

THE MINISTRY FOR HOPE, INC.
FINANCIAL STATEMENTS
MARCH 31, 2019

**THE MINISTRY FOR HOPE, INC.
MARCH 31, 2019**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Ministry for Hope, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Ministry for Hope, Inc. (a non-profit organization) which comprise the statement of financial position as of March 31, 2019 and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Ministry for Hope, Inc. as of March 31, 2019, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2019 on our consideration of The Ministry for Hope, Inc. internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 The Ministry for Hope, Inc. internal control over financial reporting and compliance.

Stewart Gelman & Associates, CPAs, P.C.

Stewart Gelman & Associates, CPAs, P.C.
East Islip, New York
October 25, 2019

THE MINISTRY FOR HOPE, INC
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2019

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS			TOTAL ALL FUNDS
	OPERATING FUND	MONTFORT THERAPEUTIC RESIDENCE	PAX CHRISTI SHELTER	ENDOWMENT FUND	
ASSETS					
Cash	\$ 253,991	\$ 51,777	\$ 70,187	\$ 67,777	\$ 443,732
Marketable securities	110,096	-	-	324,448	434,544
Contract/Grant revenue receivable, net of allowance of \$13,540	47,579	240,538	129,449	-	417,566
Pledges Receivable	-	-	-	10,875	10,875
Prepaid expenses	57,898	26,422	-	-	84,320
Property and equipment at cost, less accumulated depreciation of \$1,355,728	1,262,774	249,825	84,476	-	1,597,075
Loan/Lease costs, net of accumulated amortization of \$20,882	1,579	-	-	-	1,579
Total Assets	\$ 1,733,917	\$ 568,562	\$ 284,112	\$ 403,100	\$ 2,989,691
LIABILITIES AND NET ASSETS					
Accounts payable & accrued expenses	\$ 31,680	\$ 38,544	\$ 22,987	\$ -	\$ 93,211
Mortgages payable	593,066	-	-	-	593,066
Note payable	250,000	-	-	-	250,000
Due to DSS	-	176,427	-	-	176,427
Total Liabilities	874,746	214,971	22,987	-	1,112,704
Net Assets	859,171	353,591	261,125	403,100	1,876,987
Liabilities and Net Assets	\$ 1,733,917	\$ 568,562	\$ 284,112	\$ 403,100	\$ 2,989,691

See Accountant's Audit Report and Notes to Financial Statements

**THE MINISTRY FOR HOPE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2019**

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS			TOTAL ALL FUNDS
	OPERATING FUND	MONTFORT THERAPEUTIC RESIDENCE	PAX CHRISTI SHELTER	ENDOWMENT FUND	
Public Support:					
Contributions	\$ 818,918	\$ -	\$ 2,360	\$ -	\$ 821,278
Grants & contracts	519,186	1,188,457	685,572	-	2,393,215
Fundraising	1,169,626	-	-	316,356	1,485,982
Dividend income	8,771	-	-	14,804	23,575
Donated & In-Kind contributions	487,619	-	-	-	487,619
Net assets released from restrictions	<u>2,859,438</u>	<u>(1,193,022)</u>	<u>(640,454)</u>	<u>(1,025,962)</u>	<u>-</u>
Total Public Support	<u>5,863,558</u>	<u>(4,565)</u>	<u>47,478</u>	<u>(694,802)</u>	<u>5,211,669</u>
Expenses:					
Program Services:					
Community services	2,108,071	-	-	-	2,108,071
Counseling services	624,966	-	-	-	624,966
Montfort Therapeutic Residence	1,201,337	-	-	-	1,201,337
Pax Christi Hospitality Center	<u>756,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>756,504</u>
Total Program Services	<u>4,690,878</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,690,878</u>
Supporting Services:					
Management and general	276,298	-	-	-	276,298
Fundraising	<u>698,381</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>698,381</u>
Total Supporting Services	<u>974,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>974,679</u>
Total Expenses	<u>5,665,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,665,557</u>
Increase/(Decrease) in Net Assets Before Other Items	198,001	(4,565)	47,478	(694,802)	(453,888)
Other Items					
Unrealized/Realized Gain on Securities	<u>2,154</u>	<u>-</u>	<u>-</u>	<u>34,010</u>	<u>36,164</u>
Increase/(Decrease) in Net Assets	200,155	(4,565)	47,478	(660,792)	(417,724)
Net Assets, beginning of year	<u>659,016</u>	<u>358,156</u>	<u>213,647</u>	<u>1,063,892</u>	<u>2,294,711</u>
Net Assets, end of year	<u>\$ 859,171</u>	<u>\$ 353,591</u>	<u>\$ 261,125</u>	<u>\$ 403,100</u>	<u>1,876,987</u>

See Accountant's Audit Report and Notes to Financial Statements

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THE MINISTRY FOR HOPE, INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2019

