

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

METROPOLITAN MINISTRIES, INC. AND AFFILIATES

JUNE 30, 2021

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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, 2021, 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.

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, 2021, 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' 2020 financial statements, and our report dated October 15, 2020, 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, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

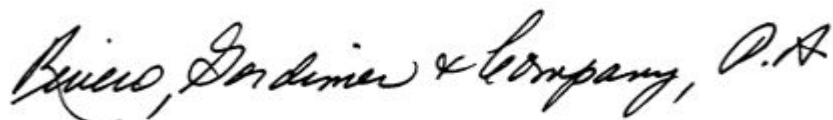
Other Information

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 November 18, 2021, 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.

Tampa, Florida
November 18, 2021



Metropolitan Ministries, Inc. and Affiliates

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2021
(With comparative total as of June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2021	2020
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 13,152,792	\$ -	\$ 13,152,792	\$ 9,220,125
Investments	-	-	-	14,985
Grants and other receivables	1,536,616	-	1,536,616	1,730,356
Pledges receivable, current portion	-	113,779	113,779	262,950
Prepaid and other assets	476,706	-	476,706	386,151
Total current assets	15,166,114	113,779	15,279,893	11,614,567
OTHER ASSETS				
Cash for long-term purposes	-	124,518	124,518	655,107
Beneficial interest in assets held by others	-	792,430	792,430	515,254
Notes receivable, new markets tax credits	-	-	-	11,139,300
Total other assets	-	916,948	916,948	12,309,661
LAND, BUILDINGS AND EQUIPMENT, NET	30,070,417	-	30,070,417	30,922,534
TOTAL ASSETS	\$ 45,236,531	\$ 1,030,727	\$ 46,267,258	\$ 54,846,762
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable trade	\$ 655,579	\$ -	\$ 655,579	\$ 608,382
Accrued expenses	882,093	-	882,093	960,813
Deferred revenue	581,239	-	581,239	538,209
Line of credit	-	-	-	-
Total current liabilities	2,118,911	-	2,118,911	2,107,404
NOTES PAYABLE, net of current portion				
Note payable - in cash	347,600	-	347,600	347,600
Note payable - PPP	-	-	-	2,421,255
Forgivable notes from grants	2,033,378	-	2,033,378	1,932,727
New markets tax credit notes	-	-	-	15,429,079
TOTAL LIABILITIES	4,499,889	-	4,499,889	22,238,065
NET ASSETS	40,736,642	1,030,727	41,767,369	32,608,697
TOTAL LIABILITIES AND NET ASSETS	\$ 45,236,531	\$ 1,030,727	\$ 46,267,258	\$ 54,846,762

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, 2021
(With comparative total as of June 30, 2020)

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2021	2020
Public support				
Contributions	\$ 19,982,185	\$ 104,000	\$ 20,086,185	\$ 18,183,325
Non-cash contributions	6,286,269	-	6,286,269	6,916,361
In-kind services	1,522,092	-	1,522,092	1,809,444
Special events, net of direct expenses of \$207,556	622,823	-	622,823	543,854
Government grants	8,332,974	-	8,332,974	5,220,952
Private grants	2,811,930	-	2,811,930	2,931,154
Total public support	<u>39,558,273</u>	<u>104,000</u>	<u>39,662,273</u>	<u>35,605,090</u>
Revenue				
Program service revenue	825,699	-	825,699	1,171,354
Thrift store sales	644,151	-	644,151	488,668
Café and catering revenue	255,950	-	255,950	742,820
Other income	215,279	-	215,279	287,206
Investment income	147,083	173,176	320,259	198,432
Total revenue	<u>2,088,162</u>	<u>173,176</u>	<u>2,261,338</u>	<u>2,888,480</u>
NET ASSETS RELEASED FROM RESTRICTION	<u>596,807</u>	<u>(596,807)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>42,243,242</u>	<u>(319,631)</u>	<u>41,923,611</u>	<u>38,493,570</u>
EXPENSES				
Program services	33,328,948	-	33,328,948	29,232,122
Development and community support	2,233,760	-	2,233,760	1,891,032
Management and general	2,109,799	-	2,109,799	1,899,679
Total expenses before depreciation, amortization, interest and other gains	<u>37,672,507</u>	<u>-</u>	<u>37,672,507</u>	<u>33,022,833</u>
Change in net assets before depreciation, amortization, interest and NMTC gain	<u>4,570,735</u>	<u>(319,631)</u>	<u>4,251,104</u>	<u>5,470,737</u>
Depreciation	1,612,418	-	1,612,418	1,722,767
Amortization and interest	266,939	-	266,939	483,146
Total depreciation, amortization, and interest	<u>1,879,357</u>	<u>-</u>	<u>1,879,357</u>	<u>2,205,913</u>
Gain on forgiveness of debt	2,421,225	-	2,421,225	-
Net gain from NMTC	4,365,700	-	4,365,700	5,605,977
CHANGE IN NET ASSETS	9,478,303	(319,631)	9,158,672	8,870,801
Net assets at beginning of year	<u>31,258,339</u>	<u>1,350,358</u>	<u>32,608,697</u>	<u>23,737,896</u>
Net assets at end of year	<u>\$ 40,736,642</u>	<u>\$ 1,030,727</u>	<u>\$ 41,767,369</u>	<u>\$ 32,608,697</u>

