

THE MINISTRY FOR HOPE, INC.
FINANCIAL STATEMENTS
MARCH 31, 2021

THE MINISTRY FOR HOPE, INC.
MARCH 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of The Ministry for Hope, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, and the changes in its net assets and its cash flows for the year 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Ministry for Hope, 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.

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 The Ministry for Hope, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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, 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 The Ministry for Hope Inc'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 The Ministry for Hope Inc'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.

A handwritten signature in black ink, appearing to read "Stewart Gelman CPA".

Stewart Gelman & Associates, CPAs, P.C.

Stewart Gelman & Associates, CPAs, P.C.
East Islip, New York
December 28, 2021

THE MINISTRY FOR HOPE, INC
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2021

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS			
	OPERATING FUND	MONTFORT THERAPEUTIC RESIDENCE	PAX CHRISTI SHELTER	ENDOWMENT FUND	TOTAL ALL FUNDS
ASSETS					
Cash	\$ 934,148	\$ 80,577	\$ 151,581	\$ 120,866	\$ 1,287,172
Marketable securities	170,593	-	-	485,209	655,802
Contract/Grant revenue receivable, net of allowance of \$23,540	-	24,784	135,804	-	160,588
Prepaid expenses	18,515	-	1,639	-	20,154
Property and equipment at cost, less accumulated depreciation of \$1,464,259	1,569,101	157,252	67,483	-	1,793,836
Loan/Lease costs, net of accumulated amortization of \$21,876	13,580	-	-	-	13,580
Total Assets	<u>\$ 2,705,937</u>	<u>\$ 262,613</u>	<u>\$ 356,507</u>	<u>\$ 606,075</u>	<u>\$ 3,931,132</u>
LIABILITIES AND NET ASSETS					
Accounts payable & accrued expenses	\$ 41,432	\$ 66,222	\$ 23,360	\$ -	\$ 131,014
Mortgage payable	31,989	-	-	-	31,989
Note payable	131,650	-	-	-	131,650
Total Liabilities	205,071	66,222	23,360	-	294,653
Net Assets	<u>2,500,866</u>	<u>196,391</u>	<u>333,147</u>	<u>606,075</u>	<u>3,636,479</u>
Liabilities and Net Assets	<u>\$ 2,705,937</u>	<u>\$ 262,613</u>	<u>\$ 356,507</u>	<u>\$ 606,075</u>	<u>\$ 3,931,132</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, 2021

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS			
	OPERATING FUND	MONTFORT THERAPEUTIC RESIDENCE	PAX CHRISTI SHELTER	ENDOWMENT FUND	TOTAL ALL FUNDS
Public Support:					
Contributions	\$ 1,636,508	\$ 4	\$ 3,041	\$ 49,916	\$ 1,689,469
Grants & contracts	321,052	845,325	766,576	-	1,932,953
Fundraising	1,212,477	-	-	-	1,212,477
Dividend income	10,130	-	-	4,191	14,321
Donated & In-Kind contributions	635,400	-	-	-	635,400
Net assets released from restrictions	1,619,600	(1,169,815)	(676,663)	226,878	-
Total Public Support	5,435,167	(324,486)	92,954	280,985	5,484,620
Expenses:					
Program Services:					
Community services	2,187,401	-	-	-	2,187,401
Counseling services	651,564	-	-	-	651,564
Montfort Therapeutic Residence	1,169,473	-	-	-	1,169,473
Pax Christi Hospitality Center	807,315	-	-	-	807,315
Total Program Services	4,815,753	-	-	-	4,815,753
Supporting Services:					
Management and general	242,901	-	-	-	242,901
Fundraising	398,217	-	-	-	398,217
Total Supporting Services	641,118	-	-	-	641,118
Total Expenses	5,456,871	-	-	-	5,456,871
Increase/(Decrease) in Net Assets Before Other Items	(21,704)	(324,486)	92,954	280,985	27,749
Other Items					
Unrealized & Realized Gain on Securities	67,626	-	-	113,831	181,457
PPP Loan	740,163	-	-	-	740,163
Total Other Items	807,789	-	-	113,831	921,620
Increase/(Decrease) in Net Assets	786,085	(324,486)	92,954	394,816	949,369
Net Assets, beginning of year	1,714,781	520,877	240,193	211,259	2,687,110
Net Assets, end of year	\$ 2,500,866	\$ 196,391	\$ 333,147	\$ 606,075	\$ 3,636,479

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, 2021

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CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 949,369
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Bad Debt	-
Depreciation and amortization	131,458
Unrealized Gain on securities	(164,818)
Gain on sale of securities	(16,639)
Decrease in operating assets:	
Contract/Grant revenue receivable	245,360
Prepaid expenses	335
Increase in operating liabilities:	
Accounts payable & accrued expenses	<u>41,111</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,186,176</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed asset expenditures	(186,790)
Investment in marketable securities	<u>(283,919)</u>
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(470,709)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments applied to mortgage payable	(23,683)
Payments applied to note payable	<u>(69,189)</u>
NET CASH PROVIDED BY BY FINANCING ACTIVITIES	<u>(92,872)</u>

NET INCREASE IN CASH 622,595

BEGINNING CASH BALANCE 664,577

ENDING CASH BALANCE **\$ 1,287,172**

Supplementary Information:

Cash paid during the year for interest **\$ 5,756**

See Accountant's Audit Report and Notes to Financial Statements

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STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2021

