTIONS BALANCE - Beginning of Year	\$	-
Change in Net Assets With Donor Restrictions		<u>-</u>
NET ASSETS WITH DONOR RESTRICTIONS BALANCE - End of Year	\$	<u><u>-</u></u>

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	12/31/2021	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>30,290</u>	
8.	Loans and Notes Payable (due within 30 days)	\$ _____	
9.	Deficient Tax Insurance/Mortgage Insurance Escrow	\$ _____	
10.	Accrued Expenses (not escrowed)	\$ <u>8,685</u>	
11.	Paid Rents	\$ _____	
12.	Tenant Security Deposits Liability	\$ _____	
13.	Other (Describe) _____	\$ _____	
	(B) Total Liabilities		\$ <u>38,975</u>
	(C) Surplus Cash (Deficiency)		\$ <u>(38,775)</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: _____ Reviewed By: _____
Name Date

SUPPLEMENTARY INFORMATION

ST. FRANCIS HOLISTIC HOUSING FUND



BELFINT • LYONS • SHUMAN
Certified Public Accountants

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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, 2021 and 2020, and our report thereon dated September 9, 2022, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information required by DSHA for St. Francis Holistic Housing Fund is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Belfint, Lyons & Shuman, P.A.

September 9, 2022
Wilmington, Delaware

**ST. FRANCIS HOLISTIC HOUSING FUND
OF MINISTRY OF CARING, INC.
DSHA PROJECT NO. DE 26B93-0325
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021**

ASSETS	
Cash and Cash Equivalents	\$ -
Grants Receivable	34,457
Prepaid Expenses	171
Escrow Accounts	8,054
Replacement Reserve	118,238
Operating Reserve	16,426
Investments	190,691
Property and Equipment - Net	293,836
Loan Origination Costs - Net	<u>3,130</u>
TOTAL ASSETS	<u><u>\$ 665,003</u></u>
LIABILITIES	
Accounts Payable	\$ 8,464
Accounts Payable - Due to Other Funds (Net)	632,540
Accrued Expenses	2,652
Security Deposits	144
Mortgage Payable - DSHA	<u>344,446</u>
TOTAL LIABILITIES	988,246
NET DEFICIENCY IN ASSETS	
Without Donor Restrictions	<u>(323,243)</u>
TOTAL LIABILITIES AND NET DEFICIENCY IN ASSETS	<u><u>\$ 665,003</u></u>

DSHA STATEMENT OF PROFIT AND LOSS

Project Name: St. Francis Holistic Housing Fund

Project Number: DE 26B93-0325

Year Ending: 12/31/21

Part I	Description of Account	Amount	
RENTAL INCOME 5100	Rent Revenue - Gross Potential	5120	\$ 19,515
	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)			\$ 19,515
	Nursing Homes/Assisted Living/Board & Care/Other Elderly Care/Co-op/and Other Revenue	5300	
	Members Group Life Insurance Expense (Co-ops)	5320	
FINANCIAL REVENUE 5400	Financial Revenue - Project Operations	5410	
	Revenue from Investments - Residual Receipts	5430	32
	Revenue from Investments - Replacement Reserve	5440	457
	Expiration of Gift Donor Restrictions (Non-Profits)	5460	
	Gifts (Non-Profits)	5470	
	Revenue from Investments - Miscellaneous	5490	18,916
Total Financial Revenue			\$ 19,405
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	188,938
Total Other Revenue			\$ 188,938
Total Revenue			\$ 227,858
ADMINISTRATIVE EXPENSES 6200 6300	Conventions and Meetings	6203	
	Management Consultants	6204	823
	Advertising and Marketing	6210	
	Social Activity	6215	
	Other Renting Expenses	6250	
	Office Salaries	6310	68,126
	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		
	Bad Debt Expense	6370		
	Miscellaneous Administrative Expenses	6390		
	Total Administrative Expenses			\$ 85,242
UTILITIES EXPENSE 6400	Fuel Oil/Coal	6420	1,322	
	Electricity (Lights and Miscellaneous Power)	6450	2,869	
	Water	6451		
	Gas	6452		
	Sewer	6453	5,408	
	Total Utilities Expenses			\$ 9,599
OPERATING AND MAINTENANCE 6500	Janitor and Cleaning Payroll	6510		
	Janitorial Supplies	6515	83	
	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	28,393	
	Repairs Material	6541	5,978	
	Repairs Contracts	6542	2,637	
	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			\$ 37,091	
TAXES AND INSURANCE 6700	Real Estate Taxes	6710		
	Payroll Taxes (FICA) (Project's Share)	6711	4,777	
	Property and Liability Insurance (Hazard)	6720	2,144	
	Fidelity Bond Insurance	6721		
	Workers' Compensation	6722	1,448	
	Health Insurance and other Employee Benefits	6723		
	Miscellaneous Taxes, Licenses, Permits, and Insurance	6790		
	Total Taxes and Insurance			\$ 8,369
	Total Operating Expenses			\$ 140,301

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	\$ 17,559	\$ 17,559
Total Cost of Operations Before Depreciation				\$ 157,860
Profit (Loss) Before Depreciation			69,998	
DEPRECIATION 6600	Depreciation Expenses	6600	34,989	
	Amortization Expense	6610	239	
Operating Profit or (Loss)				\$ 34,770
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)				\$ 34,770
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.			\$ 7,266	
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, 2021**

