CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

METROPOLITAN MINISTRIES, INC. AND AFFILIATES

JUNE 30, 2019

TABLE OF CONTENTS

Independent Auditors' Report	3 - 4
Consolidated Financial Statements	
Consolidated Statement of Financial Position	5
Consolidated Statement of Activities and Changes in Net Assets	6
Consolidated Statement of Cash Flows	7
Consolidated Statement of Functional Expenses	8
Notes to Consolidated Financial Statements	9 - 29
Supplementary Information	30
Schedule of Expenditures of Federal Awards and State Financial Assistance	31 - 32
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	33
Consolidating Statement of Financial Position	34 - 35
Consolidating Statement of Activities and Changes in Net Assets	36 - 37
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*	38 - 39
Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by The Uniform Guidance and Chapter 10.650, *Rules of The Auditor General*	40 - 41
Schedule of Findings and Questioned Costs	42 - 43

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Metropolitan Ministries, Inc. and Affiliates

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Metropolitan Ministries, Inc. and Affiliates (a nonprofit organization) (collectively, the Ministries), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Metropolitan Ministries, Inc. and Affiliates as of June 30, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Ministries' 2018 financial statements, and our report dated September 20, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statement of financial position and consolidating statement of activities and changes in net assets are presented for additional analysis and are not a required part of the consolidated financial statements. The schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and Chapter 10.650, *Rules of the Auditor General* 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 19, 2019, on our consideration of the Ministries' internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, 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 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 Ministries' internal control over financial reporting and compliance.

Rivero, Gordimer & Company, P.A.

Tampa, Florida
September 19, 2019

Metropolitan Ministries, Inc. and Affiliates

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2019
(With comparative total as of June 30, 2018)

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
ASSETS				
CURRENT ASSETS				
Cash	$ 2,950,912	$ -	$ 2,950,912	$ 3,442,624
Investments	-	-	-	20,176
Grants and other receivables	815,350	-	815,350	751,596
Pledges receivable, current portion	-	292,043	292,043	530,468
Prepaid and other assets	374,447	-	374,447	375,134
Total current assets	4,140,709	292,043	4,432,752	5,119,998
OTHER ASSETS				
Cash - for long-term purposes	314,180	347,868	662,048	665,925
Beneficial interest in assets held by others	-	511,226	511,226	491,309
Pledges receivable, net	-	123,365	123,365	404,018
Notes receivable, new markets tax credits	23,964,900	-	23,964,900	23,964,900
Total other assets	24,279,080	982,459	25,261,539	25,526,152
LAND, BUILDINGS AND EQUIPMENT, NET	32,038,945	-	32,038,945	33,506,564
TOTAL ASSETS	$ 60,458,734	$ 1,274,502	$ 61,733,236	$ 64,152,714
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable trade	$ 732,631	$ -	$ 732,631	$ 601,223
Accrued expenses	888,272	-	888,272	745,850
Deferred revenue	295,491	-	295,491	539,463
Notes payable, current portion	-	-	-	776,000
Line of credit	-	-	-	-
Total current liabilities	1,916,394	-	1,916,394	2,662,536
NOTES PAYABLE, net of current portion				
Notes payable in cash	347,600	-	347,600	347,600
Forgivable notes from grants	2,032,727	-	2,032,727	2,132,727
New markets tax credit notes	33,698,619	-	33,698,619	33,691,739
TOTAL LIABILITIES	37,995,340	-	37,995,340	38,834,602
NET ASSETS	22,463,394	1,274,502	23,737,896	25,318,112
TOTAL LIABILITIES AND NET ASSETS	$ 60,458,734	$ 1,274,502	$ 61,733,236	$ 64,152,714

The accompanying notes are an integral part of this consolidated statement.

Metropolitan Ministries, Inc. and Affiliates

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended June 30, 2019
(With comparative total as of June 30, 2018)

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
Public support				
Contributions	$ 11,836,728	$ 53,000	$ 11,889,728	$ 10,915,490
Non-cash contributions	5,547,121	-	5,547,121	5,727,496
In-kind services	1,219,655	-	1,219,655	1,513,508
Special events, net of direct expenses of $271,045	663,538	-	- 663,538	585,641
Government grants	4,242,244	-	4,242,244	3,937,396
Private grants	1,671,835	-	1,671,835	1,224,666
Total public support	25,181,121	53,000	25,234,121	23,904,197
Revenue				
Program service revenue	387,618	-	387,618	351,260
Thrift store sales	527,567	-	527,567	466,288
Café and catering revenue	1,931,397	-	1,931,397	1,669,167
Other income	748,202	16,917	765,119	687,420
Interest income	280,017	-	280,017	291,968
Total revenue	3,874,801	16,917	3,891,718	3,466,103
NET ASSETS RELEASED FROM RESTRICTION	295,728	(295,728)	-	-
Total public support and revenue	29,351,650	(225,811)	29,125,839	27,370,300
EXPENSES				
Program services	24,529,695	-	24,529,695	23,041,152
Development and community support	2,286,440	-	2,286,440	2,292,552
Management and general	1,651,021	-	1,651,021	1,630,354
Total expenses before depreciation, amortization and interest	28,467,156	-	28,467,156	26,964,058
Change in net assets before depreciation, amortization and interest	884,494	(225,811)	658,683	406,242
Depreciation	1,766,363	-	1,766,363	1,680,766
Amortization and interest	472,536	-	472,536	882,366
Total depreciation, amortization and interest	2,238,899	-	2,238,899	2,563,132
CHANGE IN NET ASSETS	(1,354,405)	(225,811)	(1,580,216)	(2,156,890)
Net assets at beginning of year	23,817,799	1,500,313	25,318,112	27,475,002
Net assets at end of year	$ 22,463,394	$ 1,274,502	$ 23,737,896	$ 25,318,112

The accompanying notes are an integral part of this consolidated statement.

Metropolitan Ministries, Inc. and Affiliates

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2019

Cash flows from operating activities	
Change in net assets	$ (1,580,216)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	1,766,363
Amortization of debt issuance costs	6,880
Gain on debt forgiveness	(100,000)
Investment gains	(25,513)
Increase in grants and other receivables	(63,754)
Decrease in pledges receivable, net	23,050
Decrease in prepaids and other assets	687
Increase in accounts payable trade	131,408
Increase in accrued expenses	142,422
Decrease in deferred revenue	(243,972)
Total adjustments	1,637,571
Net cash provided by operating activities	57,355
Cash flows from investing activities	
Purchases of land, buildings, and equipment	(298,744)
Sale of investments	25,772
Net cash used by investing activities	(272,972)
Cash flows from financing activities	
Collections of contributions restricted for investment in long-term assets	496,028
Payments on notes payable	(776,000)
Decrease in cash restricted for financing activities	3,877
Net cash used by financing activities	(276,095)
Net decrease in cash	(491,712)
Cash at beginning of year	3,442,624
Cash at end of year	$ 2,950,912
Supplemental disclosure of cash flow information	
Interest	$ 463,513
Taxes	$ -

The accompanying notes are an integral part of this consolidated statement.