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, 2021

Cash flows from operating activities	
Change in net assets	\$ 9,158,672
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	1,612,418
Amortization of debt issuance costs	75,921
Gain on forgiveness of debt	(2,421,255)
Net gain on investments	(173,176)
Net gain on New Market Tax Credit transaction	(4,365,700)
Decrease in grants and other receivables	193,740
Decrease in pledges receivable, net	3,984
Increase in prepaids and other assets	(90,555)
Increase in accounts payable trade	47,197
Decrease in accrued expenses	(78,720)
Increase in deferred revenue	45,335
Total adjustments	<u>(5,150,811)</u>
Net cash provided by operating activities	<u>4,007,861</u>
Cash flows from investing activities	
Purchases of land, buildings, and equipment	(760,301)
Net purchase of investments	<u>(89,015)</u>
Net cash used by investing activities	<u>(849,316)</u>
Cash flows from financing activities	
Collections of contributions restricted for investment in long-term assets	145,187
Proceeds from notes payable	<u>100,651</u>
Net cash provided by financing activities	<u>245,838</u>
Net increase in cash, cash equivalents and restricted cash	3,404,383
Cash, cash equivalents and restricted cash at beginning of year	<u>9,875,232</u>
Cash, cash equivalents and restricted cash at end of year	<u><u>\$ 13,279,615</u></u>
<u>Supplemental disclosure of cash flow information</u>	
Interest	<u>\$ 191,018</u>
Taxes	<u>\$ -</u>
<u>Consolidated Statement of Financial Position Presentation</u>	
Cash and cash equivalents	\$ 13,152,792
Cash for long-term purposes	124,518
Cash, cash equivalents and restricted cash	<u><u>\$ 13,277,310</u></u>

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, 2021
(With comparative total as of June 30, 2020)

	Supporting Services			Total		
	Program Services	Development and Community Support	Management and General	Total Supporting Services	2021	2020
Salaries and wages	\$ 9,824,382	\$ 341,713	\$ 937,168	\$ 1,278,881	\$ 11,103,263	\$ 10,684,445
Payroll taxes and benefits	1,957,009	84,156	169,519	253,675	2,210,684	2,251,926
Total personnel expenses	<u>11,781,391</u>	<u>425,869</u>	<u>1,106,687</u>	<u>1,532,556</u>	<u>13,313,947</u>	<u>12,936,371</u>
In-kind goods and services	7,483,361	-	-	-	7,483,361	8,725,805
Contracted services	1,888,135	39,146	261,758	300,904	2,189,039	1,640,481
Food	5,027,949	-	-	-	5,027,949	2,275,048
Insurance	301,324	5,741	21,298	27,039	328,363	272,093
Occupancy	1,063,114	-	14,682	14,682	1,077,796	727,745
Office and other supplies	893,570	3,748	68,216	71,964	965,534	664,855
Marketing	155,237	421,351	151,081	572,432	727,669	556,568
Professional fees and development	295,154	2,810	221,397	224,207	519,361	473,296
Programmatic materials and supplies	3,450,437	9,807	81,948	91,755	3,542,192	2,353,333
Program and donor development	121,727	1,320,594	134,849	1,455,443	1,577,170	1,442,219
Transportation	124,611	414	3,253	3,667	128,278	159,205
Utilities	736,619	2,300	38,110	40,410	777,029	768,461
Other	6,319	1,980	6,520	8,500	14,819	27,353
	<u>33,328,948</u>	<u>2,233,760</u>	<u>2,109,799</u>	<u>4,343,559</u>	<u>37,672,507</u>	<u>33,022,833</u>
Depreciation	1,569,574	277	42,567	42,844	1,612,418	1,722,767
Interest and amortization	261,208	-	5,731	5,731	266,939	483,146
Total expenses	<u>\$ 35,159,730</u>	<u>\$ 2,234,037</u>	<u>\$ 2,158,097</u>	<u>\$ 4,392,134</u>	<u>\$ 39,551,864</u>	<u>\$ 35,228,746</u>
Percentage of total expenses	<u>88.9%</u>	<u>5.6%</u>	<u>5.5%</u>		<u>100%</u>	

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

Metropolitan Ministries, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

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 49 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 86,450 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 97% 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 \$15,516,000 for the year ended June 30, 2021.

