

THE MINISTRY FOR HOPE, INC.
FINANCIAL STATEMENTS
MARCH 31, 2020

**THE MINISTRY FOR HOPE, INC.
MARCH 31, 2020**

Contents

	<u>Page No.</u>
Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7-10
Report on Internal Control over Financial Reporting and on Compliance and Other Matters	11-12

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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, 2020 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, 2020, 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 November 18, 2020 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
November 18, 2020

THE MINISTRY FOR HOPE, INC
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS			TOTAL ALL FUNDS
	OPERATING FUND	MONTFORT THERAPEUTIC RESIDENCE	PAX CHRISTI SHELTER	ENDOWMENT FUND	
ASSETS					
Cash	\$ 388,141	\$ 109,742	\$ 48,204	\$ 118,490	\$ 664,577
Marketable securities	97,656	-	-	92,769	190,425
Contract/Grant revenue receivable, net of allowance of \$23,540	60,135	217,646	128,167	-	405,948
Prepaid expenses	19,000	-	1,489	-	20,489
Property and equipment at cost, less accumulated depreciation of \$1,333,298	1,440,137	229,819	81,045	-	1,751,001
Loan/Lease costs, net of accumulated amortization of \$21,379	1,082	-	-	-	1,082
Total Assets	<u>\$ 2,006,151</u>	<u>\$ 557,207</u>	<u>\$ 258,905</u>	<u>\$ 211,259</u>	<u>\$ 3,033,522</u>
LIABILITIES AND NET ASSETS					
Accounts payable & accrued expenses	\$ 34,859	\$ 36,330	\$ 18,712	\$ -	\$ 89,901
Mortgage payable	55,672	-	-	-	55,672
Note payable	200,839	-	-	-	200,839
Total Liabilities	291,370	36,330	18,712	-	346,412
Net Assets	<u>1,714,781</u>	<u>520,877</u>	<u>240,193</u>	<u>211,259</u>	<u>2,687,110</u>
Liabilities and Net Assets	<u>\$ 2,006,151</u>	<u>\$ 557,207</u>	<u>\$ 258,905</u>	<u>\$ 211,259</u>	<u>\$ 3,033,522</u>

See Accountant's Audit Report and Notes to Financial Statements

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THE MINISTRY FOR HOPE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2020

4

	WITHOUT DONOR RESTRICTIONS		WITH DONOR RESTRICTIONS			TOTAL ALL FUNDS
	OPERATING FUND	MONTFORT THERAPEUTIC RESIDENCE	PAX CHRISTI SHELTER	ENDOWMENT FUND		
Public Support:						
Contributions	\$ 1,144,032	\$ 1,500	\$ 2,111	\$ -		\$ 1,147,643
Grants & contracts	668,596	1,137,604	718,643	-		2,524,843
Fundraising	1,284,289	-	-	255,000		1,539,289
Dividend income	8,557	-	-	5,529		14,086
Donated & In-Kind contributions	700,561	-	-	-		700,561
Net assets released from restrictions	<u>2,163,486</u>	<u>(971,818)</u>	<u>(741,686)</u>	<u>(449,982)</u>		<u>-</u>
Total Public Support	<u>5,969,521</u>	<u>167,286</u>	<u>(20,932)</u>	<u>(189,453)</u>		<u>5,926,422</u>
Expenses:						
Program Services:						
Community services	2,246,098	-	-	-		2,246,098
Counseling services	658,382	-	-	-		658,382
Montfort Therapeutic Residence	1,159,745	-	-	-		1,159,745
Pax Christi Hospitality Center	<u>799,743</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>799,743</u>
Total Program Services	<u>4,863,968</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>4,863,968</u>
Supporting Services:						
Management and general	260,098	-	-	-		260,098
Fundraising	<u>686,083</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>686,083</u>
Total Supporting Services	<u>946,181</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>946,181</u>
Total Expenses	<u>5,810,149</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>5,810,149</u>
Increase/(Decrease) in Net Assets Before Other Items	159,372	167,286	(20,932)	(189,453)		116,273
Other Items						
Unrealized & Realized (Loss) on Securities	(31,816)	-	-	(2,388)		(34,204)
Cancellation of Debt	<u>728,054</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>728,054</u>
Total Other Items	<u>696,238</u>	<u>-</u>	<u>-</u>	<u>(2,388)</u>		<u>693,850</u>
Increase/(Decrease) in Net Assets	855,610	167,286	(20,932)	(191,841)		810,123
Net Assets, beginning of year	<u>859,171</u>	<u>353,591</u>	<u>261,125</u>	<u>403,100</u>		<u>1,876,987</u>
Net Assets, end of year	<u>\$ 1,714,781</u>	<u>\$ 520,877</u>	<u>\$ 240,193</u>	<u>\$ 211,259</u>		<u>\$ 2,687,110</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, 2020