Metropolitan Ministries, Inc. and Affiliates

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2019
(With comparative total as of June 30, 2018)

		Supporting Services			Total	
	Program Services	Development and Community Support	Management and General	Total Supporting Services	2019	2018
Salaries and wages	$ 8,580,224	$ 399,483	$ 825,771	$1,225,254	$ 9,805,478	$ 8,703,419
Payroll taxes and benefits	1,834,522	124,668	172,599	297,267	2,131,789	1,804,722
Total personnel expenses	10,414,746	524,151	998,370	1,522,521	11,937,267	10,508,141
In-kind goods and services	6,766,776	-	-	-	6,766,776	7,241,004
Contracted services	968,966	10	180,713	180,723	1,149,689	1,203,772
Food	2,046,853	-	69	69	2,046,922	1,848,704
Insurance	223,312	18,809	11,754	30,563	253,875	277,309
Occupancy	887,247	-	13,747	13,747	900,994	759,503
Office and other supplies	684,743	4,247	47,206	51,453	736,196	641,506
Marketing	144,726	234,024	119,234	353,258	497,984	378,786
Professional fees and development	344,102	3,852	65,981	69,833	413,935	384,455
Program materials and printing	936,516	7,900	18,386	26,286	962,802	899,537
Program and donor development	171,896	1,485,904	133,803	1,619,707	1,791,603	1,825,664
Transportation	154,340	2,714	3,791	6,505	160,845	110,200
Utilities	758,085	1,760	43,360	45,120	803,205	807,438
Other	27,387	3,069	14,607	17,676	45,063	78,039
	24,529,695	2,286,440	1,651,021	3,937,461	28,467,156	26,964,058
Depreciation	1,730,589	833	34,941	35,774	1,766,363	1,680,766
Interest and amortization	464,388	-	8,148	8,148	472,536	882,366
Total expenses	$ 26,724,672	$ 2,287,273	$ 1,694,110	$3,981,383	$30,706,055	$ 29,527,190
Percentage of total expenses	87.0%	7.5%	5.5%		100%	

The accompanying notes are an integral part of this consolidated statement.

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and a summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follow:

1. Description of the Organization

Metropolitan Ministries, Inc. is a community-supported, nonprofit organization founded in 1972 whose mission is to care for the homeless and those at risk of becoming homeless in the community, through services that alleviate suffering, promote dignity, and instill self-sufficiency as an expression of the ongoing ministry of Jesus Christ.

Metropolitan Ministries is a faith based social services organization caring for all those who come in need of assistance. Metropolitan Ministries provides answers for poor and homeless families, faithfully. This has been the cornerstone of the Ministries' approach since its founding. Over the past 46 years, as the number of homeless families and hungry people has increased, the Ministries has remained committed to reaching out and providing services that help prevent homelessness, ease hunger and offer homeless people life-changing solutions leading to self-sufficiency.

The Ministries offers three distinct programs:

- Outreach and Prevention Services – The focus of this program is reaching out to hungry people and preventing homelessness. The Ministries reaches out to hungry people by providing prepared meals to partner organizations, located throughout the Tampa Bay area, where anyone who is hungry can be fed. Since October 2014 the Ministries has also prepared and served hot meals to hungry homeless at its newly-constructed kitchen at its Pasco County campus in Holiday, Florida.

  For families and individuals who live in their own home, but are at risk of becoming homeless, the Ministries provides various services. These services include meals and clothing, holiday food, toys and spiritual assistance to over 48,300 families in need, utility and rent assistance, employment lab, and referrals to housing and other agencies to meet their additional needs. These prevention services have resulted in an 91% success rate to keep at risk families from becoming homeless in the next 12 months and are offered in a manner that respects every individual's God-given dignity and worth.

  Outreach and prevention services program expenses totaled approximately $10,110,000 for the year ended June 30, 2019.

- Residential and Offsite Programs – Uplift Hall, Hope Hall and offsite apartments and programs are aimed at dealing with the issues of poverty and homelessness by focusing on the needs of each individual situation, as follows:

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- *MiraclePlace Residence Services* – 100 family living units in Tampa and an additional 24 family living units in Pasco at our Holiday, Florida location offer homeless families a safe place to live while finding their way to self-sufficiency. These on-site residences are supplemented by offsite apartments scattered throughout local communities in Hillsborough County. Families stay for as little as a few weeks or more than a year, depending on the needs of the individual or family. Through on-campus housing with variable length stays, 445 families were served during the year ended June 30, 2019.

- *Uplift Hall* – provides transitional housing and life skills programs for families and single women who need more intensive long-term services.

- *Hope Hall* – provides emergency short-term housing and life skills programs to families and single women who face homelessness due to unemployment and need help to get back on their feet.

- In October 2017, the Ministries completed construction of 24 family living units at its Pasco County campus in Holiday, Florida. The Ministries now serves homeless families with on-campus housing, as well as providing hot meals, counseling services and education to resident families.

- *Offsite Programs* – Over 240 families are served annually offsite through the First Hug program, funded by the Children’s Board of Hillsborough County, offering homebased case management services. Additionally, 76 families were assisted through other rent subsidy case management programs during the year ended June 30, 2019.

- *Health and Wellness* – The Ministries provides nutritious healthy well-balanced meals and snacks each day for all residents and Head Start children. The Ministries also provides health and wellness resources and increased access to medical care to resident homeless families and single women. The program utilizes a comprehensive health assessment to determine residents’ health and wellness needs. The new gym is utilized to provide physical fitness activities for all ages. Access to medical care is provided on site through partnerships with a medical provider and mobile clinic services.

- *Counseling and Case Management* – These services are central to all programs and include emergency crisis intervention, comprehensive assessments, case management and family counseling, and an individualized, achievable self-sufficiency plan. Additionally, anger management and life-skills building are included in the counseling components.

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

- *Recovery and Sobriety* – The Ministries offers a full-range of recovery services for all Uplift U participants that struggle with addiction issues.

- Services include onsite addiction assessment and classes and recovery counselors along with referrals to other community recovery programs. Additional services include family intervention, co-dependency and prevention classes for family members, and connections to addict and family support services (Alcoholics Anonymous, Narcotics Anonymous, ALANON and ALATEEN).

- *Community Living and Pastoral Care* – Services include pastoral care, counseling, worship services, Bible studies and spiritual development that prepares residents for self-governance, advocacy, and personal responsibility when they leave the Ministries. Since May 2015 these services have been available in the Ministries newly-constructed nondenominational Chapel of Hope located at the center of the Tampa campus, to help residents focus on their spiritual growth and development.

  Residential and offsite program expenses totaled approximately $12,219,000 for the year ended June 30, 2019.