Metropolitan Ministries, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

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

- 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:
 - *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, 330 families were served during the year ended June 30, 2021.
 - *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 the 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 298 families are served annually offsite through the First Hug program, funded by the Children’s Board of Hillsborough County, offering home-based case management services. Additionally, 1,580 families were assisted through other rent subsidy case management programs during the year ended June 30, 2021.
 - *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.

Metropolitan Ministries, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

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

- *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.
- *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 \$14,556,000 for the year ended June 30, 2021.

▪ 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 275 children ages 0 - 5 with high quality childcare services for the year ended June 30, 2021.
- 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.

Metropolitan Ministries, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

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

- 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 203 children and teens for the year ended June 30, 2021.
- *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.
- *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 \$5,088,000 for the year ended June 30, 2021.

In addition to the ongoing Outreach, Residential and Education programs, Metropolitan Ministries continues to respond to COVID-19 by providing support to our community in need as a result of the pandemic. The demand for non-perishable food boxes continued throughout FY21 and Metropolitan Ministries responded by providing boxed food to 70 community partners as well as direct distribution totaling over 80,000 food boxes distributed. Our prepared meal distribution through meal site partners pivoted again to offer a hybrid of warm meals delivered in cambros and bagged lunch meals 7 days a week totaling over 540,000 community meals as of June 30, 2021. Additionally, the Ministries provided over \$1,600,000 in direct assistance for mortgage, rent, and utility payments. In this effort of response, front-line relief staff continued to engage without breaks in coverage to ensure the needs of the community were met. This effort continues as our community continues to feel the impact of the COVID pandemic. This engagement occurs with minimal direct contact, improved processes to gain efficiency and work remotely, increased use of technology, and spanning a five-county geographic reach.

Metropolitan Ministries, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

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

The Ministries' operating funds are generated primarily from private contributions. The Ministries also receives government grants, which comprise approximately 19% 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 2% 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. The opening of Sabal Place took place in February 2021 with all 112 apartments leased and families moved in as of June 30, 2021.

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.

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. 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.

Metropolitan Ministries, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

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

Metropolitan Ministries Developer, LLC (MMD) and Metropolitan Ministries Broadway (MMB) are Florida limited liability organizations organized in March of 2018 to accommodate certain tax credit benefits associated with the construction of a 112 unit affordable housing apartment community in Seffner, Florida. The purpose of these entities is to collect fees associated with construction and management of the complex on behalf of the Ministries.

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 fiscal year 2020, the Ministries adopted ASU 2018-13 *Fair Value Measurement – Disclosure Framework, Changes to the Disclosure Requirements for Fair Value Measurement* using the retrospective method. The adoption of these standards did not result in significant changes to the Ministries' accounting policies or impact its financial position, results of operations, or cash flows. As such, prior period financial statements were not restated and there was no cumulative effect adjustment upon adoption.

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.

Metropolitan Ministries, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

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

All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction 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.

7. Cash for Long-Term Purposes

Cash restricted for endowments is classified as a noncurrent asset and approximated \$125,000 at June 30, 2021.

8. Pledges Receivable

The fair value of the pledge receivable is estimated by discounting expected net future cash flows. The Ministries recorded a provision for uncollectible amounts of approximately \$6,000 at June 30, 2021 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, 2021. The Ministries does not charge interest on past due balances.

Metropolitan Ministries, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

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

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. Income Taxes

Metropolitan Ministries, Inc., Metropolitan Ministries Foundation, Inc., MiraclePlace, Inc., MiraclePlace Foundation, Inc., and MiraclePlace Pasco Tampa Initiative, Inc. 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.

12. 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 \$3,327,000 for the year ended June 30, 2021.

13. 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.

Metropolitan Ministries, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

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

14. 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.

15. Advertising Costs

The Ministries' policy is to expense advertising and marketing costs as incurred. Marketing costs were approximately \$728,000 for the year ended June 30, 2021.