NET DEFICIENCY IN ASSETS WITHOUT DONOR	
RESTRICTIONS BALANCE - Beginning of Year	\$ (358,013)
Change in Net Deficiency in Assets Without Donor Restrictions	<u>34,770</u>
NET DEFICIENCY IN ASSETS WITHOUT DONOR	
RESTRICTIONS BALANCE - End of Year	<u><u>\$ (323,243)</u></u>
NET ASSETS WITH DONOR RESTRICTIONS BALANCE - Beginning of Year	
Change in Net Assets With Donor Restrictions	<u>-</u>
NET ASSETS WITH DONOR RESTRICTIONS BALANCE - End of Year	<u><u>\$ -</u></u>

Delaware State Housing Authority
COMPUTATION OF SURPLUS CASH AND DISTRIBUTIONS

Property Name	Fiscal Period Ending	DSHA/HDF Number
St. Francis Holistic Housing Fund	12/31/2021	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>641,004</u>	
8.	Loans and Notes Payable (due within 30 days)	\$ _____	
9.	Deficient Tax Insurance/Mortgage Insurance Escrow	\$ _____	
10.	Accrued Expenses (not escrowed)	\$ <u>2,652</u>	
11.	Paid Rents	\$ _____	
12.	Tenant Security Deposits Liability	\$ <u>144</u>	
13.	Other (Describe) _____	\$ _____	
	(B) Total Liabilities		\$ <u>643,800</u>
	(C) Surplus Cash (Deficiency)		\$ <u>(643,800)</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: _____ Reviewed By: _____
Name 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, 2021 and 2020, and our report thereon dated September 9, 2022, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information required by United Way of Delaware for Emmanuel Dining Room Fund is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Belfint, Lyons & Shuman, P.A.

September 9, 2022
Wilmington, Delaware

**EMMANUEL DINING ROOM FUND
OF MINISTRY OF CARING, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021**

ASSETS	
Cash and Cash Equivalents	\$ 250
Grants Receivable	83,704
Prepaid Expenses	171
Investments	629,636
Property and Equipment - Net	<u>181,383</u>
TOTAL ASSETS	<u><u>\$ 895,144</u></u>
 LIABILITIES	
Accounts Payable	\$ 47,378
Accrued Expenses	16,286
Due to Other Funds	<u>881</u>
TOTAL LIABILITIES	<u>64,545</u>
 NET ASSETS	
Without Donor Restrictions	108,372
With Donor Restrictions	<u>722,227</u>
TOTAL NET ASSETS	<u>830,599</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 895,144</u></u>

**EMMANUEL DINING ROOM FUND
OF MINISTRY OF CARING, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Contributions	\$ -	\$ 688,471	\$ 688,471
Fundraising Income	-	107,507	107,507
Contributed Rent	63,000	-	63,000
United Way - Designation and Personal Giving	36,533	-	36,533
Government Grants	201,542	-	201,542
Interest and Dividends - Net of Fees	6,753	7,132	13,885
Net Gains on Investments	23,088	24,382	47,470
Gain on Disposal of Property and Equipment	11,196	-	11,196
Miscellaneous Income	41,400	-	41,400
	<u>383,512</u>	<u>827,492</u>	<u>1,211,004</u>
Total Revenue	383,512	827,492	1,211,004
Net Assets Released from Restrictions	<u>1,078,778</u>	<u>(1,078,778)</u>	<u>-</u>
	1,462,290	(251,286)	1,211,004
TOTAL REVENUE AND OTHER SUPPORT	1,462,290	(251,286)	1,211,004
EXPENSES	<u>1,109,848</u>	<u>-</u>	<u>1,109,848</u>
CHANGE IN NET ASSETS BEFORE ASSISTANCE FROM (TO) OTHER FUNDS	352,442	(251,286)	101,156
ASSISTANCE FROM (TO) OTHER FUNDS			
Assistance from (to) Other Funds - Net	<u>(871,227)</u>	<u>-</u>	<u>(871,227)</u>
CHANGE IN NET ASSETS	(518,785)	(251,286)	(770,071)
NET ASSETS - Beginning of Year	<u>627,157</u>	<u>973,513</u>	<u>1,600,670</u>
NET ASSETS - End of Year	<u>\$ 108,372</u>	<u>\$ 722,227</u>	<u>\$ 830,599</u>

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, 2021 and 2020, and our report thereon dated September 9, 2022, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information for Ministry of Caring Guild is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Belfint, Lyons & Shuman, P.A.

September 9, 2022
Wilmington, Delaware

**MINISTRY OF CARING GUILD
OF MINISTRY OF CARING, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$ 287,729	\$ 408,836
Due from Other Funds	12,963	20,716
TOTAL ASSETS	\$ 300,692	\$ 429,552
LIABILITIES		
Accounts Payable and Other Current Liabilities	\$ 8,762	\$ 6,576
TOTAL LIABILITIES	8,762	6,576
NET ASSETS		
Without Donor Restrictions	291,930	422,976
TOTAL LIABILITIES AND NET ASSETS	\$ 300,692	\$ 429,552

**MINISTRY OF CARING GUILD
OF MINISTRY OF CARING, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
REVENUE AND OTHER SUPPORT		
Count Me In	\$ 196,890	\$ 353,474
Raffle	62,945	67,712
Mardi Gras	-	690
Membership Income and Other Contributions	-	8,783
	259,835	430,659
FUNDRAISING EXPENSES		
Count Me In	4,972	3,210
Raffle	13,000	17,979
Mardi Gras	850	1,037
General Expenses	6,344	15,768
Contributions and Assistance to Ministry of Caring, Inc.	365,715	153,373
	390,881	191,367
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(131,046)	239,292
NET ASSETS WITHOUT DONOR RESTRICTIONS - Beginning of Year	422,976	183,684
NET ASSETS WITHOUT DONOR RESTRICTIONS - End of Year	\$ 291,930	\$ 422,976