MINISTRY OF CARING, INC.

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

DECEMBER 31, 2022 AND 2021

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BELFINT • LYONS • SHUMAN
Certified Public Accountants

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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, 2022 and 2021, 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, 2022 and 2021, 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 opinion.

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.

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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.

Auditors' 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 auditors' 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 risks 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 August 24, 2023, 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.

August 24, 2023
Wilmington, Delaware

MINISTRY OF CARING, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	$ 3,500,226	$ 3,836,646
Cash and Cash Equivalents - Restricted for Investment in Capital	-	984,315
Grants Receivable	915,499	1,344,588
Program Fees Receivable	53,775	39,440
Promises to Give - Net	656,824	718,936
Prepaid Expenses and Other Assets	123,936	150,989
Right-of-Use Assets - Operating Leases	211,198	-
Developer Fee Receivable	423,011	423,011
Due from Affiliated Organizations	956,313	805,125
Mortgage Escrow Accounts	502,296	478,975
Investments - Qualified Affordable Housing Project Escrow	200,970	226,131
Investments	18,271,033	20,621,240
Investment in Qualified Affordable Housing Project	8,323,298	8,323,405
Property and Equipment - Net	18,231,831	15,135,689
Beneficial Interests in Charitable Trusts	1,091,304	1,385,617
TOTAL ASSETS	$ 53,461,514	$ 54,474,107
LIABILITIES		
Accounts Payable	$ 508,204	$ 240,966
Accrued Expenses	475,208	352,771
Operating Lease Liability	211,198	-
Security and Other Deposits	40,902	44,151
Development Fee Payable	77,430	77,430
Due to Affiliated Organizations	39,881	36,085
Conditional Grant - Other	-	800,000
Note Payable	11,863	16,194
Mortgage Payable - Bank	221,776	272,617
Mortgages Payable - Delaware State Housing Authority	1,519,187	944,446
TOTAL LIABILITIES	3,105,649	2,784,660
NET ASSETS		
Without Donor Restrictions	41,267,296	42,842,563
With Donor Restrictions	9,088,569	8,846,884
TOTAL NET ASSETS	50,355,865	51,689,447
TOTAL LIABILITIES AND NET ASSETS	$ 53,461,514	$ 54,474,107

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

MINISTRY OF CARING, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT FROM OPERATIONS			
Contributions	$ 2,298,994	$ 547,051	$ 2,846,045
In-Kind Contributions	17,350	-	17,350
Fundraising Income	650,794	101,607	752,401
United Way	50,004	-	50,004
Government Grants	4,634,609	-	4,634,609
Program Fees	496,217	-	496,217
Program Fees - Government Contracts	633,510	-	633,510
Miscellaneous Income	14,982	-	14,982
TOTAL SUPPORT FROM OPERATIONS	8,796,460	648,658	9,445,118
EXPENSES			
Program Services (78%)	7,891,667	-	7,891,667
Management and General (16%)	1,678,897	-	1,678,897
Fundraising (6%)	602,383	-	602,383
TOTAL EXPENSES	10,172,947	-	10,172,947
CHANGE IN NET ASSETS FROM OPERATIONS	(1,376,487)	648,658	(727,829)
OTHER SUPPORT AND REVENUE			
Contributions and Grants Restricted for Capital Investment	-	1,808,333	1,808,333
Change in Value of Beneficial Interests in Charitable Trusts	-	(294,313)	(294,313)
Net Investment Loss	(2,105,080)	(39,971)	(2,145,051)
Income Distributed from Perpetual Trust	25,385	-	25,385
Partnership Loss - Investment in Qualified Affordable Housing Project	(107)	-	(107)
TOTAL OTHER SUPPORT AND REVENUE	(2,079,802)	1,474,049	(605,753)
Net Assets Released from Restriction	1,881,022	(1,881,022)	-
CHANGE IN NET ASSETS	(1,575,267)	241,685	(1,333,582)
NET ASSETS - Beginning of Year	42,842,563	8,846,884	51,689,447
NET ASSETS - End of Year	$ 41,267,296	$ 9,088,569	$ 50,355,865

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	$ 2,149,782	$ 913,471	$ 3,063,253
In-Kind Contributions	78,998	-	78,998
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
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 FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	2022			
	Program Services	Management and General	Fundraising	Total Program and Supporting Services
SALARIES AND RELATED EXPENSES				
Salaries - Religious Employees	$ 445,913	$ 122,775	$ 35,909	$ 604,597
Salaries - Lay Employees	3,043,062	739,810	238,863	4,021,735
Employee Benefits	642,816	176,990	51,766	871,572
Payroll Taxes	213,191	58,699	17,168	289,058
TOTAL SALARIES AND RELATED EXPENSES	4,344,982	1,098,274	343,706	5,786,962
OTHER EXPENSES				
Advertising and Public Relations	120	65,569	3,451	69,140
Amortization	-	239	-	239
Assistance to Individuals and Groups	802,839	-	-	802,839
Automobile Expenses	47,120	36,906	1,942	85,968
Cleaning and Janitorial	111,366	1,633	86	113,085
Conferences and Training	3,290	2,205	116	5,611
Depreciation	1,072,728	108,155	5,692	1,186,575
Educational and Program Supplies	40,558	-	-	40,558
Food and Beverages	204,688	1,874	99	206,661
Fundraising Events	-	-	197,616	197,616
Insurance	75,856	48,121	2,533	126,510
Interest Expense and Bank Fees	-	28,742	-	28,742
Medical and Dental Supplies	9,954	-	-	9,954
Minor Equipment	10,952	3,890	205	15,047
Miscellaneous	14,188	15,946	839	30,973
Office Supplies	23,905	9,996	526	34,427
Other Supplies	11,932	22,875	1,204	36,011
Postage	173	8,822	464	9,459
Printing and Publications	22,373	38,536	2,028	62,937
Professional Fees	143,966	62,439	-	206,405
Repairs and Maintenance	281,077	71,256	3,750	356,083
Service Contracts	270,863	-	35,314	306,177
Utilities	398,737	53,419	2,812	454,968
TOTAL OTHER EXPENSES	3,546,685	580,623	258,677	4,385,985
TOTAL EXPENSES	$ 7,891,667	$ 1,678,897	$ 602,383	$ 10,172,947

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			
	Program Services	Management and General	Fundraising	Total Program and Supporting Services
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 STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Revenue and Other Support	$ 9,749,375	$ 11,361,762
Cash Paid to Suppliers and Employees	(8,887,624)	(8,333,652)
Interest Paid	(9,887)	(14,354)
Interest and Dividends Received	249,476	361,429
NET CASH FROM OPERATING ACTIVITIES	1,101,340	3,375,185
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(3,951,054)	(728,146)
Proceeds from Disposal of Property and Equipment	-	46,913
Purchase of Investments	(9,365,710)	(11,246,669)
Proceeds from Sale of Investments	9,532,333	6,490,315
Interest Earned but Retained in Mortgage Escrow Deposits	(1,743)	(1,791)
Net Deposits into Mortgage Escrow	(21,578)	(40,723)
Loans to Affiliated Organizations	-	(11,100)
Repayment of Loans from Affiliated Organizations	-	1,225,537
Investment in Qualified Affordable Housing Project	-	(2,441,636)
NET CASH FROM INVESTING ACTIVITIES	(3,807,752)	(6,707,300)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions and Grants Restricted for the Purchase of Property and Equipment	866,108	3,450,963
Proceeds from DSHA Mortgages Payable	574,741	-
Principal Payments on Line of Credit	-	(1,225,537)
Principal Payments on Note Payable	(4,331)	(17,432)
Principal Payments on Mortgage Payable	(50,841)	(47,342)
NET CASH FROM FINANCING ACTIVITIES	1,385,677	2,160,652
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(1,320,735)	(1,171,463)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - Beginning of Year	4,820,961	5,992,424
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - End of Year	$ 3,500,226	$ 4,820,961

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, 2022 AND 2021

	2022	2021
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (1,333,582)	$ 9,322,237
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities		
Bad Debt Expense	-	52,650
Depreciation and Amortization	1,186,814	1,167,731
Losses (Gains) on Investments	2,312,928	(1,361,696)
Partnership Loss - Investment in Qualified Affordable Housing Project	107	-
Amortization of Discount on Promises to Give	(4,222)	(5,030)
Gain on Disposal of Property and Equipment	-	(32,639)
Noncash Contributions Received	(104,183)	(157,016)
Contributions and Grants Restricted for the Purchase of Property and Equipment	(866,108)	(3,450,963)
Grant Income from Forgiveness of PPP Loan	-	(1,023,562)
Change in Value of Beneficial Interests in Charitable Trusts	294,313	(82,566)
Change in Assets		
Grants Receivable	429,089	(199,271)
Program Fees Receivable	(14,335)	19,205
Promises to Give	66,334	(341,308)
Prepaid Expenses and Other Assets	26,814	14,707
Net Developer Fee Receivable	-	80,412
Due from Affiliated Organizations	(151,188)	(401,483)
Change in Liabilities		
Accounts Payable	(15,152)	(181,420)
Accrued Expenses	73,164	(49,174)
Conditional Grant - Other	(800,000)	-
Security and Other Deposits	(3,249)	4,071
Due to Affiliated Organizations	3,796	300
TOTAL ADJUSTEMENTS	2,434,922	(5,947,052)
NET CASH FROM OPERATING ACTIVITIES	$ 1,101,340	$ 3,375,185

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

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, childcare, 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, 2022 and 2021, 16% and 11%, 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 six 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 hunger with nutritious meals served at no cost. The program operates at three locations in economically depressed areas of Wilmington and New Castle, Delaware. At the heart of Emmanuel Dining Room, lies the faithful ongoing support of members of nearly 100 churches, synagogues, businesses, and civic groups who prepare and serve meals on a rotating basis.