16. 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, 2020, from which the comparative totals were derived.

17. Reclassifications

Certain reclassification of the prior year's comparative balances have been made to conform to the current year presentation.

Metropolitan Ministries, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

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, 2021:

Cash and cash equivalents	\$ 13,152,792
Current portion of pledges receivable	113,779
Grants and other receivables	<u>1,536,616</u>
 Total financial assets available within one year	 14,803,187
 Less:	
Amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	<u>113,779</u>
 Amounts unavailable to management without Board's approval:	
Board designated funds	<u>2,000,000</u>
 Total financial assets available to management for expenditure within one year	 <u><u>\$ 12,689,408</u></u>

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. Additionally, the Ministries has Board Designated net assets without donor restrictions that, while the ministries does not intend to spend these for purposes other than identified, the amounts could be made available for current operations if necessary.

NOTE C - PLEDGES RECEIVABLE

Pledges receivable at June 30, 2021 are summarized as follows:

Total unconditional pledges	\$ 119,748
Less allowance for uncollectible pledges	<u>(5,969)</u>
 Net pledges receivable	 <u><u>\$ 113,779</u></u>

Metropolitan Ministries, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE D - 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.

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, 2021 are:

Equity securities: Comprised of common stock valued at the closing price reported in the active market in which the individual securities are traded.

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, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Beneficial interest in assets held by others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 792,430</u>	<u>\$ 792,430</u>
Total	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 792,430</u></u>	<u><u>\$ 792,430</u></u>

Metropolitan Ministries, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE E - LAND, BUILDINGS, AND EQUIPMENT

A summary of land, buildings, and equipment at June 30, 2021 follows:

Land	\$ 5,543,767
Buildings	36,211,634
Land and building improvements	1,909,492
Furniture, fixtures and equipment	5,813,723
Vehicles	416,166
Leasehold improvements	16,478
Construction in progress	41,421
Total	<u>49,952,681</u>
Less accumulated depreciation	<u>(19,882,264)</u>
Net land, buildings and equipment	<u>\$ 30,070,417</u>

NOTE F - 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 2.85%. The line of credit is secured by personal property of the Ministries and is due March 2022. There were no borrowings outstanding on this line of credit as of June 30, 2021.

Metropolitan Ministries, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE G - NOTES PAYABLE

Notes payable consist of the following at June 30, 2021:

<u>Notes Payable - In Cash</u>	
Promissory note, 0% interest, principal payments deferred until maturity, due September 30, 2048, secured by real property	<u>\$ 347,600</u>
<u>Forgivable Government Agency Notes</u>	
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 June 2024 secured by real property, to be forgiven upon maturity	100,000
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
Promissory note to government agency, 0% interest, principal payments deferred until maturity, due June 2036, secured by real property, to be forgiven upon maturity	<u>100,651</u>
Total Forgivable Government Agency Notes	2,033,378
Less current portion	<u>-</u>
Forgivable Government Agency Notes, non current	<u>\$ 2,033,378</u>

Interest expense totaled approximately \$191,000 for the year ended June 30, 2021.

Metropolitan Ministries, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE G - NOTES PAYABLE - Continued

Principal maturities on notes payable are as follows:

<u>Year ending June 30,</u>	
2022 -2026	\$ -
Thereafter	<u>2,380,978</u>
	<u><u>\$ 2,380,978</u></u>

Amounts maturing during the year ended June 30, 2022 are expected to be forgiven and accordingly are not presented as current on the Statement of Financial Position at June 30, 2021.

NOTE H - 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:

<u>Year ending June 30,</u>	
2022	\$ 231,000
2023	104,000
2024	100,000
2025	3,000
2026	2,000
Thereafter	<u>2,000</u>
	<u><u>\$ 442,000</u></u>

Rent expense under operating leases was approximately \$269,000 for the year ended June 30, 2021.

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.

Metropolitan Ministries, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE I - 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.

Metropolitan Ministries, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE I - 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, 2021, 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, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment balance at June 30, 2020	\$ -	\$ 639,772	\$ 639,772
Interest, dividends, realized and unrealized activity	-	178,058	178,058
Endowment additions - Beneficial Interest	-	104,000	104,000
Endowment fees	-	(4,882)	(4,882)
Endowment balance at June 30, 2021	<u>\$ -</u>	<u>\$ 916,948</u>	<u>\$ 916,948</u>

Total endowment balance at June 30, 2021 includes approximately \$792,000 of Beneficial Interest in Funds Held by Others.