▪ Childhood and Adult Education

- *Childhood Education* – The Ministries offers its accredited Promiseland Early Childhood Education Program and additional Head Start program services in partnership with Hillsborough County. The combined programs served over 308 children ages 0 - 5 with high quality childcare services for the year ended June 30, 2019.

- A new larger Partnership School building was opened August 2015, with capacity to serve 150 students. The Hillsborough County School District operates the kindergarten to grade 5 Partnership School for the Ministries' current and former resident children. The School District provides curriculum and pays for all school administrative and teaching staff, equipment and supplies.

- The Ministries additionally provides before and after school care, summer programs, and an onsite teen program to serve the children of its residents. Since May 2015 these services were offered in the newly-constructed Youth Enrichment Center and gym. These combined programs served 247 children and teens for the year ended June 30, 2019.

- *Adult Education* – Through collaborative community partnerships, adult residents participate in comprehensive adult literacy, GED, English as a second language, culinary training, and other education classes that provides them with the skills and training they need to be self-sufficient.

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

- *Employment Services* – The Ministries offers a continuum of employment services, from job readiness to job placement and long-term training. Job readiness preparation is a key element including assessment, counseling, learning and demonstrating “soft skills” such as punctuality, on-task behavior and time management.

- For residents who have completed the readiness preparation or already have the skills and experience to move forward, the Ministries assists them in accessing job placement services and long-term training programs in the community.

  Childhood and adult education services program expenses totaled approximately $4,396,000 for the year ended June 30, 2019.

The Ministries’ operating funds are generated primarily from private contributions. The Ministries also receives government grants, which comprise approximately 14% of total public support and revenue. The Ministries also operates a thrift store, catering service, and a café to help fund its operations and comprise approximately 8% of total public support and revenue. The Inside-The-Box and DoughNation locations offer catering services and desserts to the public and are staffed primarily by former residents who have successfully completed the Ministries’ Inside-The-Box Culinary Arts Program.

The ability of the Ministries to continue to provide services is dependent on the availability of funding and community support. The Ministries works to generate community funding for the Ministries’ programs. This funding support consists primarily of cash and stock donations, and in-kind gifts such as food, clothing, and services.

Mid 2018, Metropolitan Ministries began a joint venture journey including the creation of two new entities, Metropolitan Ministries Developer, LLC and Metropolitan Ministries Broadway, LLC, with a developer to maximize tax credit benefits in the construction of a 112 unit affordable housing apartment complex in Seffner, Florida. Closing on the transaction and ground breaking are anticipated to conclude between September and November 2019.

2. Principles of Consolidation

The consolidated financial statements include the financial statements of Metropolitan Ministries, Inc., Metropolitan Ministries Foundation, Inc., MiraclePlace, Inc., MiraclePlace Foundation, Inc., MiraclePlace Pasco Tampa Initiative, Inc., Metropolitan Ministries Developer, LLC, and Metropolitan Ministries Broadway, LLC (collectively referred to as the Ministries). All significant inter-organizational transactions have been eliminated in the accompanying consolidated financial statements. No activity has occurred to date in the newly formed Metropolitan Ministries Developer, LLC or Metropolitan Ministries Broadway, LLC entities previously referenced.

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Metropolitan Ministries Foundation, Inc. (the Foundation), a Florida nonprofit corporation, was organized in October 2003 by the Ministries for the purpose of creating and managing its endowment gifts and related assets. The Ministries is the sole recipient of the Foundation's income.

MiraclePlace, Inc. (MPI) and MiraclePlace Foundation, Inc. (MPF) are Florida nonprofit corporations formed in October 2012 to accommodate the Ministries' New Markets Tax Credit Chapter 1 funding of new construction. MiraclePlace Pasco Tampa Initiative, Inc. (MPTI) is a Florida nonprofit corporation formed in May 2014 to accommodate the Ministries' New Markets Tax Credit Chapters 2 and 3 funding of new construction (see Notes H and N). The purpose of these entities is to hold certain assets of and title to property, collect income from that property, and turn over income from that property on behalf of the Ministries, pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986.

3. Basis of Accounting

These consolidated financial statements, presented on the accrual basis of accounting, have been prepared to focus on the Ministries as a whole and to present net assets, revenues, and expenses based on the existence or absence of donor-imposed restrictions.

Accordingly, net assets and changes therein are classified as follows:

- With Donor Restrictions - Net assets with donor restrictions are net assets subject to donor-imposed stipulations that may be fulfilled by actions of the Ministries to meet the stipulations, that may become undesignated by the passage of time, or that require net assets to be permanently maintained, thereby restricting the use of principal.

- Without Donor Restrictions - Net assets without donor restrictions are net assets not subject to donor-imposed restrictions or the donor-imposed restrictions have expired. These net assets are available for use at the discretion of the Board of Directors and/or management for general operating purposes.

4. Change in Accounting Standard

During 2019 the Ministries adopted ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include:

- Requiring the presentation of only two classes of net assets now titled "net assets without donor restrictions" and "net assets with donor restrictions"

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

- Requiring the use of the placed in-service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise

- Requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate functional expense statement, or in the notes and disclose a summary of the allocation methods used to allocate costs

- Requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources

- Modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements

In addition, ASU 2016-14 removes the requirement that not-for-profit entities that chose to prepare the statement of cash flows using the direct method must also present a reconciliation (the indirect method).

5. Liquidity

Assets and liabilities are presented in the accompanying statement of financial position according to their nearness of conversion to cash and, their maturity and resulting use of cash, respectively. See note B for more information on liquidity and availability of assets.

6. Revenue Recognition

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restrictions expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions, including unconditional promises to give (pledges), are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. An allowance for uncollectible pledges is provided based upon management’s judgment, including such factors as prior collection history, type of contribution and nature of the fundraising activity.

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

7. Cash for Long-Term Purposes

Cash designated and restricted for the payment of interest on notes payable is classified as a noncurrent asset and approximated $314,000 at June 30, 2019. Cash designated for endowments is classified as a noncurrent asset and approximated $348,000 at June 30, 2019.

8. Pledges Receivable

The fair value of the pledges receivable is estimated by discounting expected net future cash flows. The Ministries recorded a provision for uncollectible amounts of approximately $24,200 at June 30, 2019 in the accompanying consolidated financial statements.

9. Grants and Other Receivables

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the consolidated financial statements. The Ministries expects to collect all balances in full, so there is no provision for uncollectible amounts at June 30, 2019. The Ministries does not charge interest on past due balances.

10. Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost. Donated property and equipment are recorded at fair value at the date of donation. Depreciation is calculated over the estimated useful lives of the assets on the straight-line basis. Estimated useful lives for the Ministries' buildings and other furniture, equipment and improvements are 30 years and 5 to 10 years, respectively. The Ministries capitalizes asset acquisitions that exceed $3,500.