NOTE 1: NATURE OF ACTIVITIES - CONTINUED

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

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

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

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

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

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

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

NOTE 1: NATURE OF ACTIVITIES - CONTINUED

Long-Term Housing Services - Continued

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

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

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

House of Joseph Residence - 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.

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

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).

Changes in Accounting Principles - During the year ended December 31, 2022, the Organization adopted Financial Accounting Standards Board Accounting Standards Update (FASB ASU) 2020-07, *Presentation and Disclosure by Non-for-Profit Entities for Contributed Nonfinancial Assets,* on a retrospective basis. FASB ASU 2020-07 requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contribution of cash or other financial assets. The Organization has adjusted the presentation in these consolidated financial statements accordingly. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating, by category, the types of contributed nonfinancial assets a nonprofit entity has received. For each category of contributed nonfinancial assets, an entity must also disclose qualitative information about whether contribution nonfinancial assets were monetized or utilized during the reporting period, donor-imposed restrictions, and valuation techniques. Adoption of this standard did not have a significant impact on the consolidated financial statements, with the exception of increased disclosures (refer to Note 6).

In February 2016, FASB issued ASU 2016-02, *Leases* (Topic 842). The update increased transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statements of financial position and provides additional key disclosures about leasing agreements. During the year ended December 31, 2022, the Organization changed its accounting method for leases as a result of implementing the requirements in Topic 842. The Organization, as a lessee, classified its leasing arrangements as operating leases or finance leases in accordance with Topic 842.

<u>Operating Leases</u> - For operating leases, the Organization is required to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments in the consolidated statements of financial position. The Organization recognizes a single lease cost, allocated over the lease term on a straight-line basis in the consolidated statements of activities. The Organization classifies all cash payments within operating activities in the consolidated statements of cash flows.

<u>Finance Leases</u> - For finance leases, the Organization is required to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments in the consolidated statements of financial position. The Organization recognizes interest on the lease liability separately from the amortization of the right-

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Changes in Accounting Principles - Continued

Finance Leases - Continued - of-use asset in the consolidated statements of activities. The Organization classifies repayments of the principal portion of the lease liability within financing activities and payments of interest on the lease liability and variable lease payments within operating activities in the consolidated statements of cash flows.

The Organization adopted the standard effective January 1, 2022, and recognized and measured leases existing at, or entered into after, January 1, 2022 (the beginning of the reporting period of adoption). A right-of-use operating lease asset and lease liability were recognized in the amount of $274,364 on January 1, 2022; therefore, no cumulative effect adjustment to net assets was necessary. The Organization does not have any finance leases. Lease disclosures for the year ended December 31, 2021, are made under prior lease guidance in FASB ASC 840.

The Organization has elected the available practical expedients to account for existing operating leases and capital leases as operating leases and finance leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases or capital leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for the leases. Lease payments for short-term leases are recognized on straight-line basis.

The Organization elected the practical expedient to not separate lease and non-lease components.

Revenue Recognition for Contracts with Customers **-** In accordance with the FASB Accounting Standards Codification (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

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition for Contracts with Customers - Continued

Program Fees - Continued - 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, 2022 and 2021.

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 842, *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 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition for Contracts with Customers - Continued

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, 2022 and 2021. 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, 2022 and 2021.

***Revenue Recognition for Contributions and Grants* -** Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

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

As of December 31, 2022 and 2021, the Organization had remaining award balances on conditional cost-reimbursable federal and state contracts and grants of $1,757,543 and $1,589,988, respectively. These award balances are not recognized in the accompanying consolidated financial statements. These contracts and grants are conditioned upon performance requirements and the incurrence of allowable qualifying expenses for Ministry of Caring, Inc. programs.

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. In June 2022, the Organization was notified that the donor lifted the requirements of the condition. As a result, $800,000 was recognized as contribution revenue in the consolidated statement of activities for the year ended December 31, 2022.

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.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions, although their use may be limited by board designation.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restriction when the assets are placed in service.

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, 2022 and 2021.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Promises to Give - Unconditional promises to give are recognized as revenues or gains in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statements of activities. The discount rate used on long-term promises to give was 1.47% as of December 31, 2022 and 2021. 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 $0 and $52,650 were written off to bad debt expense during the years ended December 31, 2022 and 2021, respectively. There was no allowance for uncollectible promises to give as of December 31, 2022 and 2021.

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, 2022 and 2021.

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

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investment in Qualified Affordable Housing Project - Continued - 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 loss - investment in qualified affordable housing project in the consolidated statements of activities.

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

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.

In-Kind Contributions - The Organization's contributed nonfinancial assets include donated vehicles and various raffle items for the EDR Auction event which are recorded at their estimated fair values. The Organization does not sell these donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute time to program

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

In-Kind Contributions - ***Continued*** - services, administrative activities, and fundraising events; however, the consolidated financial statements do not reflect the value of these contributed services, because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods and services are recorded at fair value at the date of the donation.

Donations of property and equipment are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. In the absence of explicit donor stipulations, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Use of Estimates - The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

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

Amortization - Due to the immaterial balance of the Organization's loan origination fees (Note 17), 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.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fair Value - Continued

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

> Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Since valuations are based on quoted market prices that are readily and regularly available in an active market, it does not entail a significant degree of judgment.
>
> Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
>
> Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

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

The Ministry of Caring, Inc.'s wholly owned subsidiary is treated as a for-profit corporation for federal and state income tax purposes. There was no taxable income attributed to this entity during the years ended December 31, 2022 and 2021, 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, 2022 and 2021.

The federal informational returns of the Organization for the years ended December 31, 2019, 2020, and 2021, are subject to examination by the IRS, generally for three years after they were filed.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, 2022 and 2021, were $5,469,375 and $8,144,603, 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.

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 statements of financial position date:

	2022	2021
Financial Assets as of December 31		
Cash and Cash Equivalents	$ 3,500,226	$ 4,820,961
Grants Receivable	915,499	1,344,588
Program Fees Receivable	53,775	39,440
Promises to Give - Net	656,824	718,936
Developer Fee Receivable	423,011	423,011
Due from Affiliated Organizations	956,313	805,125
Mortgage Escrow Accounts	502,296	478,975
Investments - Qualified Affordable Housing Project Escrow	200,970	226,131
Investments	18,271,033	20,621,240
Beneficial Interest in Charitable Trusts	1,091,304	1,385,617
Total Financial Assets as of December 31	26,571,251	30,864,024

NOTE 3: AVAILABILITY AND LIQUIDITY - CONTINUED

	2022	2021
Less: Amounts Not Available for General Expenditures Within One Year		
Donor Restricted - Purpose Restricted for Capital Projects	$ (6,679,264)	$ (5,795,134)
Donor Restricted - Time Restriction in Future Periods Beyond One Year	(203,500)	(240,000)
Donor Restricted Endowment Funds	(937,993)	(977,964)
Noncurrent Portion of Developer Fee Receivable	(423,011)	(423,011)
Mortgage Escrow Accounts Not Available for Operations	(502,296)	(478,975)
Security and Other Deposits Held for Others	(40,902)	(44,151)
Qualified Affordable Housing Project Escrow Held in Board-Designated Endowment	(200,970)	(226,131)
Board-Designated Endowment Funds Without Donor Restrictions in Excess of Annual Spending Allocation in the Amount of $0 for the Years Ending December 31, 2023 and 2022	(13,082,412)	(15,143,276)
Beneficial Interest in Charitable Trusts in Excess of Estimated Annual Distribution from Perpetual Trust	(1,065,919)	(1,367,751)
Conditional Grant - Purpose Restricted for Villa Maria Project	-	(344,760)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 3,434,984	$ 5,822,871

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 18, 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 13, 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:

	2022	2021
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	2,968,976	1,840,883
Emmanuel Dining Room	60,000	60,000
Il Bambino Child Care	-	70,000
Nazareth House	100,000	100,000
Child Care Playground	12,223	12,223
House of Joseph Holistic Housing	215,000	215,000
Distribution Center	125,000	-
General Infrastructure Capital Campaign	1,288,522	1,514,152
Promises to Give - General Infrastructure Campaign	358,167	431,500
Total Purpose Restricted for Capital Projects	6,679,264	5,795,134
Purpose Restricted for Program Initiatives		
Child Care Scholarships	25,000	25,000
Clif Abel Holiday Fund	23,609	23,609
Emmanuel Dining Room Operations	-	202,575
Emmanuel Dining Room - Nourishing Neighbors	24,174	24,174
Homelessness Diversion Program	-	112,061
Other Program Initiatives	-	750
Total Purpose Restricted for Program Initiatives	72,783	388,169
Subject to Time Restriction in Future Periods		
Promise to Give for Administration Building Debt Service	240,000	300,000
Promises to Give - 45th Anniversary Event	67,225	-
Total Subject to Time Restriction in Future Periods	307,225	300,000
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)	283,446	323,417
Total Subject to Endowment Spending Policy and Appropriation	937,993	977,964
Not Subject to Appropriation or Expenditure		
Beneficial Interest in Remainder Trusts	308,629	394,428
Beneficial Interest in Perpetual Trusts	782,675	991,189
Total Not Subject to Appropriation or Expenditure	1,091,304	1,385,617
Total Net Assets With Donor Restrictions	$ 9,088,569	$ 8,846,884

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:

	2022	2021
Net Assets Released from Restriction for Capital Investment		
Villa Maria	$ 455,240	$ -
General Infrastructure Capital Campaign	398,963	302,347
Il Bambino Child Care	70,000	-
Child Care Playground	-	5,911
Information Technology	-	6,011
Total Released from Restriction for Capital Investment	924,203	314,269
Net Assets Released from Restriction for Program Expenditures		
CNA and CDL Training	-	132,177
Child Care Program Operations	-	10,000
Clif Abel Holiday Fund	-	1,280
Case Management Triage	-	42,646
Emmanuel Dining Room Operations	756,008	971,893
Emmanuel Dining Room - Nourishing Neighbors	-	16,300
Homelessness Diversion Program	112,061	47,939
House of Joseph Residence and Training Program	-	22,366
Shelter Operations	-	115,000
Pierre Toussaint Dental Office Operations	-	25,000
Other Program Initiatives	750	-
Total Released from Restriction for Program Expenditures	868,819	1,384,601
Net Assets Released from Restriction with the Passage of Time	88,000	60,000
Total Net Assets Released from Restriction	$ 1,881,022	$ 1,758,870

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:

	2022		
	Services Provided		
	At a Point in Time	Over Time	Total
Program Fees	$ 73,116	$ 145,136	$ 218,252
Program Fees - Government Contracts	11,371	622,139	633,510
Miscellaneous Income	14,933	-	14,933
	$ 99,420	$ 767,275	$ 866,695

	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
	$ 16,176	$ 719,032	$ 735,208

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

	2022		
	Accounts Receivable	Contract Assets	Contract Liabilities
Beginning of Year	$ 39,440	$ 423,011	$ -
End of Year	53,775	423,011	-

	2021		
	Accounts Receivable	Contract Assets	Contract Liabilities
Beginning of Year	$ 58,645	$ 703,423	$ -
End of Year	39,440	423,011	-

NOTE 6: IN-KIND CONTRIBUTIONS

For the years ended December 31, 2022 and 2021, contributed nonfinancial assets recognized within the consolidated statements of activities included the following:

	2022	2021
Contributions of Nonfinancial Assets		
Various Raffle Items for EDR Auction Event	$ 17,350	$ -
Vehicle	-	78,998
Total Contributions of Nonfinancial Assets	$ 17,350	$ 78,998

The Organization receives various forms of gifts-in-kind, including raffle items for the EDR Auction fundraising event and vehicles. During the year ended December 31, 2021, the Organization received a donated vehicle from the Delaware Transit Corporation (DTC) with a fair market value of $78,998 on the date of donation. The vehicle was destroyed in a flood during the same year, and therefore, the asset was removed from the books as of December 31, 2021. The donated raffle items were raffled off to attendees at the EDR Auction fundraising event. The fair value of these items were estimated based on the value that would be received for selling the goods and services in their principal market at the time of donation. Except for as noted above, donated gifts-in-kind are not sold and did not have donor restrictions.

NOTE 7: 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:

	2022	2021
Cash and Cash Equivalents	$ 3,500,226	$ 3,836,646
Cash and Cash Equivalents - Restricted for Investment in Capital	-	984,315
Total Cash, Cash Equivalents, and Restricted Cash Reported on the Consolidated Statements of Cash Flows	$ 3,500,226	$ 4,820,961

NOTE 7: SUPPLEMENTAL CASH FLOW DISCLOSURES - CONTINUED

Noncash investing and financing activities for the years ended December 31, 2022 and 2021, consisted of the following:

	2022	2021
Noncash Investing and Financing Activities		
Donated Investments	$ 104,183	$ 78,018
Donated Property and Equipment	-	78,998
Property and Equipment Acquired with Accounts Payable	310,825	28,435
Property and Equipment Acquired with Note Payable	-	17,627
Property and Equipment Acquired with Accrued Expenses	192,105	168,457
Right-of-Use Operating Lease Assets Acquired Through Operating Lease Liability	274,364	-

NOTE 8: GRANTS RECEIVABLE

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

	2022	2021
State of Delaware - Division of Social Services	$ 155,094	$ 85,000
State of Delaware - Grant-In-Aid	165,745	305,825
City of Wilmington - Community Development Block Grant	-	113,939
City of Wilmington - Emergency Solutions Grant	48,795	179,526
State of Delaware - Office of Community Services	61,267	30,633
New Castle County - Emergency Solutions Grant	-	63,704
First State Community Action Agency	155,243	65,849
State of Delaware - Purchase of Care Stars Program	34,281	49,276
State of Delaware - Child and Adult Care Food Program	25,726	10,974
City of Wilmington - HOPWA	32,789	37,092
State of Delaware - Division of Public Health	41,037	51,377
U.S. Department of Housing and Urban Development		
Continuum of Care	125,349	200,270
HOPWA	64,217	151,123
State of Delaware - AmeriCorp Program	5,956	-
Total	$ 915,499	$ 1,344,588

NOTE 9: UNCONDITIONAL PROMISES TO GIVE

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

	2022	2021
Receivable in Less than One Year	$ 253,558	$ 178,725
Receivable in One to Five Years	411,833	553,000
	665,391	731,725
Less: Discounts to Net Present Value	8,567	12,789
Total Unconditional Promises to Give - Net	$ 656,824	$ 718,936

NOTE 10: 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:

	2022	2021
Delaware State Housing Authority Operating Reserve - Funds may be utilized for the payment of operating expenses and loan delinquencies.		
- Mary Mother of Hope House I Fund	$ 202,765	$ 202,765
- St. Francis Holistic Housing Fund	16,426	16,426
Insurance Reserve - Funds may be utilized for insurance premiums.		
- Mary Mother of Hope House I Fund	65,389	55,789
- St. Francis Holistic Housing Fund	5,613	5,613
Reserve for Replacement - Funds may be utilized for replacement of structural elements and mechanical equipment or for common area painting and decorating.		
- Mary Mother of Hope House I Fund	64,290	58,015
- St. Francis Holistic Housing Fund	125,684	118,238
Interest Reserve - Represents interest earned on reserves and may be utilized for operating expense deficits at DSHA's approval.		
- Mary Mother of Hope House I Fund	40	40
- St. Francis Holistic Housing Fund	2,441	2,441

NOTE 10: MORTGAGE ESCROW DEPOSITS - CONTINUED

	2022	2021
Working Capital Reserve - 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	$ 19,648
	$ 502,296	$ 478,975

NOTE 11: NET INVESTMENT INCOME (LOSS)

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

	2022	2021
Interest and Dividends	$ 249,476	$ 361,429
Investment Advisory Fees	(81,599)	(79,081)
Realized Gains	387,674	1,095,706
Unrealized Gains (Losses)	(2,700,602)	265,990
Net Investment Income (Loss)	$ (2,145,051)	$ 1,644,044