NOTE J - NET ASSETS

Net Assets Without Donor Restrictions

Net assets without donor restrictions are net assets not subject to donor-imposed stipulations or the donor-imposed restrictions have expired. These net assets are available for the use at the discretion of the Board of Directors and/or management for general operating purposes. From time to time the board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. The Ministries' Board of Directors has designated approximately \$1,800,000 of without donor restriction net assets for the extended use for COVID-19 relief efforts and \$200,000 for capital maintenance and replacement reserves for the year ended June 30, 2021.

Metropolitan Ministries, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE J - NET ASSETS - Continued

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, 2021:

Time restrictions on pledges receivable	\$ 113,779
Unappropriated endowment earnings on beneficial interest in assets held by others	388,430
Endowment earnings on beneficial interest in assets held by others in perpetuity	<u>528,518</u>
	<u>\$ 1,030,727</u>

Net assets were released from restriction in the accompanying consolidated statement of activities during the year ended June 30, 2021 for satisfaction of time and purpose restrictions of approximately \$597,000.

NOTE K - 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 \$212,000 for the year ended June 30, 2021.

Metropolitan Ministries, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE L - GRANT REVENUE

The following is a summary of governmental grant revenue earned during the year ended June 30, 2021:

<u>Federal</u>	
U.S. Department of Agriculture	\$ 272,176
U.S. Department of Housing and Urban Development	648,720
Corporation for National Community Service	202,039
Department of Homeland Security	524,139
Department of Treasury	3,306,056
	<u>4,953,130</u>
<u>State</u>	
Florida Department of Children and Families	85,278
Florida Housing Finance Corporation	145,829
	<u>231,107</u>
<u>County</u>	
Children's Board of Hillsborough County	1,585,190
Hillsborough County Board of County Commissioners	1,529,713
Hillsborough County Finance Authority	33,834
	<u>3,148,737</u>
Total	<u>\$ 8,332,974</u>

NOTE M - 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 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.

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.

Metropolitan Ministries, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE M - NEW MARKETS TAX CREDIT TRANSACTIONS - Continued

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.

2012 NMTC Unwind

During the fiscal year ended June 30, 2020 the Option Agreement dated December 19, 2012 ("2012 NMTC Transaction") was exercised and the NMTC agreement was terminated. Notes payable totaling \$18,431,577 and notes receivable totaling \$12,825,600 were forgiven as a result of the termination of the NMTC agreement. The transactions resulted in a net consolidated gain of \$5,605,977.

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.

Metropolitan Ministries, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE M - NEW MARKETS TAX CREDIT TRANSACTIONS - Continued

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

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.

2014 NMTC Unwind

During the fiscal year ended June 30, 2021 the Option Agreement dated June 27, 2014 ("2014 NMTC Transaction") was exercised and the NMTC agreement was terminated. Notes payable totaling \$15,505,000 and notes receivable totaling \$11,139,300 were forgiven as a result of the termination of the NMTC agreement. The transactions resulted in a net consolidated gain of \$4,365,700.

NOTE N - 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 O - PAYCHECK PROTECTION PROGRAM

In response to the COVID-19 Pandemic, The U.S. Congress passed the CARES act that allows the U.S. Small Business Administration (SBA) to administer the Paycheck Protection Program to provide loans to qualifying businesses. The Paycheck Protection Program loans have a two-year maturity at one percent annual interest with a loan forgiveness provision should the business spend the proceeds on qualifying expenses within the covered period following receipt of the loan proceeds. In June 2021, the SBA approved the Ministries PPP loan forgiveness application in full and a gain on forgiveness of debt was recognized for \$2,421,225.

Metropolitan Ministries, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

NOTE P - RISKS AND UNCERTAINTIES

In March 2020, the United States and global financial markets experienced significant volatility resulting from uncertainty caused by the world-wide coronavirus pandemic (COVID-19). General economic uncertainties have arisen that may impact future cash flows and changes in net assets as a result of the pandemic. The related financial impact cannot be reasonably estimated at this time.

In order to ensure ongoing availability of Metropolitan Ministries to respond timely to community needs, the Board of Directors earmarked \$1.8 million in reserves for COVID-19 relief for future years as needed.