11. Debt Issuance Costs

The Ministries has adopted the accounting guidance in FASB Accounting Standards Update (ASU) No. 2015-03, Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. ASU 2015-03 requires organizations to present debt issuance costs as a direct deduction from the face amount of the related borrowings, amortize debt issuance costs using the effective interest method over the life of the debt, and record the amortization as a component of interest expense. The effect of adopting the new standard decreased the debt issuance costs asset to zero and decreased the debt liability by approximately $238,000 as of June 30, 2019.

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The adoption of the standard had no effect on previously reported net assets/equity. The ASU is effective for fiscal years beginning after December 15, 2015, with early adoption permitted.

12. Income Taxes

Metropolitan Ministries, Inc., Metropolitan Ministries Foundation, Inc., MiraclePlace, Inc., MiraclePlace Foundation, Inc. and MiraclePlace Pasco Tampa Initiative, Inc. have been granted exemptions from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from Florida income tax under Chapter 220 of the Florida Statutes. Accordingly, no provision for income taxes has been included in the accompanying consolidated financial statements. Management is not aware of any activities that would jeopardize the tax-exempt status of the Ministries.

13. In-Kind Contributions

Donated materials and professional services are reflected in the accompanying consolidated financial statements inasmuch as an objective basis is available to measure the value of such materials and professional services. For those donated materials and nonprofessional services for which no objective basis is available to measure the value, no such contributions are reflected in the accompanying consolidated financial statements. In-kind and noncash contributions that have been recorded in the accompanying consolidated financial statements include food, clothing, toys, school supplies and other necessary items.

A substantial number of volunteers have donated significant amounts of their time in the Ministries' program services that are not reflected in the accompanying consolidated financial statements. These volunteer services had an estimated value of approximately $5,108,000 for the year ended June 30, 2019.

14. Functional Allocation of Expenses

The costs of providing the various programs have been summarized on a functional basis in a separate consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. To the extent relevant, expenses related to operating facilities are allocated on a square footage basis. Support services such as human resources, accounting, and information technology are allocated on a per head count basis.

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

15. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

16. Advertising Costs

The Ministries' policy is to expense advertising and marketing costs as incurred. Marketing costs were approximately $498,000 for the year ended June 30, 2019.

17. Comparative Financial Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Ministries' consolidated financial statements for the year ended June 30, 2018, from which the comparative totals were derived.

NOTE B – LIQUIDITY

The Ministries has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses at June 30, 2019:

Cash and cash equivalents	$ 2,950,912
Current portion of pledges receivable	292,043
Grants and other receivables	815,350
Total financial assets available within one year	4,058,305
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	292,043
Total financial assets available to management for expenditure within one year	$ 3,766,262

NOTE B – LIQUIDITY – Continued

The Ministries maintain a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Ministries also has a line of credit of $1,500,000 to meet future cash needs if deemed necessary at the discretion of management.

NOTE C - PLEDGES RECEIVABLE

Pledges receivable at June 30, 2019 are summarized as follows:

Total unconditional pledges	$	446,219
Less allowance for uncollectible pledges		(24,158)
Less discount on long-term pledges		(6,653)
Net pledges receivable	$	415,408

Pledges receivable expected to be collected after June 30, 2019 are as follows:

Less than one year	$	292,043
One to five years		154,176
	$	446,219

NOTE D - NONCURRENT NOTES RECEIVABLE

Notes receivable from New Markets Tax Credit investment funds are secured by first interest in pledged securities and consist of the following at June 30, 2019:

Note receivable dated December 18, 2012, interest accrued at 1%, annual interest payments through December 2020, then annual principal and interest payments of $344,212, maturing December 2047	$ 8,370,000
Note receivable dated December 19, 2012, interest accrued at 1%, annual interest payments beginning December 2013, then annual principal and interest payments beginning December 2023, maturing December 2047	4,455,600
Note receivable dated June 27, 2014, interest accrued at 1%, annual interest payments through December 2022, then annual principal and interest payments of $350,194, maturing December 2044	7,439,300
Note receivable dated June 27, 2014, interest accrued at 1.3%, annual interest payments through December 2022, then annual principal and interest payments, maturing December 2043	3,700,000
Total	$ 23,964,900

Principal on noncurrent notes receivable is due from 2020 to 2047.

NOTE E - FAIR VALUE MEASUREMENTS

The Fair Value Measurement and Disclosures Topic of the FASB Accounting Standards Codification establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the Fair Value Measurement and Disclosure Topic are described as follows:

Level 1 – Quoted market prices in active markets for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

NOTE E - FAIR VALUE MEASUREMENTS - Continued

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The valuation methodologies used for assets measured at fair value at June 30, 2019 are:

Beneficial interest in assets held by others: Consist of a designated fund with a local community foundation. These assets are measured as reported by the community foundation and are not traded on an active market.

The following table sets forth, by level within the fair value hierarchy, the Ministries' investment assets measured at fair value on a recurring basis at June 30, 2019:

	Level 1	Level 2	Level 3	Fair Value
Beneficial interest in assets held by others	$ -	$ -	$ 511,226	$ 511,226

A summary of the activity of Level 3 assets for the year ended June 30, 2019 follows:

Beneficial interest in funds held by others at beginning of year	$ 491,309
Additions	3,000
Interest and dividends	9,662
Change in value of beneficial interest in funds held by others	11,716
Fees	(4,461)
Beneficial interest in funds held by others at end of year	$ 511,226

The Ministries established a designated fund with a local community foundation for the purpose of providing support for the Ministries' mission.

NOTE F - LAND, BUILDINGS, AND EQUIPMENT

A summary of land, buildings, and equipment at June 30, 2019 follows:

Land	$ 5,543,767
Buildings	35,683,553
Land and building improvements	1,597,735
Furniture, fixtures and equipment	5,204,170
Vehicles	458,332
Leasehold improvements	16,478
Construction in progress	132,500
Total	48,636,535
Less accumulated depreciation	(16,597,590)
Net land, buildings and equipment	$ 32,038,945

NOTE G - LINE OF CREDIT

The Ministries has a revolving line of credit totaling $1,500,000 with Bank of America and bears interest at LIBOR plus 2.15%. The line of credit is secured by personal property of the Ministries and is due January 2020. There were no borrowings outstanding on this line of credit as of June 30, 2019.