5

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 810,123
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Bad Debt	10,000
Depreciation and amortization	131,754
Unrealized loss on securities	142,796
Gain on sale of securities	(108,592)
Mortgage liability interest accrual	21,723
Cancellation of debt income	(728,054)
Decrease in operating assets:	
Contract/Grant revenue receivable	1,618
Prepaid expenses	63,830
Promises to give	10,875
(Decrease) in operating liabilities:	
Accounts payable & accrued expenses	<u>(3,310)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 352,763

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed asset expenditures	(520,562)
Proceeds of marketable securities	<u>209,916</u>

NET CASH (USED) BY INVESTING ACTIVITIES (310,646)

CASH FLOWS FROM FINANCING ACTIVITIES

Payments applied to mortgage & note payable	(40,164)
Note Payable SCWA	<u>218,892</u>

NET CASH PROVIDED BY BY FINANCING ACTIVITIES 178,728

NET INCREASE IN CASH 220,845

BEGINNING CASH BALANCE 443,732

ENDING CASH BALANCE \$ 664,577

Supplementary Information:

Cash paid during the year for interest	<u>\$ 27,699</u>
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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, 2020

	PROGRAM SERVICES					SUPPORTING SERVICES				
	COMMUNITY SERVICES	COUNSELING SERVICES	MONTEFORT THERAPEUTIC RESIDENCE	PAX CHRISTI CENTER	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL SUPPORTING SERVICES	TOTAL EXPENSES	
Salaries	705,491	433,454	676,510	458,280	2,273,735	127,298	228,482	355,780	2,629,515	
Payroll Taxes	57,767	35,303	55,412	37,706	186,188	10,899	18,119	29,018	215,206	
Fringe Benefits	132,524	55,512	121,643	129,150	438,829	13,471	55,655	69,126	507,955	
Total Salaries and Related Expenses	895,782	524,269	853,565	625,136	2,896,752	151,668	302,256	453,924	3,352,676	
Advertising	-	-	-	-	-	-	200	200	200	
Bad Debt	10,000	-	-	-	10,000	-	-	-	10,000	
Bank & Credit Card Fees	-	-	223	29	252	32	7,791	7,823	8,075	
Donations/Fund Raising Prizes	534	-	-	-	534	-	33,320	33,320	33,854	
Dues & Licenses	1,634	-	1,048	-	2,682	1,110	1,022	2,132	4,814	
Education & Seminars	70,274	-	845	85	71,204	275	-	275	71,479	
Finger Printing	-	-	509	300	809	-	-	-	809	
Fund Raising Events/Meetings	-	-	-	-	-	-	253,403	253,403	253,403	
Equipment Lease	1,906	-	(51)	1,100	2,955	11,730	4,992	16,722	19,677	
Flowers & Offerings	3,481	-	100	-	3,581	6,852	-	6,852	10,433	
Food & Household	232,774	-	60,162	18,015	310,951	587	838	1,425	312,376	
Insurance	165,500	-	37,049	27,793	186,242	11,043	12,671	23,714	209,956	
Interest	44,641	-	-	-	44,641	4,781	-	4,781	49,422	
Medical	5,059	-	90	-	5,149	-	-	-	5,149	
Miscellaneous	7,198	-	643	1,027	8,868	2,674	-	2,674	11,542	
Occupancy	49,000	18,000	72,000	30,000	169,000	-	18,000	18,000	187,000	
Office Expenses & Postage	2,680	3,536	3,520	798	10,534	8,248	2,488	33,806	44,340	
Outside Services	-	-	414	9,353	9,767	-	-	-	9,767	
Payroll Svc & Bookkeeping	4,370	3,207	825	3,341	11,743	6,175	1,538	7,713	19,456	
Printing and Photography	-	-	-	-	-	10,043	18,072	28,115	28,115	
Professional Fees - Audit	4,000	2,500	7,700	12,550	26,750	2,500	2,500	5,000	31,750	
Professional Fees - Legal - See Note 3	428,459	-	-	-	428,459	-	-	-	428,459	
Recreation & Retreats	10,374	-	1,212	-	11,586	-	-	-	11,586	
Repairs and Maintenance	92,658	-	26,274	30,959	149,891	4,868	-	4,868	154,759	
Resident Expense	8,840	-	16,572	-	25,412	-	-	-	25,412	
Security	4,316	-	1,219	1,119	6,654	100	-	100	6,754	
Stipends	19,300	64,848	-	-	84,148	-	-	-	84,148	
Telephone	12,139	8,568	8,507	6,069	35,283	5,895	2,763	8,658	43,941	
Travel, Entertainment & Meals	50,099	-	14,280	1,139	65,518	15,573	-	15,573	81,091	
Utilities	107,154	17,554	12,173	21,907	158,788	7,305	1,859	9,164	167,952	
Depreciation and Amortization	73,926	-	40,866	9,023	123,815	7,939	-	7,939	131,754	
Total Other Expenses	1,350,316	134,113	306,180	174,607	1,965,216	108,430	383,827	497,257	2,457,473	
Total Operating Expenses	\$ 2,246,098	\$ 658,382	\$ 1,159,745	\$ 799,743	\$ 4,863,968	\$ 260,098	\$ 686,083	\$ 946,181	\$ 5,810,149	