NOTE Q - SUBSEQUENT EVENTS

The Ministries has evaluated events and transactions occurring subsequent to June 30, 2021 as of November 18, 2021, 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, 2021

Grantor/ Program Title	Federal CFDA#/State CSFA #	Pass - Through Entity Identifying Number	Pass-Through to Subrecipients	Expenditures
Federal Awards -				
<u>U.S. Department of Agriculture</u>				
Indirect awards				
Pass-through the Florida Department of Health				
Child and Adult Care Food Program	10.558	H-1214	-	\$ 230,569
Child and Adult Care Food Program	10.558	H-5024	-	41,607
Total 10.558				<u>272,176</u>
Total U.S. Department of Agriculture				<u>272,176</u>
<u>U.S. Department of Housing and Urban Development</u>				
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	-	32,727
Community Development Block Grant	14.218	F2016-126	-	36,034
Community Development Block Grant	14.218	HCD20-094	-	44,000
				<u>212,761</u>
Pass-through Hillsborough County				
Community Development Block Grant	14.218	N/A	-	54,824
*Community Development Block Grant	14.218	N/A	-	100,651
				<u>155,475</u>
Pass-through Pasco County				
Community Development Block Grant	14.218	F2016-126	-	17,791
				<u>17,791</u>
Total 14.218				<u>386,027</u>
Pass-through City of Tampa				
Emergency Solutions Grant Program	14.231	N/A	-	108,941
				<u>108,941</u>
Pass-through Hillsborough County				
Emergency Solutions Grant Program	14.231	N/A	-	334,087
				<u>334,087</u>
Pass-through Pasco County				
Emergency Solutions Grant Program	14.231	N/A	-	25,000
Emergency Solutions Grant Program	14.231	E-19-UC-12-0009	-	28,043
				<u>53,043</u>
Total 14.231				<u>496,071</u>
Pass-through City of Tampa				
*City of Tampa Home Investment Partnerships Program	14.239	-	-	500,000
Total 14.239				<u>500,000</u>
Total U.S. Department of Housing and Urban Development				<u>1,382,098</u>

Metropolitan Ministries, Inc. and Affiliates

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

June 30, 2021

Grantor/ Program Title	Federal CFDA#/State CSFA #	Pass - Through Entity Identifying Number	Pass-Through to Subrecipients	Expenditures
<u>Corporation for National and Community Service</u>				
Indirect awards				
Pass-through Volunteer Florida AmeriCorps	94.006	19FXHFL0010002	-	198,516
Total 94.006				198,516
Pass-through Volunteer Florida Volunteer Generation Fund	94.021	-	-	3,523
Total 94.021				3,523
Total Corporation for National and Community Service				202,039
<u>Department of Homeland Security</u>				
Pass-through Hillsborough County Emergency Food and Shelter National Board Program	97.024	163800-005	-	450,639
				450,639
Pass-through Pasco County Emergency Food and Shelter National Board Program	97.024	169200-028	-	73,500
				73,500
Total Department of Homeland Security				524,139
<u>Department of Treasury</u>				
Pass-through Hillsborough County COVID -19 Coronavirus Relief Fund	21.019	N/A	-	2,244,811
				2,244,811
Pass-through Pasco County COVID -19 Coronavirus Relief Fund	21.019	N/A	-	352,000
				352,000
Pass-through Pinellas County COVID -19 Coronavirus Relief Fund	21.019	N/A	-	229,547
				229,547
Pass-through the Early Learning Coalition COVID -19 Coronavirus Relief Fund	21.019	N/A	-	23,933
				23,933
Total 21.019				2,850,291
Pass-through Pasco County COVID-19 Emergency Rental Assistance Program	21.023	N/A	-	455,765
Total 21.023				455,765
				3,306,056
Total Expenditures of Federal Awards				5,686,508

Metropolitan Ministries, Inc. and Affiliates

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

June 30, 2021

Grantor/ Program Title	Federal CFDA#/State CSFA #	Pass - Through Entity Identifying Number	Pass-Through to Subrecipients	Expenditures
State Financial Assistance -				
<u>Florida Department of Children and Families</u>				
Pass-through Pasco County				
Homeless Challenge Grant	60.014	QPZ07	-	85,278
Total 60.014				<u>85,278</u>
<u>Florida Housing Finance Corporation</u>				
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
State Housing Initiatives Partnership Program	52.901	-	-	145,829
Pass-through City of Tampa				
* State Housing Initiatives Partnership Program	52.901	2007-1430	-	600,000
Total 52.901				<u>1,793,429</u>
Total of state financial assistance				<u>1,878,707</u>
Total of federal awards and state financial assistance				<u>\$ 7,565,215</u>

*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, 2021

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, 2021. 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, 2021:

<u>U.S. Department of Housing and Urban Development</u>	
Community Development Block Grant	\$ 233,378
Home Investment Partnership Program	<u>500,000</u>
	<u>733,378</u>
<u>Florida Housing Financial Corporation</u>	
State Housing Initiatives Partnership Program	<u>1,647,600</u>
Total	<u>\$ 2,380,978</u>

See also note G to the consolidated financial statements.