NOTE H - NOTES PAYABLE

Notes payable consist of the following at June 30, 2019:

Notes Payable in Cash	
Promissory note, 0% interest, principal payments deferred until maturity, due September 30, 2048, secured by real property	$ 347,600
Total notes payable in cash	347,600
Less current portion	-
Notes payable in cash, non-current	$ 347,600

NOTE H - NOTES PAYABLE – Continued

Forgivable Government Agency Notes		
Promissory note to government agency, 0% interest, principal payments deferred until maturity, due May 2039, secured by real property, if certain terms and contract covenants are maintained to be forgiven upon maturity	$	600,000
Promissory note to government agency, 0% interest, principal payments deferred until maturity, due August 2032, secured by real property, to be forgiven upon maturity		500,000
Mortgage to government agency, 0% interest, principal payments deferred until maturity, due August 2019 secured by real property, to be forgiven upon maturity		200,000
Promissory note to government agency, 0% interest, principal payments deferred until maturity, due December 2065, secured by real property, to be forgiven upon maturity		700,000
Promissory note to government agency, 0% interest, principal payments deferred until maturity, due November 2021, secured by real property, to be forgiven upon maturity		32,727
Total Forgivable Government Agency Notes		2,032,727
Less current portion		-
Forgivable Government Agency Notes, non current	$	2,032,727

New Markets Tax Credit Notes Subject to Put/Call Options *		
MPI:		
Interest accrued at 1.0006%, due December 2047	$	4,455,600
Interest accrued at 1.0006%, due December 2047		1,544,400
Interest accrued at 1.6754%, due December 2047		3,081,000
Interest accrued at 1.6754%, due December 2047		6,919,000
Interest accrued at 1.6754%, due December 2047		2,431,577

NOTE H - NOTES PAYABLE – Continued

MPTI:	
Interest accrued at 1.355%, due December 2049	7,439,300
Interest accrued at 1.355%, due December 2049	3,065,700
Interest accrued at 1.0%, due December 2049	3,700,000
Interest accrued at 1.0%, due December 2049	1,300,000
Total New Markets Tax Credit Notes Payable Subject to Put/Call Options	33,936,577
Less: Unamortized Debt Issuance Costs	(237,958)
Total New Markets Tax Credit Notes Payable Subject to Put/Call Options, Net Unamortized Debt Issuance Costs	$ 33,698,619

*All secured by real property and personal property

In December 2012, the Ministries funded development and construction of MiraclePlace, Inc.'s new 52 units of transitional housing, a childcare facility, a larger dining facility, and renovation of existing 48 units of emergency housing for the homeless in Tampa, Florida with Noncurrent Notes Payable and Noncurrent Notes Receivable issued under the New Markets Tax Credit (NMTC) program as provided by Section 45D of the Internal Revenue Code. The new MiraclePlace campus furthers the Ministries' mission by offering education, family counseling, childcare, food service facilities and transitional shelter to homeless families and those at risk of becoming homeless.

In June 2014, the Ministries completed a similar NMTC program funding for development and construction of a chapel, youth enrichment center, gym and K to grade 5 school in Tampa, and a kitchen in Holiday, Florida. These facilities enable the Ministries to provide residents the opportunity to focus on their spiritual needs and growth, and to feed homeless and at-risk families in Pasco County.

The purpose of the tax credit is to encourage investment in low-income community businesses, while also effectively reducing the borrowing or financing costs to the businesses. Construction was funded by two national banks (JPMorgan Chase and Hancock/Whitney Bank) and their New Markets Tax Credit investment groups and intermediaries.

The NMTC provides tax credits over the first seven years to investors in the two banks' private NMTC investment groups. The Ministries expects to have the net NTMC debt substantially reduced with equity conversions in 2020 and 2021, by the exercise of $1,000 options by Chase Community Equity LLC (an intermediary of JPMorgan Chase), and by Hancock/Whitney Bank. This net NMTC debt expected to be substantially reduced with equity conversions in 2020 and 2021 is comprised of the Noncurrent Notes Payable by the Ministries to the NMTC private investment groups, less Noncurrent Notes Receivable (see Note C) owed to Miracle Place Foundation by the NMTC private investment groups, as follows:

NOTE H - NOTES PAYABLE - Continued

NMTC Transaction		NMTC Non-Current Notes		Net NMTC
Date	Equity Conversion	Payable	Receivable	Debt
Dec 2012	Apr-June 2020	$ 18,352,363	$ 12,825,600	$ 5,526,763
Jun 2014	Oct 2021	15,346,256	11,139,300	4,206,956
Totals		$ 33,698,619	$ 23,964,900	$ 9,733,719

Interest expense totaled approximately $463,500 for the year ended June 30, 2019.

Principal maturities on notes payable are as follows:

Year ending June 30,	
2020	$ -
2021	-
2022 - 2024	32,727
Thereafter	36,046,219
	$ 36,078,946

NOTE I - COMMITMENTS AND CONTINGENCIES

Operating Leases

The Ministries leases certain equipment and facilities. The following is a schedule of approximate noncancelable minimum payments under such operating leases that expire at various dates through 2027:

Year ending June 30,	
2020	$ 193,000
2021	151,000
2022	134,000
2023	62,000
2024	9,000
Thereafter	7,000
	$ 556,000

Rent expense under operating leases was approximately $259,000 for the year ended June 30, 2019.

NOTE I - COMMITMENTS AND CONTINGENCIES - Continued

Grants

The Ministries is subject to audit examination by funding sources to determine compliance with grant conditions. In the event that expenditures would be disallowed, repayment could be required. Management believes they are in compliance with the grant conditions imposed by their various funding sources.

NOTE J - ENDOWMENT

The Ministries' endowment is comprised of donor-restricted funds designated to function as endowments. Net assets associated with endowment funds are classified and reported based on existence or absence of donor-imposed restrictions.

The Ministries established a designated fund with a local community foundation for the purpose of providing support for the Ministries' mission. This fund is reported as Beneficial Interest in Assets Held by others in the accompanying consolidated statement of financial position.

The Florida Uniform Prudent Management of Institutional Funds Act requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary.

The Ministries classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The Ministries considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund, the purposes of the Ministries and the donor-restricted endowment fund, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and appreciation of investments, other resources of the Ministries, and the investment policies of the Ministries.

The Ministries is developing an investment and spending policy for endowment assets that attempts to preserve the real (inflation adjusted) value of endowment assets, increase the real value of the portfolio, and facilitate a potential distribution to support some level of future operations. Endowment assets include those assets of donor-restricted funds that the Ministries must hold in perpetuity or for a donor-specified period(s).

The terms of the operating policies of the endowment funds (the Fund) will require that the Fund will be managed by the Investment Committee and approved by the board of directors. The Investment Committee will be responsible to oversee the portfolio's investments and monitor the investments on an ongoing basis to ensure that long-term objectives are being met. The Investment Committee will set a target asset allocation for the portfolio's assets and seek advice from professional investment managers which hold the assets. The Fund will invest funds in accordance with the standards set forth in the Ministries' investment policy.

NOTE J – ENDOWMENT - Continued

The Ministries' board of directors, on the recommendation of the Investment Committee, will adopt a spending policy that governs the annual distributions from the endowment fund that may be expended for current operations of the Ministries. This policy will authorize the Ministries to distribute from its endowment fund a specified percentage, to be determined by the board of directors from time to time, of the current market at budget time or fiscal year-end of the endowment fund. The policy will allow the board to base the distribution formula on the average market value over a period of several years as it chooses to do so. For the fiscal year ended June 30, 2019, the Ministries' board of directors did not distribute any endowment funds.