NOTE 12: FAIR VALUE MEASUREMENTS

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

	2022				
	Total Fair Value	Level 1	Level 2	Level 3	Total Cost Basis
Investments					
Cash Funds	$ 2,448,596	$ 2,448,596	$ -	$ -	$ 2,448,596
Certificate of Deposit	722,541	722,541	-	-	747,000
U.S. Treasury Securities	4,278,257	4,278,257	-	-	4,437,926
U.S. Agency Securities	124,248	124,248	-	-	128,304
Mutual Funds	2,927,245	2,927,245	-	-	3,031,496
Corporate Bonds	835,979	835,979	-	-	899,173
Domestic Equities	5,687,056	5,687,056	-	-	5,498,216
International Equities	1,247,111	1,247,111	-	-	1,284,433
Total Investments	18,271,033	18,271,033	-	-	18,475,144

NOTE 12: FAIR VALUE MEASUREMENTS - CONTINUED

	2022				
	Total Fair Value	Level 1	Level 2	Level 3	Total Cost Basis
Qualified Affordable Housing Project Escrow					
Cash Funds	$ 7,966	$ 7,966	$ -	$ -	$ 7,966
Mutual Funds	119,159	119,159	-	-	128,054
Domestic Equities	71,469	71,469	-	-	63,572
International Equities	2,376	2,376	-	-	2,487
Total Qualified Affordable Housing Project Escrow	200,970	200,970	-	-	$ 202,079
Beneficial Interest in Charitable Trusts					
Remainder Trusts	308,629	-	-	308,629	
Perpetual Trusts	782,675	-	782,675	-	
Total Charitable Trusts	1,091,304	-	782,675	308,629	
Total Assets	$ 19,563,307	$ 18,472,003	$ 782,675	$ 308,629	

	2021				
	Total Fair Value	Level 1	Level 2	Level 3	Total Cost Basis
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

NOTE 12: FAIR VALUE MEASUREMENTS - CONTINUED

	2021				
	Total Fair Value	Level 1	Level 2	Level 3	Total Cost Basis
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
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	$ 22,232,988	$ 20,847,371	$ 991,189	$ 394,428	

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 13: 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

NOTE 13: ENDOWMENT - CONTINUED

allowance for doubtful accounts), (b) the original value of subsequent gifts donated to the fund, and (c) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed in UPMIFA. The donor-restricted endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

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

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds			
General Operations	$ 13,349,065	$ -	$ 13,349,065
Capital Projects	(65,683)	4,250,628	4,184,945
Total Board-Designated Endowment Funds	13,283,382	4,250,628	17,534,010
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	-	196,209	-
Purpose Restricted - Child Care Program Operations	-	654,547	-
Total Donor-Restricted Endowment Funds	-	937,993	937,993
Total Endowment Funds	$ 13,283,382	$ 5,188,621	$ 18,472,003

NOTE 13: ENDOWMENT - CONTINUED

	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
	15,369,407	4,500,000	19,869,407
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	-	977,964	977,964
Total Endowment Funds	$ 15,369,407	$ 5,477,964	$ 20,847,371

Changes in the Endowment's net assets for the years ended December 31, 2022 and 2021, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - January 1, 2021	$ 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
Investment Return (Loss)			
Investment Income - Net of Fees	164,520	3,357	167,877
Net Gains (Losses) - Realized and Unrealized	(2,269,600)	(43,328)	(2,312,928)
Total Investment Return (Loss)	(2,105,080)	(39,971)	(2,145,051)
Contributions and Deposits into Endowment	100,325	-	100,325
Distribution of Endowment Assets	(81,270)	(249,372)	(330,642)
Endowment Net Assets - December 31, 2022	$ 13,283,382	$ 5,188,621	$ 18,472,003

NOTE 13: ENDOWMENT - CONTINUED

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.

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, 2022 and 2021.

NOTE 14: 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, 2022 and 2021.

NOTE 14: INVESTMENT IN QUALIFIED AFFORDABLE HOUSING PROJECT - CONTINUED

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

	2022	2021
Ownership %	0.01%	0.01%
Carrying Amount of Investment	$ 8,323,298	$ 8,323,405
Income (Loss) from Investment	$ (107)	$ -

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, 2022 and 2021.

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:

	2022	2021
Partnership Income (Loss) Investment in Qualified Affordable Housing Project	$ (107)	$ -
Change in Net Assets	$ (107)	$ -

NOTE 14: 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:

	2022	2021
Investment in Qualified Affordable Housing Project	$ 8,323,298	$ 8,323,405
Total Assets	$ 8,323,298	$ 8,323,405
Total Liabilities	$ -	$ -
Total Net Assets	8,323,298	8,323,405
Total Liabilities and Net Assets	$ 8,323,298	$ 8,323,405

NOTE 15: PROPERTY AND EQUIPMENT

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

	2022	2021
Land	$ 976,782	$ 976,782
Building and Improvements	29,513,946	29,022,370
Construction in Progress	4,251,685	681,443
Furniture and Equipment	4,628,047	4,484,633
Automobiles	682,848	605,363
	40,053,308	35,770,591
Accumulated Depreciation	21,821,477	20,634,902
Property and Equipment - Net	$ 18,231,831	$ 15,135,689

NOTE 16: BENEFICIAL INTERESTS IN CHARITABLE TRUSTS

The Organization has known remainder interests in two charitable remainder unitrusts. For the years ended December 31, 2022 and 2021, the Organization's beneficial interest in these split-interest agreements increased (decreased) by ($85,799) and $23,763, respectively, which represented a change in the value of trust assets. As of December 31, 2022 and 2021, the Organization's estimated present value interest in these trusts was $308,629 and $394,428, 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 $25,385 and $17,866 during the years ended December 31, 2022 and 2021, respectively. Included in the consolidated statements of activities is an increase (decrease) in the Organization's beneficial interest in the trust of ($208,514) and $58,803 for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, was $782,675 and $991,189, respectively.

NOTE 17: 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, 2022 and 2021, loan origination costs were carried at $2,893 and $3,132, respectively, net of accumulated amortization of $6,688 and $6,449, respectively.

NOTE 18: 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 available credit is reevaluated monthly and is based on the market value of the pledged collateral. As of December 31, 2022, the estimated market value of the Organization's investments pledged as collateral was $7,293,043 and the available line of credit was $5,319,050. As of December 31, 2022 and 2021, there was no outstanding balance.

NOTE 19: NOTE PAYABLE

The Organization has a note payable to a financial institution in the amount of $11,863 and $16,194 as of December 31, 2022 and 2021, respectively. Interest on the note payable is fixed at 1.90%. Payments are due in monthly installments of $382 through September 2025.

NOTE 19: NOTE PAYABLE - CONTINUED

Future maturities of this note payable as of December 31, 2022, are as follows:

2023	$	4,396
2024		4,480
2025		2,987
	$	11,863

NOTE 20: 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 are being 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. The outstanding loan balance was $74,741 and $0, as of December 31, 2022 and 2021, respectively.

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 are being used to finance the renovation of a seven-unit

NOTE 20: MORTGAGE DEBT PAYABLE - CONTINUED

DSHA (House of Joseph Holistic Housing) - Continued - apartment 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. The outstanding loan balance was $500,000 and $0, as of December 31, 2022 and 2021, respectively.

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, 2022 and 2021, was $221,776 and $272,617, 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:

2023	$	52,746
2024		54,592
2025		56,503
2026		57,935
Thereafter		1,519,187
	$	1,740,963

NOTE 21: 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.

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, 2022, the renovations were still in progress. The remaining contract commitment as of December 31, 2022 totaled $152,220.

NOTE 22: 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 one year of service and attaining the age of 21. Employer

NOTE 22: PENSION PLAN - CONTINUED

contributions to the plan are funded monthly based on 5% of the participant's compensation as of December 31, 2022 and 2021. The plan provides for full vesting after five years of service. The account value of contributions is also fully vested when an employee reaches the age of 65, becomes totally and permanently disabled, or dies. In regard to religious employees, the Organization has separate letters of agreement with the various religious orders that provide for annual retirement payments directly to their respective religious communities. The amount of this contribution is specified by the agreements in force with the various religious orders. Pension plan expense for lay and religious employees was $105,838 and $24,566, respectively, for the year ended December 31, 2022, and $115,922 and $21,525, respectively, for the year ended December 31, 2021.

NOTE 23: 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, 2022 and 2021, revenue from administrative services on behalf of these entities totaled $76,884 and $76,634, 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, 2022 and 2021, the receivable from that advance remains fully reserved.

In the past, the Organization advanced funds to Sacred Heart Village II, Inc. In 2020, the Organization fully reserved, as uncollectable, a receivable from Sacred Heart Village II, Inc. in the amount of $195,000, which resulted from prior advances. As of December 31, 2022 and 2021, the receivable from that advance remains fully reserved.

The Organization occasionally pays expenses on behalf of affiliated entities. These amounts are generally reimbursed to the Organization in a short period of time. Amounts remaining unreimbursed are included in due from affiliated organizations in the consolidated statements of financial position. Amounts due to or from affiliated organizations also arise from advances, payments made or received on behalf of other organizations, and services provided between organizations.