Metropolitan Ministries, Inc. and Affiliates

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2021

	Metropolitan Ministries, Inc.	Metropolitan Ministries Foundation, Inc.	MiraclePlace, Inc.	MiraclePlace Foundation, Inc.	MiraclePlace Pasco Tampa Initiative, Inc.	Metropolitan Ministries Developer, LLC	Metropolitan Ministries Broadway	Eliminations	Consolidated
ASSETS									
CURRENT ASSETS									
Cash and cash equivalents	\$ 5,452,216	\$ 7,320,975	\$ -	\$ 23,916	\$ -	\$ 355,685	\$ -	\$ -	\$ 13,152,792
Investments	-	-	-	-	-	-	-	-	-
Grants and other receivables	1,536,616	-	-	-	-	-	-	-	1,536,616
Pledges receivable, current portion	113,779	-	-	-	-	-	-	-	113,779
Prepaid and other assets	476,706	-	-	-	-	-	-	-	476,706
Total current assets	7,579,317	7,320,975	-	23,916	-	355,685	-	-	15,279,893
Cash for long-term purposes	-	124,518	-	-	-	-	-	-	124,518
BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS									
	792,430	-	-	-	-	-	-	-	792,430
INTERCOMPANY RECEIVABLES	15,294,798	106,958	19	-	-	-	-	(15,401,775)	-
LAND, BUILDINGS AND EQUIPMENT, net of accumulated depreciation									
	4,022,165	303	12,731,315	-	13,316,634	-	-	-	30,070,417
TOTAL ASSETS	\$ 27,688,710	\$ 7,552,754	\$ 12,731,334	\$ 23,916	\$ 13,316,634	\$ 355,685	\$ -	\$ (15,401,775)	\$ 46,267,258

Metropolitan Ministries, Inc. and Affiliates

CONSOLIDATING STATEMENT OF FINANCIAL POSITION - CONTINUED

June 30, 2021

	Metropolitan Ministries, Inc.	Metropolitan Ministries Foundation, Inc.	MiraclePlace, Inc.	MiraclePlace Foundation, Inc.	MiraclePlace Pasco Tampa Initiative, Inc.	Metropolitan Ministries Developer, LLC	Metropolitan Ministries Broadway	Eliminations	Consolidated
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES									
Accounts payable trade	\$ 655,579	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 655,579
Accrued expenses	874,607	7,486	-	-	-	-	-	-	882,093
Deferred revenue	581,239	-	-	-	-	-	-	-	581,239
Line of credit	-	-	-	-	-	-	-	-	-
Total current liabilities	2,111,425	7,486	-	-	-	-	-	-	2,118,911
NOTES PAYABLE, non-current									
Note payable - in cash	347,600	-	-	-	-	-	-	-	347,600
Note payable - PPP	-	-	-	-	-	-	-	-	-
Forgivable notes from grants	2,033,378	-	-	-	-	-	-	-	2,033,378
New markets tax credit notes	-	-	-	-	-	-	-	-	-
INTERCOMPANY PAYABLES	-	6,009,678	-	9,378,146	-	-	13,951	(15,401,775)	-
TOTAL LIABILITIES	4,492,403	6,017,164	-	9,378,146	-	-	13,951	(15,401,775)	4,499,889
NET ASSETS									
Without donor restriction	22,290,098	1,411,072	12,731,334	(9,354,230)	13,316,634	355,685	(13,951)	-	40,736,642
With donor restriction	906,209	124,518	-	-	-	-	-	-	1,030,727
	23,196,307	1,535,590	12,731,334	(9,354,230)	13,316,634	355,685	(13,951)	-	41,767,369
TOTAL LIABILITIES AND NET ASSETS	\$ 27,688,710	\$ 7,552,754	\$ 12,731,334	\$ 23,916	\$ 13,316,634	\$ 355,685	\$ -	\$ (15,401,775)	\$ 46,267,258