Distributions cannot exceed the accumulated unspent earnings of the endowment without the board's approval. Income earned in excess of the spending rate may be reinvested in endowment principal. This is consistent with the Ministries' objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through investment return.

Changes in the endowment's net assets are as follows for the year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment balance at June 30, 2018	$ -	$ 565,827	$ 565,827
Interest, dividends, realized and unrealized activity	-	21,378	21,378
Endowment additions - Beneficial Interest	-	3,000	3,000
Endowment additions - Other	-	50,000	50,000
Endowment fees	-	(4,461)	(4,461)
Endowment balance at June 30, 2019	$ -	$ 635,744	$ 635,744

Total endowment balance at June 30, 2019 includes approximately $511,200 of Beneficial Interest in Funds Held by Others.

NOTE K - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions in the accompanying consolidated statement of financial position are available for the following purposes as of June 30, 2019:

Time restrictions on pledges receivable	$ 415,408
Cash restricted for capital projects	223,350
Unappropriated endowment earnings on beneficial interest in assets held by others	211,226
Endowment earnings on beneficial interest in assets held by others in perpetuity	424,518
	$ 1,274,502

NOTE K - NET ASSETS WITH DONOR RESTRICTIONS - Continued

Net assets were released from restriction in the accompanying consolidated statement of activities during the year ended June 30, 2019 for satisfaction of time restrictions on pledges receivable of approximately $296,000.

NOTE L - RETIREMENT PLAN

The Ministries has a Section 401(k) plan for its eligible employees. Full-time employees over the age of 21 who have worked for the Ministries for three months or more are eligible to participate in the plan. Employees are fully vested upon entrance to the plan. The plan provides an employer match of 100% on the first 3% of compensation and 50% on the next 2% of compensation. Plan contributions by the Ministries were approximately $167,000 for the year ended June 30, 2019.

NOTE M - GRANT REVENUE

The following is a summary of governmental grant revenue earned during the year ended June 30, 2019:

Federal		
U.S. Department of Agriculture	$	716,593
U.S. Department of Housing and Urban Development		290,650
Corporation for National Community Service		162,642
Federal Emergency Management Agency		141,858
		1,311,743
State		
Florida Department of Transportation		48,632
		48,632
County		
Children's Board of Hillsborough County		1,602,393
Hillsborough County Board of County Commissioners		1,122,954
Hillsborough County Finance Authority		156,522
		2,881,869
Total	$	4,242,244

NOTE N - NEW MARKETS TAX CREDIT TRANSACTIONS

The Ministries entered into several debt and receivable transactions during the fiscal years ended June 30, 2013 and 2014, in order to make additional funds available to it through the New Markets Tax Credit (NMTC) Program, as described in Note H. As part of these transactions, the Ministries created MiraclePlace Foundation, Inc. (MPF) and MiraclePlace, Inc. (MPI) in 2012 and MiraclePlace Pasco Tampa Initiative, Inc. (MPTI) in 2014, as described in Note A under Principles of Consolidation.

NOTE N - NEW MARKETS TAX CREDIT TRANSACTIONS - Continued

The NMTC Program permits taxpayers to claim a credit against federal income taxes for Qualified Equity Investments (QEI) in designated Community Development Entities (CDEs). These designated CDEs must use substantially all (85%) of the proceeds to make Qualified Low-Income Community Investments (QLICI). The taxpaying investor is provided with a tax credit which is claimed over a seven-year period. The credit is equal to 5% of the total amount paid for the capital investment over the first three years and 6% annually for the final four years.

2012 NMTC Transaction

JP Morgan Chase Bank through its Chase NMTC FL Met Min Investment Fund, LLC (Chase Fund) made a $10,000,000 qualified equity investment in Enhanced Capital New Market Development Fund XI, LLC (Fund XI). Fund XI made a leverage loan of $10,000,000 to the Chase Fund. The Chase Fund made QEIs of $10,000,000 plus an additional investment of $2,931,577 to Florida Community New Markets Fund X, LLC (Fund FCX). Fund FCX made two QLICI loans totaling $10,000,000 to MPI in amounts of $6,919,000 and $3,081,000, and a non QLICI loan to MPI in the amount of $2,431,577.

Whitney New Markets CDE 16, LLC (Whitney CDE) also made two QLICI loans totaling $6,000,000 to MPI in the amounts of $4,455,600 and $1,544,400.

MPI used the proceeds from the QLICI loans to purchase land, building, and improvements from the Ministries for $4,800,000 and to fund development and construction. New construction was completed in September 2013 and renovation of emergency housing units was completed in May 2014.

MPF issued loans to the Chase Fund for $8,370,000 and to the Whitney CDE for $4,455,600.

2014 NMTC Transaction

JPMorgan Chase Bank through its Chase NMTC Met Min 2 Investment Fund, LLC (Chase Fund 2) made an $11,000,000 qualified equity investment in Florida Community New Markets Fund XV, LLC (Fund FXV). Fund FXV made two QLICI loans totaling $10,505,000 to MPTI in amounts of $7,439,300 and $3,065,700.

Whitney New Markets Investor 27, LLC (Whitney CDE 2) also made QLICI loans totaling $5,000,000 to MPTI in the amounts of $3,700,000 and $1,300,000.

MPTI used the proceeds from the QLICI loans for payment of a ground lease of land and buildings from the Ministries for $4,216,000 and to fund new development. Construction was completed in Pasco County in October 2014, on the Tampa campus in May 2015, and a new school in Tampa in August 2015.

MPF issued loans to the Chase Fund 2 for $7,439,300 and to the Whitney COE 2 for $3,700,000.

NOTE N - NEW MARKETS TAX CREDIT TRANSACTIONS - Continued

In connection with making the loans to the Chase and Whitney investment funds, the Ministries entered into put options with Chase Community Equity, LLC, and with Whitney Bank (the Investors). The agreements allow the Investors to put their interest in the Chase and Whitney funds to the Ministries at any time during the four to six months following the seventh anniversary of the effective date. The purchase price of the interests is $1,000. Also, the Ministries entered into call options that, if the Chase and Whitney investment funds do not exercise their put options, the Ministries may call the Investors' interests, three to six months following the seven-year anniversary of the QEI. The call options may be executed by the Ministries at any time during the 24-month period following the end of the put options period. The purchase price of the call options is the fair market value of the Investors' interests at the time of the call. The purchase price of the funds' interests is the greater of the fair market value of the CDEs' interest or the aggregate, amount of principal and interest owed by the funds on the leverage loan as of the call options closing date. No amounts have been recorded on the accompanying consolidated financial statements related to the put and call options.

NOTE O - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Ministries to concentrations of credit risk consist principally of cash deposits at Bank of America. The Ministries' cash and cash equivalents may exceed, on occasion, amounts in excess of the Federal Deposit Insurance Corporation insured amount. The Ministries have not experienced any losses in such accounts.