NOTE 23: RELATED-PARTY TRANSACTIONS - CONTINUED

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 18) as the source of the funding with the terms and conditions passing through to the Village of St. John, L.P. 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:

	2022	2021
Due from Affiliated Organizations		
Sacred Heart Village I, Inc.	$ 52,670	$ 9,004
Sacred Heart Village I, Inc. - Advance (Net of $160,095 Allowance)	-	-
Sacred Heart Housing, Inc.	104,176	104,176
Sacred Heart Oratory	6,868	1,766
Village of St. John, L.P.	284,527	219,399
Sacred Heart Village II, Inc.	166,181	166,346
Sacred Heart Village II, Inc. - Advance (Net of $195,000 Allowance)	-	-
Mother Teresa House, Inc.	19,847	20,415
Villa Maria	322,044	284,019
Total Due from Affiliated Organizations	956,313	805,125
Due to Affiliated Organizations		
Sacred Heart Housing, Inc.	36,396	34,600
Sacred Heart Village I, Inc.	2,000	-
Village of St. John, L.P.	1,485	1,485
Total Due to Affiliated Organizations	39,881	36,085
Net Due from (to) Affiliated Organizations	$ 916,432	$ 769,040

NOTE 24: LEASE AGREEMENTS AS LESSEE

The Organization leases office equipment and a parking lot for various terms under agreements that are classified as operating leases. The leases expire on various dates through December 2025.

NOTE 24: LEASE AGREEMENTS AS LESSEE - CONTINUED

As of December 31, 2022, future minimum lease payment under noncancelable leases with terms greater than one year are as follows:

	Operating Leases
2023	$ 66,540
2024	67,812
2025	57,330
2026	22,500
Total Future Minimum Lease Payments	214,182
Less: Amount Representing Imputed Interest	2,984
Present Value of Future Minimum Lease Payments	211,198
Less: Current Maturities	64,941
Lease Obligations - Net of Current Maturities	$ 146,257

The following are required lease disclosures as of and for the year ended December 31, 2022:

Cash Paid for Amounts in the Measurement of Lease Liabilities Operating Cash Flows for Operating Leases	$ 68,356
Operating Lease Cost	$ 68,356
Right-of-Use Asset Obtained in Exchange for Operating Lease Liability	$ 274,364
Weighted-Average Remaining Lease Term - Operating Leases	3.28 Years
Weighted-Average Discount Rate - Operating Leases	1.24%

The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, the Organization estimates an applicable incremental borrowing rate based on information available at the commencement date of the lease agreement.

Rental expense for the year ended December 31, 2021, was $78,885.

NOTE 25: 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.

SINGLE AUDIT

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

To the Board of Directors
Ministry of Caring, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Ministry of Caring, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 24, 2023.

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.

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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.

August 24, 2023
Wilmington, Delaware

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

To the Board of Directors
Ministry of Caring, Inc.

Report on Compliance for Each Major Federal Program

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, 2022. 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, 2022.

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.

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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 instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as items 2022-01 and 2022-02. Our opinion on each major federal program is not modified with respect to these matters.

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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-01 and 2022-02 to be significant deficiencies.

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 compliance 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.

August 24, 2023
Wilmington, Delaware

MINISTRY OF CARING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Pass-Through Grantor/Program Title	CFDA#	Expenditures	Expenditures to Subrecipients
Department of Agriculture			
Delaware - Department of Education			
Child and Adult Care Food Program	10.558	$ 139,182	$ -
Department of Housing and Urban Development			
City of Wilmington			
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	80,852	-
New Castle County			
Community Development Block Grants/Entitlement Grants	14.218	20,000	-
		100,852	-
City of Wilmington			
COVID-19 Emergency Solutions Grants	14.231	372,507	-
New Castle County			
Emergency Solutions Grants	14.231	27,824	-
		400,331	-
Direct Award			
COVID-19 Housing Opportunities for Persons with AIDS	14.241	29,685	-
Housing Opportunities for Persons with AIDS	14.241	271,313	-
City of Wilmington			
Housing Opportunities for Persons with AIDS	14.241	50,220	-
		351,218	-
Direct Award			
Continuum of Care	14.267	1,221,019	-
Delaware State Housing Authority			
Housing Trust Fund	14.275	500,000	-
Department of Health and Human Services			
First State Community Action Agency			
COVID-19 Community Services Block Grant	93.569	110,632	-
Community Services Block Grant	93.569	225,172	-
		335,804	-
Delaware State Housing Authority			
COVID-19 Elder Abuse Prevention Interventions Program	93.747	80,000	-
Corporation for National and Community Service			
Delaware - Department of Health and Social Services			
AmeriCorps	94.006	10,390	-

MINISTRY OF CARING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Pass-Through Grantor/Program Title	CFDA#	Expenditures	Expenditures to Subrecipients
Department of Homeland Security			
United Way of Delaware			
COVID-19 Emergency Food and Shelter National Board Program	97.024	$ 56,766	$ -
Emergency Food and Shelter National Board Program	97.024	20,000	-
		76,766	-
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 3,215,562	$ -

MINISTRY OF CARING, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2022

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, 2022. 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.

NOTE 3: LOANS PAYABLE OUTSTANDING

The Organization had the following loan payable balance outstanding as of December 31, 2022, that has continuing compliance requirements, which is included in the Schedule of Expenditures of Federal Awards:

	Beginning Balance	Advances	Repayments	Ending Balance
DSHA - 14.275 Housing Trust Fund Loan	$ -	$ 500,000	$ -	$ 500,000

MINISTRY OF CARING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2022

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

Internal Control Over Major Programs:		
• Material Weakness(es) Identified?	___ Yes	_x_ No
• Significant Deficiencies Identified that are not Considered to be Material Weaknesses?	_x_ Yes	___ No
Type of Auditors' Report Issued on Compliance for Major Programs:	**Unmodified**	
Any Audit Findings Disclosed that are Required to be Reported in Accordance with 2 CFR Section 200.516(a)?	_x_ Yes	___ No

Identification of Major Programs:

CFDA Number(s)	Name of Federal Program
14.267	Continuum of Care

Dollar Threshold Used to Distinguish Between Type A and Type B Programs:	$ 750,000	
Auditee Qualified as Low-Risk Auditee?	_x_ Yes	___ No

II. Financial Statement Findings

There were no current year financial statement findings.

III. Federal Award Findings and Questioned Costs

Finding Reference Number: 2022-001
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. Additionally, the requirements indicate that recipients must maintain documentation to support program participants' income if occupancy charges are imposed, and that income must be reexamined at least annually to determine that the program participant is being charged the correct rent amount.

Condition: Our testing included a sample of 11 tenants from seven different programs. Audit procedures determined one instance where a tenant's file from Nazareth House Holistic Housing did not contain documentation of the annual rent calculation to support the occupancy charge on file.

Cause: Oversight of program compliance requirements by the former program employee.

Effect: One tenant's file did not contain all the required documentation to support the occupancy charge imposed.

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.

III. Federal Award Findings and Questioned Costs - Continued

Finding Reference Number: 2022-002
Type of Finding: Noncompliance and Significant Deficiency in Internal Control over Compliance
Major Program: 14.267 - Continuum of Care (Grantor - Department of Housing and Urban Development)
Compliance Requirement: Allowable Costs/Cost Principles

Criteria: The requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements*, *Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance), Subpart E, *Cost Principles*, include the following:

- The total cost of a federal award is the sum of the allowable direct and allocable indirect costs less any applicable credits.
- A cost is allocable to a particular federal award if the goods or services involved are chargeable or assignable to that federal award or the cost objective in accordance with the relative benefits received.
- Indirect Facilities and Administrative Costs are those costs incurred for a common purpose benefiting more than one cost objective, and not readily assignable to the cost objectives specifically benefited. Indirect costs should be allocated equitably to all programs and cost centers of an organization.
- A Direct Allocation Method for allocating indirect costs is acceptable provided each joint cost is prorated using a basis that accurately measures the benefits provided to each federal award and other activity of an entity. The basis must be established in accordance with reasonable criteria and supported by current data.
- An organization should have appropriate internal controls in place to ensure the compliance requirements indicated above are met.

Additionally, the Organization's Continuum of Care cost-reimbursement grant contracts with the U.S. Department of Housing and Urban Development (HUD), contain the following eligible cost categories: operating costs, supportive services costs, and administrative costs.

Condition:

- During the year ended December 31, 2022, the Organization had HUD Continuum of Care grant contracts for eight of its programs. These contracts are funded on the basis of cost reimbursement.