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	PROGRAM SERVICES				SUPPORTING SERVICES		
	COMMUNITY SERVICES	COUNSELING SERVICES	MONTFORT THERAPEUTIC RESIDENCE	PAX CHRISTI CENTER	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND RAISING
Salaries	786,610	412,220	699,057	472,383	2,370,271	124,759	189,346
Payroll Taxes	68,071	34,796	59,314	39,937	203,117	9,870	15,285
Fringe Benefits	189,787	69,086	133,675	115,448	507,996	15,331	54,761
Total Salaries and Related Expenses	1,044,468	516,102	892,046	627,768	3,080,384	149,960	259,392
Bank & Credit Card Fees	3	-	134	111	248	65	4,257
Donations/Fund Raising Prizes	-	-	-	-	-	-	29,525
Dues & Licenses	740	-	334	25	1,099	485	1,124
Education & Seminars	60,089	-	564	-	60,653	-	8,543
Fingerprinting	-	-	611	75	686	-	-
Fund Raising Events/Meetings	900	-	-	-	900	-	20,587
Equipment Lease	902	-	-	1,100	2,002	4,403	2,600
Flowers & Offerings	2,660	-	-	-	2,660	856	-
Food & Household	126,474	-	50,674	14,641	191,789	-	450
Insurance	98,316	23,676	40,596	28,825	191,413	7,555	-
Interest	2,652	-	-	-	2,652	3,104	-
Medical	2,271	-	-	-	2,271	2,878	-
Miscellaneous	17,936	-	2,021	1,757	21,714	2,915	717
Occupancy	39,090	18,000	72,000	30,000	159,000	-	18,000
Office Expenses & Postage	12,194	-	3,032	1,187	16,413	8,790	16,908
Outside Services	1,914	-	1,028	517	3,459	-	-
Payroll Sys & Bookkeeping	6,345	3,170	6,035	3,800	19,350	-	-
Printing and Photography	-	-	-	-	-	13,672	1,475
Professional Fees - Audit	4,000	2,500	7,700	12,550	26,750	9,500	22,859
Professional Fees - Legal - See Note 3	453,306	-	-	-	453,306	2,500	2,500
Recreation & Retreats	1,481	-	-	-	1,481	10,000	-
Repairs and Maintenance	72,545	3,286	40,057	37,589	153,477	862	2,475
Resident Expense	2,135	-	1,556	9,410	13,101	-	-
Security	1,695	1,299	724	440	4,158	-	-
Stipends	-	49,408	2,944	-	52,352	-	-
Telephone	10,573	9,894	6,397	6,411	33,275	8,429	2,930
Travel, Entertainment & Meals	16,531	-	4,546	-	21,077	2,260	653
Utilities	121,546	24,229	12,598	20,719	179,092	5,500	1,922
Depreciation and Amortization	86,725	-	23,876	10,390	120,991	9,167	1,300
Total Other Expenses	1,142,933	135,462	277,427	179,547	1,735,369	92,941	138,825
Total Operating Expenses	\$ 2,187,401	\$ 651,564	\$ 1,169,473	\$ 807,315	\$ 4,815,753	\$ 242,901	\$ 398,217
							\$ 641,118
							\$ 5,456,871
							\$ 1,967,135
							\$ 131,458
							\$ 186,514
							\$ 23,990
							\$ 44,634
							\$ 52,352
							\$ 4,158
							\$ 11,481
							\$ 156,814
							\$ 13,101
							\$ 3,337
							\$ 5,000
							\$ 32,359
							\$ 15,147
							\$ 3,459
							\$ 25,346
							\$ 177,000
							\$ 42,111
							\$ 5,149
							\$ 2,878
							\$ 3,104
							\$ 5,756
							\$ 198,968
							\$ 192,239
							\$ 450
							\$ 856
							\$ 7,003
							\$ 20,587
							\$ 686
							\$ 69,196
							\$ 2,708
							\$ 29,525
							\$ 4,322
							\$ 4,570
							\$ 2,684,376
							\$ 227,272
							\$ 578,088
							\$ 3,489,736

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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	400,555	135,642	536,197
Plus: Accumulated Increase/(Decrease) in Market Value	84,654	34,951	119,605
	<u>\$ 485,209</u>	<u>\$ 170,593</u>	<u>\$ 655,802</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, 2021, 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	36,000
	<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 \$453,306 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, 2021 is as follows:

Furniture, Fixtures and Equipment	\$	618,537
Land, Property and Improvements		<u>2,639,558</u>
		3,258,095
Less: Accumulated Depreciation		<u>(1,464,259)</u>
	\$	<u>1,793,836</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	22,277	73,621	95,898
Accrued wages and FICA	19,153	15,961	35,114
Total	<u>\$ 41,430</u>	<u>\$ 89,582</u>	<u>\$ 131,012</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, 2021 is \$31,989.

NOTE 7 – NOTE PAYABLE – SCWA

The Organization has a note payable to the Suffolk County Water Authority. The monthly payments are \$1,569 including interest at 4%. The balance as of March 31, 2021 is \$131,650.

NOTE 8 – CANCELLATION OF PAYCHECK PROTECTION LOAN

The cancellation of the Paycheck Protection Loan in the amount of \$740,163 was reflected as income for the year ended March 31, 2021.

NOTE 9 - SUBSEQUENT EVENTS

The date to which events occurring after March 31, 2021, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is December 28, 2021, 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, 2021, 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 December 28, 2021.

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.

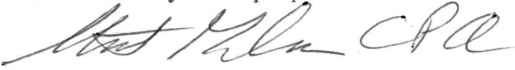
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies 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.

A handwritten signature in black ink, appearing to read "Stewart Gelman CPA".

Stewart Gelman & Associates, CPAs, P.C.

Stewart Gelman & Associates, CPAs, P.C.
East Islip, NY
December 28, 2021