NOTE P - SUBSEQUENT EVENTS

The Ministries has evaluated events and transactions occurring subsequent to June 30, 2019 as of September 19, 2019, which is the date the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Metropolitan Ministries, Inc. and Affiliates

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

June 30, 2019

Grantor/ Program Title	Federal CFDA#/State CSFA #	Pass - Through Entity Identifying Number	Pass-Through to Subrecipients	Expenditures
Federal Awards -				
U.S. Department of Agriculture				
Indirect awards				
Pass-through the Florida Department of Health				
Child and Adult Care Food Program	10.558	H-1214		$ 255,923
Child and Adult Care Food Program	10.558	H-5024	-	57,133
				313,056
Pass-through Hillsborough County				
Emergency Solutions Grant	14.231	N/A	-	239,591
				239,591
Pass-through Hillsborough County				
Community Development Block Grant	14.218	N/A	-	163,946
				163,946
Total U.S. Department of Agriculture				716,593
U.S. Department of Housing and Urban Development				
Indirect awards				
Pass-through City of Tampa				
*Community Development Block Grant	14.218	N/A	-	100,000
*Community Development Block Grant	14.218	N/A	-	200,000
*Community Development Block Grant	14.218	N/A	-	32,727
Community Development Block Grant	14.218	N/A		61,993
Community Development Block Grant	14.218	F2016-126		98,039
Community Development Block Grant	14.218	CD19-0079	-	30,618
				523,377
Pass-through City of Tampa				
*City of Tampa Home Investment Partnerships Program	14.239	-	-	500,000
				500,000
Total U.S. Department of Housing and Urban Development				1,023,377

Metropolitan Ministries, Inc. and Affiliates

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE - CONTINUED

June 30, 2019

Grantor/ Program Title	Federal CFDA#/State CSFA #	Pass - Through Entity Identifying Number	Pass-Through to Subrecipients	Expenditures
Corporation for National and Community Service				
Indirect awards				
Pass-through Volunteer Florida				
The National and Community Service Act of 1990	94.006	-	-	151,220
				151,220
Pass-through Volunteer Florida				
Volunteer Generation Fund	94.021	-	-	11,422
				11,422
Total Corporation for National and Community Service				162,642
Federal Emergency Management Agency				
Emergency Food and Shelter Program	97.024	163800-005	-	141,858
				141,858
Total expenditures of federal awards				2,044,470
State Financial Assistance -				
Florida Department of Transportation				
Enhanced Mobility of Seniors and Individuals with Diabilities			-	48,632
				48,632
Florida Housing Finance Corporation				
*Pass-through Pasco County				
State Housing Initiatives Partnership Program	52.901	-	-	700,000
*Pass-through Hillsborough County				
State Housing Initiatives Partnership Program	52.901	08-1642	-	347,600
*Pass-through City of Tampa				
State Housing Initiatives Partnership Program	52.901	2007-1430	-	600,000
				1,647,600
Total of state financial assistance				1,696,232
Total of federal awards and state financial assistance				$ 3,740,702

*These amounts represent loans for which the U.S. Department of Housing and Urban Development and Florida Housing Finance Corporation, respectively, impose continuing compliance requirements.

The accompanying notes are an integral part of this schedule.

Metropolitan Ministries, Inc. and Affiliates

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

June 30, 2019

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the “Schedule”) includes the federal and state award activity of Metropolitan Ministries, Inc. and Affiliates (the Ministries) under programs of the federal and state government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General* (Chapter 10.650). Because the Schedule presents only a selected portion of the operations of the Ministries it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Ministries.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, Cost Principles for Non-Profit Organizations, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Ministries have not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The following loan and loan guarantee programs have outstanding balances as of June 30, 2019:

U.S. Department of Housing and Urban Development	
Community Development Block Grant	$ 232,727
Home Investment Partnership Program	500,000
	732,727
Florida Housing Financial Corporation	
State Housing Initiatives Partnership Program	1,647,600
Total	$ 2,380,327

Metropolitan Ministries, Inc. and Affiliates

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2019

	Metropolitan Ministries, Inc.	Metropolitan Ministries Foundation, Inc.	MiraclePlace, Inc.	MiraclePlace Foundation, Inc.	MiraclePlace Pasco Tampa Initiative, Inc.	Eliminations	Consolidated
ASSETS							
CURRENT ASSETS							
Cash	$ 2,175,987	$ 774,925	$ -	$ -	$ -	$ -	$ 2,950,912
Investments	-	-	-	-	-	-	-
Grants and other receivables	689,975	-	-	125,375	-	-	815,350
Pledges receivable, current portion	292,043	-	-	-	-	-	292,043
Prepaid and other assets	373,375	-	-	1,072	-	-	374,447
Total current assets	3,531,380	774,925	-	126,447	-	-	4,432,752
Cash - for long-term purposes	223,350	124,518	141,892	-	172,288	-	662,048
BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS	511,226	-	-	-	-	-	511,226
PLEDGES RECEIVABLE - long-term portion	123,365	-	-	-	-	-	123,365
NOTES RECEIVABLE, non-current	-	-	-	23,964,900	-	-	23,964,900
INTERCOMPANY RECEIVABLES	10,345,543	22,396	848,874	-	-	(11,216,813)	-
LAND, BUILDINGS AND EQUIPMENT, net of accumulated depreciation	4,669,607	1,968	13,904,487	-	14,126,188	(663,305)	32,038,945
TOTAL ASSETS	$ 19,404,471	$ 923,807	$ 14,895,253	$ 24,091,347	$ 14,298,476	$ (11,880,118)	$ 61,733,236

Metropolitan Ministries, Inc. and Affiliates

CONSOLIDATING STATEMENT OF FINANCIAL POSITION - CONTINUED

June 30, 2019

	Metropolitan Ministries, Inc.	Metropolitan Ministries Foundation, Inc.	MiraclePlace, Inc.	MiraclePlace Foundation, Inc.	MiraclePlace Pasco Tampa Initiative, Inc.	Eliminations	Consolidated
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts payable trade	$ 732,631	$ -	$ -	$ -	$ -	$ -	$ 732,631
Accrued expenses	651,022	6,654	134,425	-	96,171	-	888,272
Deferred revenue	295,491	-	-	-	-	-	295,491
Line of credit	-	-	-	-	-	-	-
Total current liabilities	1,679,144	6,654	134,425	-	96,171	-	1,916,394
NOTES PAYABLE, non-current							
Notes payable in Cash	347,600	-	-	-	-	-	347,600
Forgivable notes from grants	2,032,727	-	-	-	-		2,032,727
New markets tax credit notes	-	-	18,352,363	-	15,346,256	-	33,698,619
INTERCOMPANY PAYABLES	-	-	-	9,800,240	1,416,573	(11,216,813)	-
TOTAL LIABILITIES	4,059,471	6,654	18,486,788	9,800,240	16,859,000	(11,216,813)	37,995,340
NET ASSETS							
Without donor restriction	14,195,016	792,635	(3,591,535)	14,291,107	(2,560,524)	(663,305)	22,463,394
With donor restriction	1,149,984	124,518	-	-	-	-	1,274,502
	15,345,000	917,153	(3,591,535)	14,291,107	(2,560,524)	(663,305)	23,737,896
TOTAL LIABILITIES AND NET ASSETS	$ 19,404,471	$ 923,807	$ 14,895,253	$ 24,091,347	$ 14,298,476	$ (11,880,118)	$ 61,733,236