III. Federal Award Findings and Questioned Costs - Continued

Finding Reference Number: 2022-002 - Continued

Condition - Continued:

The Organization prepares monthly schedules identifying allowable direct and allocable indirect costs incurred during the month and submits to HUD on a monthly basis based upon the reimbursable costs identified on these schedules. The Organization includes facilities and maintenance costs as allocable indirect costs in these monthly reimbursement schedules. The Organization allocates these indirect facility and maintenance costs based on a calculation that includes the total square footage of the building space occupied by the program, the number of clients served by the program on a monthly basis, and a program's classification as residential or nonresidential.

Prior to the commencement of the audit, the Organization alerted us that an error was made in the monthly spreadsheet that allocated the indirect facility maintenance costs to the various programs, and as such, the Organization submitted reimbursement requests for facilities and maintenance costs of $29,630 in excess of actual costs allocable to the programs. The Organization's detective internal control process identified this error. The Organization has already corrected this error by reducing their January and February 2023 reimbursement requests by $29,630.

- Our audit testing revealed that the February 2022 monthly reimbursement schedule included $41,003 of construction costs related to the House of Joseph Holistic Housing Program. This does not qualify as an allowable cost under the three eligible cost categories included in the underlying HUD grant contract. After this was brought to the attention of the finance office, the Organization was able to identify additional operating costs of $41,003 during the same contract period that had not been included in previous reimbursement requests.

- Part of the Organization's internal control process over this compliance requirement includes the review and approval of each monthly reimbursement schedule. Our audit testing revealed that this internal control was not implemented for the majority of the monthly reimbursement schedules during 2022. While the schedules had the signature of the preparer, most did not contain the approval signature of the reviewer.

III. Federal Award Findings and Questioned Costs - Continued

Finding Reference Number: 2022-002 - Continued

Cause: An error in the spreadsheet used to allocate indirect facilities and maintenance costs resulted in reimbursement requests which exceeded allocable costs by $29,630. A misunderstanding of what constitutes eligible operating costs under the HUD grant contracts resulted in the Organization requesting reimbursement for ineligible construction costs. Lastly, the monthly reimbursement schedules did not contain documentation of the review and approval by someone other than the preparer.

Effect: Requests for reimbursement were made in excess of amounts allowed based on the provision of the Uniform Guidance and the underlying grant contract with HUD.

Recommendation: We recommend the Organization implement procedures to ensure the proper amounts of eligible costs are submitted for reimbursement.

IV. Corrective Action Plan

Finding Reference Number: 2022-001
Major Program: 14.267 - Continuum of Care (Grantor - Department of Housing and Urban Development)

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. Additionally, the requirements indicate that recipients must maintain documentation to support program participants' income if occupancy charges are imposed, and that income must be reexamined at least annually to determine that the program participant is being charged the correct rent amount.

Condition: Our testing included a sample of eleven tenants from seven different programs. Audit procedures determined one instance where a tenant's file from Nazareth House Holistic Housing did not contain documentation of the annual rent calculation to support the occupancy charge on file.

Corrective Action Plan: Initial and subsequent rent calculation will be completed by the Family Resource Coordinator. Family Resource Coordinator will submit to Program Director for review and sign off that it's complete. Program Director will submit to grant compliance staff who will review and confirm accuracy (and track on spreadsheet, additional step). Grant compliance staff will submit to Deputy Director of Programs tracking spreadsheet to confirm completion (new step). Will review rent calculation with all staff who does rent calculation at a minimum of six times each year.

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

Anticipated Completion Date of Corrective Action: To begin immediately.

IV. Corrective Action Plan - Continued

Finding Reference Number: 2022-002
Major Program: 14.267 - Continuum of Care (Grantor - Department of Housing and Urban Development)

Criteria: The requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements*, *Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance), Subpart E, *Cost Principles*, include the following:

- The total cost of a federal award is the sum of the allowable direct and allocable indirect costs less any applicable credits.
- A cost is allocable to a particular federal award if the goods or services involved are chargeable or assignable to that federal award or the cost objective in accordance with the relative benefits received.
- Indirect Facilities and Administrative Costs are those costs incurred for a common purpose benefiting more than one cost objective, and not readily assignable to the cost objectives specifically benefited. Indirect costs should be allocated equitably to all programs and cost centers of an organization.
- A Direct Allocation Method for allocating indirect costs is acceptable provided each joint cost is prorated using a basis that accurately measures the benefits provided to each federal award and other activity of an entity. The basis must be established in accordance with reasonable criteria and be supported by current data.
- An organization should have appropriate internal controls in place to ensure the compliance requirements indicated above are met.

Additionally, the Organization's Continuum of Care cost-reimbursement grant contracts with U.S. Department of Housing and Urban Development (HUD), contain the following eligible cost categories: operating costs, supportive services costs, and administrative costs.

Condition:

- During the year ended December 31, 2022, the Organization had HUD Continuum of Care grant contracts for eight of its programs. These contracts are funded on the basis of cost reimbursement. The Organization prepares monthly schedules identifying allowable direct and allocable indirect

IV. Corrective Action Plan - Continued

Finding Reference Number: 2022-002 - Continued

Condition - Continued:

costs incurred during the month and submits to HUD on a monthly basis based upon the reimbursable costs identified on these schedules. The Organization includes facilities and maintenance costs as allocable indirect costs in these monthly reimbursement schedules. The Organization allocates these indirect facility and maintenance costs based on a calculation that includes the total square footage of the building space occupied by the program, the number of clients served by the program on a monthly basis, and a program's classification as residential or nonresidential.

Prior to the commencement of the audit, the Organization alerted us that an error was made in the monthly spreadsheet that allocated the indirect facility maintenance costs to the various programs, and as such, the Organization submitted reimbursement requests for facilities and maintenance costs of $29,630 in excess of actual costs allocable to the programs. The Organization's detective internal control process identified this error. The Organization has already corrected this error by reducing their January and February 2023 reimbursement requests by $29,630.

- Our audit testing revealed that the February 2022 monthly reimbursement schedule included $41,003 of construction costs related to the House of Joseph Holistic Housing Program. This does not qualify as an allowable cost under the three eligible cost categories included in the underlying HUD grant contract. After this was brought to the attention of the finance office, the Organization was able to identify additional operating costs of $41,003 during the same contract period that had not been included in previous reimbursement requests.

- Part of the Organization's internal control process over this compliance requirement includes the review and approval of each monthly reimbursement schedule. Our audit testing revealed that this internal control was not implemented for the majority of the monthly reimbursement schedules during 2022. While the schedules had the signature of the preparer, most did not contain the approval signature of the reviewer.

IV. Corrective Action Plan - Continued

Finding Reference Number: 2022-002 - Continued

Corrective Action Plan: Once a week or more frequently depending upon the volume, the Grant Accountant, Controller and CFO will meet and review the pending grant submissions.

Contact Person Responsible for Corrective Action: Dan Habbart, Controller and/or Karen Smith, CFO

Anticipated Completion Date of Corrective Action: To begin immediately.

V. Status of Prior Year Findings

Finding Reference Number: 2021-001
Continuum of Care - CFDA 14.267

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

- The rent calculation for one tenant at Nazareth 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 adjusting income. Additionally, both tenants were incorrectly charged rent based on a 10% of their annual income. 30% of their adjusted income produced a higher rent amount. According to regulations, the higher of the two calculations should be utilized.

- The rent calculations for the tenant at Nazareth House Holistic Housing mentioned above incorrectly deducted medical expenses equal to three percent of annual income in determining adjusting income. There was no determination 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

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, 2022 and 2021, and our report thereon dated August 24, 2023, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information required by DSHA for Mary Mother of Hope House I Fund is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Belfint, Lyons & Shuman, P.A.

August 24, 2023
Wilmington, Delaware

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MARY MOTHER OF HOPE HOUSE I FUND
OF MINISTRY OF CARING, INC.
DSHA PROJECT NO. DE-HDF-353-FY10-01
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS		
Cash and Cash Equivalents	$	200
Grants Receivable		141,317
Escrow Accounts		65,429
Replacement Reserve		64,290
Operating Reserve		202,765
Due from Other Funds		105,671
Investments		281,265
Property and Equipment - Net		65,243
TOTAL ASSETS	$	926,180
LIABILITIES		
Accounts Payable	$	42,297
Accrued Expenses		11,029
Notes Payable		600,000
TOTAL LIABILITIES		653,326
NET ASSETS		
Without Donor Restrictions		272,854
With Donor Restrictions		-
TOTAL NET ASSETS		272,854
TOTAL LIABILITIES AND NET ASSETS	$	926,180

DSHA STATEMENT OF PROFIT AND LOSS

Project Name: Mary Mother of Hope House I Fund
Project Number: DE-HDF-353-FY10-01 **Year Ending:** 12/31/22