Metropolitan Ministries, Inc. and Affiliates

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended June 30, 2021

	Metropolitan Ministries, Inc.	Metropolitan Ministries Foundation, Inc.	MiraclePlace, Inc.	MiraclePlace Foundation, Inc.	MiraclePlace Pasco Tampa Initiative, Inc.	Metropolitan Ministries Developer, LLC	Metropolitan Ministries Broadway	Eliminations	Consolidated
PUBLIC SUPPORT									
Contributions	\$ 19,818,574	\$ 267,611	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,086,185
Non-cash contributions	6,286,269	-	-	-	-	-	-	-	6,286,269
In-kind services	1,522,092	-	-	-	-	-	-	-	1,522,092
Special events (net of \$207,556 of direct expense)	622,823	-	-	-	-	-	-	-	622,823
Government grants	8,332,974	-	-	-	-	-	-	-	8,332,974
Private grants	2,755,401	56,529	-	-	-	-	-	-	2,811,930
Total public support	<u>39,338,133</u>	<u>324,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,662,273</u>
REVENUE									
Program service revenue	595,184	-	-	-	-	230,515	-	-	825,699
Thrift store sales	644,151	-	-	-	-	-	-	-	644,151
Café and catering revenue	255,950	-	-	-	-	-	-	-	255,950
Other income	215,279	-	-	-	1,555,486	-	-	(1,555,486)	215,279
Investment income	181,621	2,090	-	136,103	17	428	-	-	320,259
Total revenue	<u>1,892,185</u>	<u>2,090</u>	<u>-</u>	<u>136,103</u>	<u>1,555,503</u>	<u>230,943</u>	<u>-</u>	<u>(1,555,486)</u>	<u>2,261,338</u>
Total public support and revenue	<u>41,230,318</u>	<u>326,230</u>	<u>-</u>	<u>136,103</u>	<u>1,555,503</u>	<u>230,943</u>	<u>-</u>	<u>(1,555,486)</u>	<u>41,923,611</u>

Metropolitan Ministries, Inc. and Affiliates

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - CONTINUED

For the year ended June 30, 2021

	Metropolitan Ministries, Inc.	Metropolitan Ministries Foundation, Inc.	MiraclePlace, Inc.	MiraclePlace Foundation, Inc.	MiraclePlace Pasco Tampa Initiative, Inc.	Metropolitan Ministries Developer, LLC	Metropolitan Ministries Broadway	Eliminations	Consolidated
EXPENSES									
Program services	34,542,670	44,027	-	-	66,000	-	13,951	(1,337,700)	33,328,948
Supporting services									
Development and community support	2,192,195	41,565	-	-	-	-	-	-	2,233,760
Management and general	2,286,020	41,565	-	-	-	-	-	(217,786)	2,109,799
	4,478,215	83,130	-	-	-	-	-	(217,786)	4,343,559
Total expenses before depreciation, amortization, interest and NMTC gain	39,020,885	127,157	-	-	66,000	-	13,951	(1,555,486)	37,672,507
Change in net assets before depreciation, amortization, interest and other gains (losses)	2,209,433	199,073	-	136,103	1,489,503	230,943	(13,951)	-	4,251,104
Depreciation	839,482	833	388,713	-	383,390	-	-	-	1,612,418
Amortization and interest	-	-	-	-	266,939	-	-	-	266,939
Total depreciation, amortization and interest	839,482	833	388,713	-	650,329	-	-	-	1,879,357
Gain on forgiveness of debt	2,421,225	-	-	-	-	-	-	-	2,421,225
Net gain (loss) from NMTC	-	-	-	(11,139,300)	15,505,000	-	-	-	4,365,700
Change in net assets	3,791,176	198,240	(388,713)	(11,003,197)	16,344,174	230,943	(13,951)	-	9,158,672
Net assets at beginning of year	19,405,131	1,337,350	13,120,047	1,648,967	(3,027,540)	124,742	-	-	32,608,697
Net assets at end of year	\$ 23,196,307	\$ 1,535,590	\$ 12,731,334	\$ (9,354,230)	\$ 13,316,634	\$ 355,685	\$ (13,951)	\$ -	\$ 41,767,369



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, 2021, 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 November 18, 2021.

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.



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.

A handwritten signature in cursive script that reads "Buiuc, Gardner & Company, P.A." The signature is written in black ink and is positioned to the right of the typed text.

Tampa, Florida
November 18, 2021



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, 2021. 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.



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, 2021.

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.



Tampa, Florida
November 18, 2021

Metropolitan Ministries, Inc. and Affiliates

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2021

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

<u>CFDA Number</u>	<u>Name of Federal Program</u>
21.019	Coronavirus Relief Fund

State Project

<u>CSFA Number</u>	<u>Name of State Project</u>
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 \$ 563,612

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, 2021

Section II - Financial Statements Findings

No matters were required to be reported for the year ended June 30, 2021. 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, 2021. 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*