Metropolitan Ministries, Inc. and Affiliates

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended June 30, 2019

	Metropolitan Ministries, Inc.	Metropolitan Ministries Foundation, Inc.	MiraclePlace, Inc.	MiraclePlace Foundation, Inc.	MiraclePlace Pasco Tampa Initiative, Inc.	Eliminations	Consolidated
PUBLIC SUPPORT							
Contributions	$ 11,788,559	$ 101,169	$ -	$ -	$ -	$ -	$ 11,889,728
Non-cash contributions	5,547,121	-	-	-	-	-	5,547,121
In-kind services	1,219,655	-	-	-	-	-	1,219,655
Special events (net of $271,045 of direct expense)	663,538	-	-	-	-	-	663,538
Government grants	4,242,244	-	-	-	-	-	4,242,244
Private grants	1,510,369	161,466	-	-	-	-	1,671,835
Total public support	24,971,486	262,635	-	-	-	-	25,234,121
REVENUE							
Program service revenue	387,618	-	-	-	-	-	387,618
Thrift store sales	527,567	-	-	-	-	-	527,567
Café and catering revenue	1,931,397	-	-	-	-	-	1,931,397
Other income	764,854	265	-	-	-	-	765,119
Interest income	21,378	5,815	1,122	250,749	953	-	280,017
Total revenue	3,632,814	6,080	1,122	250,749	953	-	3,891,718
Total public support and revenue	28,604,300	268,715	1,122	250,749	953	-	29,125,839

Metropolitan Ministries, Inc. and Affiliates

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - CONTINUED

For the year ended June 30, 2019

	Metropolitan Ministries, Inc.	Metropolitan Ministries Foundation, Inc.	MiraclePlace, Inc.	MiraclePlace Foundation, Inc.	MiraclePlace Pasco Tampa Initiative, Inc.	Eliminations	Consolidated
EXPENSES							
Program services	24,507,513	-	60	61	22,061	-	24,529,695
Supporting services							
Development and community support	2,019,569	266,871	-	-	-	-	2,286,440
Management and general	1,651,021	-	-	-	-	-	1,651,021
	3,670,590	266,871	-	-	-	-	3,937,461
Total expenses before depreciaiton, amortization and interest	28,178,103	266,871	60	61	22,061	-	28,467,156
Change in net assets before depreciaiton, amortization and interst	426,197	1,844	1,062	250,688	(21,108)	-	658,683
Depreciaiton	698,823	833	626,738	-	439,969		1,766,363
Amortization and interest	3,654	-	205,641	2,143	261,098	-	472,536
Total depreciation, amortization and interest	702,477	833	832,379	2,143	701,067	-	2,238,899
Change in net assets	(276,280)	1,011	(831,317)	248,545	(722,175)	-	(1,580,216)
Net assets at beginning of year	15,621,280	916,142	(2,760,218)	14,042,562	(1,838,349)	(663,305)	25,318,112
Net assets at end of year	$ 15,345,000	$ 917,153	$ (3,591,535)	$ 14,291,107	$ (2,560,524)	$ (663,305)	$ 23,737,896

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CERTIFIED PUBLIC ACCOUNTANTS

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Richard B. Gordimer, of Counsel
Cesar J. Rivero, in Memoriam (1942-2017)
Stephen G. Douglas
Michael E. Helton
Christopher F. Terrigino
James K. O'Connor

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*

Board of Directors
Metropolitan Ministries, Inc. and Affiliates

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 Metropolitan Ministries, Inc. and Affiliates (a nonprofit organization) (collectively the Ministries), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 19, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Ministries' 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ministries' internal control. Accordingly, we do not express an opinion on the effectiveness of the Ministries' 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 consolidated 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 may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Ministries' 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 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.

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 Ministries' internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Ministries' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rivero, Gordimer & Company, P.A.

Tampa, Florida
September 19, 2019

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL*

Board of Directors
Metropolitan Ministries, Inc. and Affiliates

Report on Compliance for Each Major Federal Program and State Project

We have audited Metropolitan Ministries, Inc. and Affiliates' (the Ministries) compliance with the types of compliance requirements described in OMB Compliance Supplement and the requirements described in the Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2019. The Ministries' major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Ministries' major federal programs and state projects based on our audit of the types of compliance requirements referred to above. 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, Audit Requirements for Federal Awards (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General*. Those standards, the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Ministries' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the Ministries' compliance.

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Opinion on Each Major Federal Program and State Project

In our opinion, the Ministries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the Ministries is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Ministries' internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program or state project and to test and report on internal control over compliance in accordance with the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Ministries' internal control over compliance.

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 or state project on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 or state project will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or as combination deficiencies, in internal control over compliance with the type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charge with governance.

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

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 results of that testing based on the requirements of the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Rivero, Gordimer & Company, P.A.

Tampa, Florida
September 19, 2019

Metropolitan Ministries, Inc. and Affiliates

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2019

Section 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 deficiency(ies) identified?	___ yes X none reported
Noncompliance material to financial statements noted?	___ yes X no

Federal Awards and State Financial Assistance

Internal control over major federal programs and state projects Material weakness(es) identified?	___ yes X no
Significant deficiency(ies) identified?	___ yes X none reported
Type of auditors' report issued on compliance for major federal programs and state projects?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) Chapter 10.650, *Rules of the Auditor General*?	___ yes X no

Identification of major federal programs and state projects:

Federal Programs

CFDA Number	Name of Federal Program
14.218	Community Development Bock Grant

State Project

CSFA Number	Name of State Project
52.901	State Housing Initiative Partnership Program

Dollar threshold used to distinguish between type A and type B federal programs	$ 750,000
Dollar threshold used to distinguish between type A and type B state projects	$ 494,280
Auditee qualified as low-risk auditee?	X yes ___ no

Metropolitan Ministries, Inc. and Affiliates

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended June 30, 2019

Section II - Financial Statements Findings

No matters were required to be reported for the year ended June 30, 2019. Accordingly, a corrective action plan is not required

Section III - Federal Award and State Financial Assistance Findings and Questioned Costs

No matters were required to be reported for the year ended June 30, 2019. Accordingly, a corrective action plan is not required

Section IV - Other Issues

Prior Year Findings

No prior year audit findings pursuant to Section 10.654(1)(e), Rules of the Auditor General

Management Letter

No findings or observations were required to be reported in a management letter pursuant to Section 10.654(1)(e), *Rules of the Auditor General*