Part I	Description of Account		Amount	
RENTAL INCOME 5100	Rent Revenue - Gross Potential	5120	$ -	
	Tenant Assistance Payments	5121	-	
	Rent Revenue - Stores and Commercial	5140	-	
	Garage and Parking Space	5170	-	
	Flexible Subsidy Revenue	5180	-	
	Miscellaneous Rent Revenue	5190	-	
	Excess Rent	5191	-	
	Rent Revenue - Insurance	5192	-	
	Special Claims Revenue	5193	-	
	Retained Excess Income	5194	-	
	Lease Revenue (Nursing Homes)	5195	-	
	Total Rent Revenue			$ -
VACANCIES 5200	Apartments	5220	-	
	Stores and Commercial	5240	-	
	Rental Concessions	5250	-	
	Garage and Parking Space	5270	-	
	Miscellaneous	5290	-	
	Total Vacancies			$ -
	Net Rent Revenue (Rent Revenue Less Vacancies)			$ -
	Nursing Homes/Assisted Living/Board & Care/Other Elderly Care/Coop/and Other Revenue	5300	25,820	
	Members Group Life Insurance Expense (Co-ops)	5320	-	
FINANCIAL REVENUE 5400	Financial Revenue - Project Operations	5410	-	
	Revenue from Investments - Residual Receipts	5430	221	
	Revenue from Investments - Replacement Reserve	5440	224	
	Expiration of Gift Donor Restrictions (Non-Profits)	5460	-	
	Gifts (Non-Profits)	5470	26,821	
	Revenue from Investments - Miscellaneous	5490	(38,754)	
	Total Financial Revenue			$ 14,332
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	489,177	
	Total Other Revenue			$ 489,177
	Total Revenue			$ 503,509
ADMINISTRATIVE EXPENSES 6200 6300	Conventions and Meetings	6203	-	
	Management Consultants	6204	7,609	
	Advertising and Marketing	6210	-	
	Social Activity	6215	-	
	Other Renting Expenses	6250	-	
	Office Salaries	6310	177,970	
	Office Expenses	6311	4,312	
	Office of Model Apartment Rent	6312	-	

DSHA STATEMENT OF PROFIT AND LOSS - CONTINUED

ADMINISTRATIVE EXPENSES 6200 6300 (Continued)	Management Fee	6320	$ 4,632	
	Manager or Superintendent Salaries	6330	-	
	Administrative Rent Free Unit	6331	-	
	Legal Expenses - Project	6340	-	
	Auditing Expense - Project	6350	2,978	
	Bookkeeping Fees/Accounting Services	6351	-	
	Telephone and Answering Services	6360	3,319	
	Bad Debt Expense	6370	-	
	Miscellaneous Administrative Expenses	6390	-	
	Total Administrative Expenses			$ 200,820
UTILITIES EXPENSE 6400	Fuel Oil/Coal	6420	2,079	
	Electricity (Lights and Misc. Power)	6450	9,457	
	Water	6451	-	
	Gas	6452	-	
	Sewer	6453	12,696	
	Total Utilities Expenses			$ 24,232
OPERATING AND MAINTENANCE 6500	Janitor and Cleaning Payroll	6510	-	
	Janitorial Supplies	6515	12,160	
	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	38,295	
	Repairs Material	6541	15,560	
	Repairs Contracts	6542	6,737	
	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	78,358	
	Total Operating and Maintenance Expense			$ 151,110
TAXES AND INSURANCE 6700	Real Estate Taxes	6710	-	
	Payroll Taxes (FICA) (Project's Share)	6711	12,754	
	Property and Liability Insurance (Hazard)	6720	5,621	
	Fidelity Bond Insurance	6721	-	
	Workers' Compensation	6722	2,808	
	Health Insurance and Other Employee Benefits	6723	73,812	
	Miscellaneous Taxes, Licenses, Permits, and Insurance	6790	279	
	Total Taxes and Insurance			$ 95,274
	Total Operating Expenses			$ 471,436

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	12,824	$ 12,824
	Total Cost of Operations Before Depreciation			$ 484,260
	Profit (Loss) Before Depreciation		19,249	
DEPRECIATION 6600	Depreciation Expenses	6600	18,258	
	Amortization Expense	6610	-	
	Operating Profit or (Loss)			$ 991
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)			$ 991

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.	$ 6,275
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, 2022

NET ASSETS WITHOUT DONOR RESTRICTIONS BALANCE - Beginning of Year	$	271,863
Change in Net Assets Without Donor Restrictions		991
NET ASSETS WITHOUT DONOR RESTRICTIONS BALANCE - End of Year	$	272,854
NET ASSETS WITH DONOR RESTRICTIONS BALANCE - Beginning of Year	$	-
Change in Net Assets With Donor Restrictions		-
NET ASSETS WITH DONOR RESTRICTIONS BALANCE - End of Year	$	-

Delaware State Housing Authority
COMPUTATION OF SURPLUS CASH AND DISTRIBUTIONS

Property Name	Fiscal Period Ending	DSHA/HDF Number
Mary Mother of Hope House I Fund	12/31/2022	DE-HDF-353-FY10-01

****

PART A. - COMPUTE SUPLUS CASH

Section 1 - Cash

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

Section 2 - Current Obligations

4.	Accrued Mortgage Interest Payable	$ -	
5.	Delinquent Mortgage Principal Payments	$ -	
6.	Delinquent Deposits to Reserve for Replacements	$ -	
7.	Accounts Payable (due within 30 days)	$ 42,297	
8.	Loans and Notes Payable (due within 30 days)	$ -	
9.	Deficient Tax Insurance/Mortgage Insurance Escrow	$ -	
10.	Accrued Expenses (not escrowed)	$ 11,029	
11.	Paid Rents	$ -	
12.	Tenant Security Deposits Liability	$ -	
13.	Other (Describe)_____________________________	$ -	
	(B) Total Liabilities		$ 53,326
	(C) Surplus Cash (Deficiency) Line (A) Minus Line (B)		$ (53,126)

****

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

			N/A
1.	Surplus Cash		
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 Lessor of Line 1 or 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

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, 2022 and 2021, and our report thereon dated August 24, 2023, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information required by DSHA for St. Francis Holistic Housing Fund is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Belfint, Lyons & Shuman, P.A.

August 24, 2023
Wilmington, Delaware

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

ST. FRANCIS HOLISTIC HOUSING FUND
OF MINISTRY OF CARING, INC.
DSHA PROJECT NO. DE 26B93-0325
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS		
Grants Receivable	$	17,805
Prepaid Expenses		171
Escrow Accounts		8,054
Replacement Reserve		125,684
Operating Reserve		16,426
Investments		167,124
Property and Equipment - Net		330,406
Loan Origination Costs - Net		2,893
TOTAL ASSETS	$	668,563
LIABILITIES		
Accounts Payable	$	7,139
Accounts Payable - Due to Other Funds (Net)		659,137
Accrued Expenses		2,724
Mortgage Payable - DSHA		344,446
TOTAL LIABILITIES		1,013,446
NET DEFICIENCY IN ASSETS		
Without Donor Restrictions		(344,883)
TOTAL LIABILITIES AND NET DEFICIENCY IN ASSETS	$	668,563

DSHA STATEMENT OF PROFIT AND LOSS

Project Name: St. Francis Holistic Housing Fund
Project Number: DE 26B93-0325 **Year Ending:** 12/31/22

Part I	Description of Account		Amount	
RENTAL INCOME 5100	Rent Revenue - Gross Potential	5120	$ 12,994	
	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			$ 12,994
VACANCIES 5200	Apartments	5220	-	
	Stores and Commercial	5240	-	
	Rental Concessions	5250	-	
	Garage and Parking Space	5270	-	
	Miscellaneous	5290	-	
	Total Vacancies			$ -
	Net Rent Revenue (Rent Revenue less Vacancies)			$ 12,994
	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	30	
	Revenue from Investments - Replacement Reserve	5440	450	
	Expiration of Gift Donor Restrictions (Non-Profits)	5460	-	
	Gifts (Non-Profits)	5470	250	
	Revenue from Investments - Miscellaneous	5490	(23,242)	
	Total Financial Revenue			$ (22,512)
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	228,317	
	Total Other Revenue			$ 228,317
	Total Revenue			$ 218,799
ADMINISTRATIVE EXPENSES 6200 6300	Conventions and Meetings	6203	-	
	Management Consultants	6204	805	
	Advertising and Marketing	6210	-	
	Social Activity	6215	-	
	Other Renting Expenses	6250	-	
	Office Salaries	6310	82,755	
	Office Expenses	6311	-	
	Office of Model Apartment Rent	6312	-	