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CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	\$ (417,724)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation and amortization	112,582
Unrealized/Realized gain on securities	(36,164)
Mortgage liability interest accrual	20,020
(Increase)/Decrease in operating assets:	
Contract/Grant revenue receivable	(43,564)
Prepaid expenses	(32,276)
Promises to give	(7,025)
Increase/(Decrease) in operating liabilities:	
Accounts payable & accrued expenses	<u>(47,534)</u>
 NET CASH (USED) BY OPERATING ACTIVITIES	 <u>(451,685)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Fixed asset expenditures	(176,953)
Reduction/Distribution of marketable securities	<u>457,330</u>
 NET CASH PROVIDED BY INVESTING ACTIVITIES	 <u>280,377</u>
 CASH FROM FINANCING ACTIVITIES	
Payments applied to mortgages	<u>(20,643)</u>
 NET CASH (USED) BY FINANCING ACTIVITIES	 <u>(20,643)</u>
 NET (DECREASE) IN CASH	 (191,951)
 BEGINNING CASH BALANCE	 <u>635,683</u>
 ENDING CASH BALANCE	 <u>\$ 443,732</u>
 Supplementary Information:	
Cash paid during the year for interest	<u>\$ 24,138</u>

See Accountant's Audit Report and Notes to Financial Statements

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THE MINISTRY OF HOPE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2019

	PROGRAM SERVICES					SUPPORTING SERVICES				
	COMMUNITY SERVICES	COUNSELING SERVICES	MONTFORT THERAPEUTIC RESIDENCE	PAX CHRISTI CENTER	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL SUPPORTING SERVICES	TOTAL EXPENSES	
Salaries	\$ 671,693	\$ 406,338	\$ 689,759	\$ 442,143	\$ 2,209,933	\$ 135,220	\$ 247,828	\$ 383,048	\$ 2,592,981	
Payroll Taxes	55,960	32,643	56,869	36,785	182,257	11,591	19,945	31,536	213,793	
Fringe Benefits	118,182	51,553	141,289	112,314	423,338	11,440	52,632	64,072	487,410	
Total Salaries and Related Expenses	845,835	490,534	887,917	591,242	2,815,528	158,251	320,405	478,656	3,294,184	
Advertising	-	-	-	-	-	-	6,275	6,275	6,275	
Bank & Credit Card Fees	-	-	49	25	74	-	9,240	9,240	9,314	
Donations/Fund Raising Prizes	676	300	200	-	1,176	-	34,825	34,825	36,001	
Dues and Subscriptions	1,165	-	250	-	1,415	2,415	1,259	3,674	5,089	
Education & Seminars	56,814	-	4,233	675	61,722	-	-	-	61,722	
Fund Raising Events/Meetings	-	-	-	-	-	-	229,965	229,965	229,965	
Equipment Lease	900	-	5,796	1,091	7,787	9,353	5,392	14,745	22,532	
Flowers & Offerings	2,890	-	100	-	2,990	6,382	-	6,382	9,372	
Household Exp. and Supplies	193,213	-	54,144	15,012	262,369	-	450	450	262,819	
Insurance	112,912	15,642	35,684	26,153	190,391	9,919	12,338	22,257	212,648	
Interest	38,020	-	-	-	38,020	6,137	-	6,137	44,157	
Medical	11,481	-	75	-	11,556	-	-	-	11,556	
Miscellaneous	1,450	1,120	2,650	496	5,716	11,213	-	11,213	16,929	
Occupancy	126,000	18,000	72,000	30,000	246,000	-	18,000	18,000	264,000	
Office Expenses & Postage	3,221	3,379	5,637	2,733	14,970	2,664	29,795	32,459	47,429	
Outside Services	-	-	6,485	10,202	16,687	-	-	-	16,687	
Payroll Svc & Bookkeeping	4,000	2,909	2,150	3,091	12,150	6,454	1,727	8,181	20,331	
Printing and Photography	-	-	-	-	-	11,051	21,288	32,339	32,339	
Professional Fees - Audit	3,650	2,350	6,950	1,100	19,900	2,350	2,350	4,700	24,600	
Professional Fees - Legal - See Note 3	328,459	-	-	-	329,559	-	-	-	329,559	
Recreation & Retreats	11,742	-	-	-	11,742	-	-	-	11,742	
Repairs and Maintenance	56,223	-	27,651	30,432	114,306	11,277	-	11,277	125,583	
Resident Expense	14,883	-	13,872	-	28,755	-	-	-	28,755	
Security	5,446	-	2,011	630	8,087	-	-	-	8,087	
Stipends	46,320	64,848	-	-	111,168	-	-	-	111,168	
Telephone	10,099	9,474	9,195	6,984	35,752	7,783	3,025	10,808	46,560	
Travel, Auto & Entertainment	68,604	-	9,884	362	78,850	9,385	-	9,385	88,235	
Utilities	110,414	16,410	13,104	23,262	163,190	10,100	2,047	12,147	175,337	
Depreciation and Amortization	53,654	-	41,300	6,064	101,018	11,564	-	11,564	112,582	
Total Other Expenses	1,262,236	134,432	313,420	165,262	1,875,350	118,047	377,976	496,023	2,371,373	
Total Operating Expenses	\$ 2,108,071	\$ 624,966	\$ 1,201,337	\$ 756,504	\$ 4,690,878	\$ 276,298	\$ 698,381	\$ 974,679	\$ 5,665,557	

See Accountant's Audit Report and Notes to Financial Statements

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Ministry for Hope, Inc. (the "Organization") operates as a non-sectarian non-profit organization, comprised of several centers located in Suffolk County, New York, providing various social and housing services to the youth, homeless, and other needy residents.