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:

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
Cost	56,876	135,643	192,519
Plus: Accumulated Increase/(Decrease) in Market Value	<u>35,893</u>	<u>(37,987)</u>	<u>(2,094)</u>
	<u>\$ 92,769</u>	<u>\$ 97,656</u>	<u>\$ 190,425</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, 2020, 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 \$428,459 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, 2020 is as follows:

Furniture, Fixtures and Equipment	\$	506,108
Land, Property and Improvements		<u>2,578,191</u>
		3,084,299
Less: Accumulated Depreciation		<u>(1,333,298)</u>
	\$	<u><u>1,751,001</u></u>

NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The accounts payable and accrued expenses consist of:

	Without Donor Restrictions	With Donor Restrictions	Total
Accounts payable and accrued expenses	<u>15,706</u>	<u>39,081</u>	<u>54,787</u>
Accrued wages and FICA	<u>19,153</u>	<u>15,961</u>	<u>35,114</u>
Total	<u><u>\$ 34,859</u></u>	<u><u>\$ 55,042</u></u>	<u><u>\$ 89,901</u></u>

NOTE 6 - MORTGAGES PAYABLE

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, 2020 is \$55,672.

NOTE 7 – CANCELLATION OF DEBT INCOME

Cancellation of debt income consists of the following:

Note payable - Montfort Fathers	\$ 250,000
Due to DSS	176,427
Mortgage payable	<u>301,627</u>
	<u>\$ 728,054</u>

Note payable – Montfort Fathers:

Per agreement the Montfort Fathers have agreed to forgive their loan to the organization.

Due to DDS

There has been no collection activity or demand for the amount of unused budgeted funding that originally occurred during the year ended in 2007.

Mortgage Payable

The organization has agreed to vacate the property originally purchased in 2003 from William and Dolores Bennison in exchange for forgiveness of the negative amortization mortgage payable.

NOTE 8 - SUBSEQUENT EVENTS

The date to which events occurring after March 31, 2020, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is November 18, 2020, 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, 2020, 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 November 18, 2020.

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
November 18, 2020