DSHA STATEMENT OF PROFIT AND LOSS - CONTINUED

ADMINISTRATIVE EXPENSES 6200 6300 (Continued)	Management Fee	6320	$ 13,360	
	Manager or Superintendent Salaries	6330	-	
	Administrative Rent Free Unit	6331	-	
	Legal Expenses - Project	6340	-	
	Auditing Expense - Project	6350	2,978	
	Bookkeeping Fees/Accounting Services	6351	-	
	Telephone and Answering Services	6360	-	
	Bad Debt Expense	6370	-	
	Miscellaneous Administrative Expenses	6390	-	
	Total Administrative Expenses			$ 99,898
UTILITIES EXPENSE 6400	Fuel Oil/Coal	6420	1,523	
	Electricity (Lights and Miscellaneous Power)	6450	2,968	
	Water	6451	-	
	Gas	6452	-	
	Sewer	6453	3,420	
	Total Utilities Expenses			$ 7,911
OPERATING AND MAINTENANCE 6500	Janitor and Cleaning Payroll	6510	-	
	Janitorial Supplies	6515	-	
	Janitorial Cleaning Contracts	6517	-	
	Exterminating Contract/Payroll	6519	-	
	Exterminating Supplies	6520	-	
	Operating and Maintenance Rent Free Unit	6521	-	
	Garbage and Trash Removal	6525	-	
	Fire Safety/Equipment and Contract	6528	-	
	Security Payroll/Contract	6530	-	
	Security Rent Free Unit	6531	-	
	Grounds Payroll	6535	-	
	Grounds Supplies	6536	-	
	Grounds Contract	6537	-	
	Repairs Payroll	6540	46,452	
	Repairs Material	6541	9,205	
	Repairs Contracts	6542	1,939	
	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			$ 57,596
TAXES AND INSURANCE 6700	Real Estate Taxes	6710	-	
	Payroll Taxes (FICA) (Project's Share)	6711	6,163	
	Property and Liability Insurance (Hazard)	6720	2,344	
	Fidelity Bond Insurance	6721	-	
	Workers' Compensation	6722	1,012	
	Health Insurance and other Employee Benefits	6723	-	
	Miscellaneous Taxes, Licenses, Permits, and Insurance	6790	-	
	Total Taxes and Insurance			$ 9,519
	Total Operating Expenses			$ 174,924

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	28,289	$ 28,289
	Total Cost of Operations Before Depreciation			$ 203,213
	Profit (Loss) Before Depreciation		15,586	
DEPRECIATION 6600	Depreciation Expenses	6600	36,987	
	Amortization Expense	6610	239	
	Operating Profit or (Loss)			$ (21,640)
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)			$ (21,640)

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.	$ 7,446
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, 2022

NET DEFICIENCY IN ASSETS WITHOUT DONOR RESTRICTIONS BALANCE - Beginning of Year	$	(323,243)
Change in Net Deficiency in Assets Without Donor Restrictions		(21,640)
NET DEFICIENCY IN ASSETS WITHOUT DONOR RESTRICTIONS BALANCE - End of Year	$	(344,883)
NET ASSETS WITH DONOR RESTRICTIONS BALANCE - Beginning of Year	$	-
Change in Net Assets With Donor Restrictions		-
NET ASSETS WITH DONOR RESTRICTIONS BALANCE - End of Year	$	-

Delaware State Housing Authority
COMPUTATION OF SURPLUS CASH AND DISTRIBUTIONS

Property Name	**Fiscal Period Ending**	**DSHA/HDF Number**
St. Francis Holistic Housing Fund	12/31/2022	DE 26B93-0325

****

PART A. - COMPUTE SUPLUS 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 Payable	$ -	
5.	Delinquent Mortgage Principal Payments	$ -	
6.	Delinquent Deposits to Reserve for Replacements	$ -	
7.	Accounts Payable (due within 30 days)	$ 666,276	
8.	Loans and Notes Payable (due within 30 days)	$ -	
9.	Deficient Tax Insurance/Mortgage Insurance Escrow	$ -	
10.	Accrued Expenses (not escrowed)	$ 2,724	
11.	Paid Rents	$ -	
12.	Tenant Security Deposits Liability	$ -	
13.	Other (Describe)________________________________	$ -	
	(B) Total Liabilities		$ 669,000
	(C) Surplus Cash (Deficiency) Line (A) Minus Line (B)		$ (669,000)

****

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

1.	Surplus Cash			N/A
2.	a.	Beginning Balance: Accrued Distributions from Prior Year(s) Unpaid	$ -	
		Annual Distribution Earned During Fiscal Period Covered	$ -	
		Annual Distribution Paid During Audit Year Against Audit Year	$( )	
		Annual Distribution Paid During Audit Year Against Prior Year(s)	$( )	
	b.	Ending Balance: Distributions Unpaid From Audit Year and Prior Year(s) at Audit Year End (Amount Carried on Balance Sheet)	________	
3.		Amount available for distribution (the Lessor of Line 1 or 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

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, 2022 and 2021, and our report thereon dated August 24, 2023, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information required by United Way of Delaware for Emmanuel Dining Room Fund is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Belfint, Lyons & Shuman, P.A.

August 24, 2023
Wilmington, Delaware

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

EMMANUEL DINING ROOM FUND
OF MINISTRY OF CARING, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS		
Cash and Cash Equivalents	$	250
Grants Receivable		44,040
Prepaid Expenses		171
Investments		551,820
Property and Equipment - Net		157,068
TOTAL ASSETS	$	753,349
LIABILITIES		
Accounts Payable	$	94,481
Accrued Expenses		21,996
Due to Other Funds		45,611
TOTAL LIABILITIES		162,088
NET ASSETS		
Without Donor Restrictions		223,641
With Donor Restrictions		367,620
TOTAL NET ASSETS		591,261
TOTAL LIABILITIES AND NET ASSETS	$	753,349

EMMANUEL DINING ROOM FUND
OF MINISTRY OF CARING, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Contributions	$ -	$ 451,826	$ 451,826
Fundraising Income	-	101,607	101,607
Contributed Rent	63,000	-	63,000
United Way - Designation and Personal Giving	35,748	-	35,748
Government Grants	197,972	-	197,972
Interest and Dividends - Net of Fees	3,178	3,357	6,535
Net Losses on Investments	(41,022)	(43,328)	(84,350)
Total Revenue	258,876	513,462	772,338
Net Assets Released from Restrictions	868,069	(868,069)	-
TOTAL REVENUE AND OTHER SUPPORT	1,126,945	(354,607)	772,338
EXPENSES	1,057,162	-	1,057,162
CHANGE IN NET ASSETS BEFORE ASSISTANCE FROM (TO) OTHER FUNDS	69,783	(354,607)	(284,824)
ASSISTANCE FROM (TO) OTHER FUNDS			
Assistance from (to) Other Funds - Net	45,486	-	45,486
CHANGE IN NET ASSETS	115,269	(354,607)	(239,338)
NET ASSETS - Beginning of Year	108,372	722,227	830,599
NET ASSETS - End of Year	$ 223,641	$ 367,620	$ 591,261

SUPPLEMENTARY INFORMATION

MINISTRY OF CARING GUILD

Independent Auditors' Report on Supplementary Information
Ministry of Caring Guild

To the Board of Directors
Ministry of Caring, Inc.

We have audited the consolidated financial statements of Ministry of Caring, Inc. as of and for the years ended December 31, 2022 and 2021, and our report thereon dated August 24, 2023, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information for Ministry of Caring Guild is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Belfint, Lyons & Shuman, P.A.

August 24, 2023
Wilmington, Delaware

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MINISTRY OF CARING GUILD
OF MINISTRY OF CARING, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	$ 507,204	$ 287,729
Due from Other Funds	-	12,963
TOTAL ASSETS	$ 507,204	$ 300,692
LIABILITIES		
Accounts Payable and Other Current Liabilities	$ 8,426	$ 8,762
Due to Other Funds	28,445	-
TOTAL LIABILITIES	36,871	8,762
NET ASSETS		
Without Donor Restrictions	470,333	291,930
TOTAL LIABILITIES AND NET ASSETS	$ 507,204	$ 300,692

MINISTRY OF CARING GUILD
OF MINISTRY OF CARING, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
REVENUE AND OTHER SUPPORT		
Count Me In	$ 71,282	$ 196,890
Raffle	56,575	62,945
EDR Auction	95,995	-
Recognition Dinner	7,350	-
Membership Income and Other Contributions	951	-
TOTAL REVENUE AND OTHER SUPPORT	232,153	259,835
FUNDRAISING EXPENSES		
Count Me In	91	4,972
Raffle	13,330	13,000
EDR Auction	20,200	-
Recognition Dinner	780	-
Mardi Gras	-	850
General Expenses	6,385	6,344
Contributions and Assistance to Ministry of Caring, Inc.	12,964	365,715
TOTAL FUNDRAISING EXPENSES	53,750	390,881
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	178,403	(131,046)
NET ASSETS WITHOUT DONOR RESTRICTIONS - Beginning of Year	291,930	422,976
NET ASSETS WITHOUT DONOR RESTRICTIONS - End of Year	$ 470,333	$ 291,930