Basis of Accounting and Reporting

The 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. The financial statements are presented in accordance with the Financial Accounting Standards Board, Updated Accounting Standards Codification which requires the Organization to report information regarding its financial position and activities according to two classes of net assets: "without donor restrictions" and "with donor restrictions."

Cash and Cash Equivalents

The Organization's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Property and Equipment

Property and equipment are recorded at historical cost and donated assets are recorded at estimated fair market value at the time received. Property and equipment in excess of \$1,000 and an estimated useful life of greater than one year are capitalized.

Property and equipment is depreciated under the straight-line method over the estimated useful lives of the assets

Leasehold improvements are amortized over the shorter of the remaining term of the lease or the useful life of the improvement

Income Taxes

The Agency qualifies as a tax-exempt organization under section 501(c) (3) of the Internal Revenue Code and therefore, has no provision for federal income tax.

NOTE 2 – MARKETABLE SECURITIES

Marketable securities are valued at the fair market value as follows:

Cost	\$ 178,391	\$ 115,946	\$ 294,337
Plus: Accumulated Increase/(Decrease) in Market Value	<u>146,057</u>	<u>(5,850)</u>	<u>\$ 140,207</u>
	<u>\$ 324,448</u>	<u>\$ 110,096</u>	<u>\$ 434,544</u>

NOTE 3 - DONATED USE OF SPACE AND SERVICES

During the current year the organization's activities were carried on in seven centers. Where the organization does not own the property, free use of the facilities is allowed by the landlords (except for Montfort House). Contributions and related rental expense are reflected in the financial statements for the year ended March 31, 2019, based on the following estimated values:

ANNUAL RENTAL EQUIVALENT

Wisdom	\$ 9,000
Siena	6,000
Emmaus	9,000
Our Lady of Peace Academy	6,000
Kolbe Center	<u>36,000</u>
	<u>\$ 66,000</u>

The organization also received donated services and supplies which are reflected at fair market value on the financial statements. The organization received donated legal services of \$328,459 which is included in in-Kind contributions on the financial statements. Various other donated services have not been reflected in the financial statements as no objective basis is available to measure the value of such services.

NOTE 4 - FIXED ASSETS AND DEPRECIATION

Depreciation of fixed assets is calculated on the straight-line basis over the estimated useful lives of the assets. The cost of such assets at March 31, 2019 is as follows:

Furniture, Fixtures and Equipment	\$ 420,845
Land, Property and Improvements	<u>2,531,958</u>
	2,952,803
Less: Accumulated Depreciation	<u>(1,355,728)</u>
	<u>\$ 1,597,075</u>

NOTE 5 - NOTE PAYABLE

The note payable consists of:

Unsecured 6% interest bearing note payable to the Montfort Fathers in the amount of \$250,000.

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The accounts payable and accrued expenses consist of:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Accounts payable and accrued expenses	\$ 12,526	\$ 45,570	\$ 58,096
Accrued wages and FICA	<u>19,154</u>	<u>15,961</u>	<u>35,115</u>
Total	<u>\$ 31,680</u>	<u>\$ 61,531</u>	<u>\$ 93,211</u>

NOTE 7 - MORTGAGES PAYABLE

Mortgage payable to William and Delores Bennison, original balance \$318,750, at 8% interest payable in monthly installments of \$1,500. The loan principle is to be paid as a balloon payment. The accrued balance at March 31, 2019 with negative amortization is \$515,283.

The Organization has a mortgage payable to a financial institution at 6.89% interest, payable in monthly payments of \$2,232 through June 2022. The balance at March 31, 2019 is \$77,783.

NOTE 8 – DUE TO DSS

A reconciliation done by the Suffolk County Department of Social Services determined that the Organization must repay \$230,520 of unspent funds paid to the Montfort Therapeutic Residence program. Of this total, the Organization has repaid \$54,093. The balance at March 31, 2019 is \$176,427.

NOTE 9 - SUBSEQUENT EVENTS

The date to which events occurring after March 31, 2019, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is October 25, 2019, which is the date on which the financial statements were issued.

**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
The Ministry for Hope, Inc.
Port Jefferson, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Ministry for Hope, Inc. (a nonprofit organization) which comprise the statement of financial position as of March 31, 2019, and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated October 25, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Ministry for Hope, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Ministry for Hope, Inc.'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 in 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Ministry for Hope, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stewart Gelman & Associates, CPAs, P.C.

Stewart Gelman & Associates, CPAs, P.C.
East Islip, NY
October 25, 2019