DESIRE STREET MINISTRIES

Financial Statements Years Ended June 30, 2021 and 2020

with Independent Auditors’ Report
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INDEPENDENT AUDITORS’ REPORT

To the Board of Directors of
Desire Street Ministries:

We have audited the accompanying financial statements of Desire Street Ministries (the “Ministry”), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

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

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ministry as of June 30, 2021 and 2020, and the results of activities and cash flows for the years then ended in conformity with GAAP.

November 12, 2021

Smith and Howard
## Desire Street Ministries

### Statements of Financial Position

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$624,392</td>
<td>$666,874</td>
</tr>
<tr>
<td>Investments</td>
<td>2,747,258</td>
<td>1,989,466</td>
</tr>
<tr>
<td>Contributions and pledges receivable, net</td>
<td>-</td>
<td>10,000</td>
</tr>
<tr>
<td>Other receivables</td>
<td>76,799</td>
<td>1,652</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>14,440</td>
<td>44,181</td>
</tr>
<tr>
<td>Real property held for sale</td>
<td>-</td>
<td>300,000</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>-</td>
<td>1,434</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$3,462,889</td>
<td>$3,013,607</td>
</tr>
</tbody>
</table>

| **LIABILITIES AND NET ASSETS:** |            |            |
|**Liabilities:**              |            |            |
| Accounts payable             | $50,562    | $17,004    |
| Accrued expenses             | 34,709     | 44,371     |
| Contract liabilities - deferred revenue | 20,000 | 5,389      |
| **Total Liabilities**        | 105,271    | 66,764     |

| **Net Assets:**              |            |            |
| Without donor restrictions   |            |            |
| Undesignated                 | 2,759,713  | 2,255,536  |
| Board designated - 6 month operating reserve | 597,905 | 679,873   |
| Investment in property and equipment | -            | 1,434   |
| **Total net assets**         | 3,357,618  | 2,936,843  |

| With donor restrictions:     |            |            |
| Time restrictions            | -          | 10,000     |
| **Total net assets**         | 3,357,618  | 2,946,843  |

| **Total Liabilities and Net Assets** |            |            |
|                                     | $3,462,889 | $3,013,607 |

The accompanying notes are an integral part of these financial statements.
## SUPPORT AND REVENUE:

<table>
<thead>
<tr>
<th></th>
<th>2021 Without Donor Restrictions</th>
<th>2021 With Donor Restrictions</th>
<th>2020 Without Donor Restrictions</th>
<th>2020 With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$1,289,374</td>
<td>$100,680</td>
<td>$1,390,054</td>
<td>$1,075,210</td>
<td>$11,755</td>
</tr>
<tr>
<td>Special event income</td>
<td>489,496</td>
<td>5,000</td>
<td>494,496</td>
<td>461,025</td>
<td>461,025</td>
</tr>
<tr>
<td>Less special event expenses</td>
<td>(168,665)</td>
<td>-</td>
<td>(168,665)</td>
<td>(126,631)</td>
<td>(126,631)</td>
</tr>
<tr>
<td>Net special event income</td>
<td>320,831</td>
<td>5,000</td>
<td>325,831</td>
<td>334,394</td>
<td>334,394</td>
</tr>
<tr>
<td>Investment income</td>
<td>51,655</td>
<td>-</td>
<td>51,655</td>
<td>53,262</td>
<td>53,262</td>
</tr>
<tr>
<td>Other income</td>
<td>31,520</td>
<td>-</td>
<td>31,520</td>
<td>4,298</td>
<td>4,298</td>
</tr>
<tr>
<td>Total Support and Revenue</td>
<td>1,693,380</td>
<td>105,680</td>
<td>1,799,060</td>
<td>1,467,164</td>
<td>1,478,919</td>
</tr>
</tbody>
</table>

## RECLASSIFICATIONS:

<table>
<thead>
<tr>
<th></th>
<th>2021 Without Donor Restrictions</th>
<th>2021 With Donor Restrictions</th>
<th>2020 Without Donor Restrictions</th>
<th>2020 With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets released from restrictions</td>
<td>115,680</td>
<td>-</td>
<td>278,869</td>
<td>(278,869)</td>
<td>-</td>
</tr>
</tbody>
</table>

## EXPENSES:

<table>
<thead>
<tr>
<th></th>
<th>2021 Without Donor Restrictions</th>
<th>2021 With Donor Restrictions</th>
<th>2020 Without Donor Restrictions</th>
<th>2020 With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coach and care</td>
<td>878,879</td>
<td>-</td>
<td>836,709</td>
<td>-</td>
<td>836,709</td>
</tr>
<tr>
<td>Invest and revitalize</td>
<td>53,268</td>
<td>-</td>
<td>56,546</td>
<td>-</td>
<td>56,546</td>
</tr>
<tr>
<td>Educate and engage</td>
<td>239,708</td>
<td>-</td>
<td>246,996</td>
<td>-</td>
<td>246,996</td>
</tr>
<tr>
<td></td>
<td>1,171,855</td>
<td>-</td>
<td>1,140,251</td>
<td>-</td>
<td>1,140,251</td>
</tr>
<tr>
<td>General and administrative</td>
<td>103,797</td>
<td>-</td>
<td>143,230</td>
<td>-</td>
<td>143,230</td>
</tr>
<tr>
<td>Fundraising</td>
<td>112,633</td>
<td>-</td>
<td>122,332</td>
<td>-</td>
<td>122,332</td>
</tr>
<tr>
<td></td>
<td>216,430</td>
<td>-</td>
<td>265,562</td>
<td>-</td>
<td>265,562</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>1,388,285</td>
<td>-</td>
<td>1,405,813</td>
<td>-</td>
<td>1,405,813</td>
</tr>
</tbody>
</table>

## Total change in net assets

<table>
<thead>
<tr>
<th></th>
<th>2021 Without Donor Restrictions</th>
<th>2021 With Donor Restrictions</th>
<th>2020 Without Donor Restrictions</th>
<th>2020 With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total change in net assets</td>
<td>420,775</td>
<td>(10,000)</td>
<td>410,775</td>
<td>340,220</td>
<td>(267,114)</td>
</tr>
<tr>
<td>Net Assets, Beginning of Period</td>
<td>2,936,843</td>
<td>10,000</td>
<td>2,946,843</td>
<td>2,596,623</td>
<td>277,114</td>
</tr>
<tr>
<td>Net Assets, End of Period</td>
<td>$3,357,618</td>
<td>$</td>
<td>$3,357,618</td>
<td>$2,936,843</td>
<td>$10,000</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
### DESIRE STREET MINISTRIES

#### Statement of Functional Expenses

Year Ended June 30, 2021

<table>
<thead>
<tr>
<th></th>
<th>Program Activities</th>
<th>Supporting Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coach and Care</td>
<td>Invest and Revitalize</td>
</tr>
<tr>
<td>Payroll and personnel</td>
<td>$ 529,910</td>
<td>$ 41,129</td>
</tr>
<tr>
<td>Grants and benevolences</td>
<td>117,796</td>
<td>-</td>
</tr>
<tr>
<td>Travel</td>
<td>91,136</td>
<td>1,209</td>
</tr>
<tr>
<td>Events</td>
<td>9,500</td>
<td>-</td>
</tr>
<tr>
<td>Office</td>
<td>37,407</td>
<td>3,350</td>
</tr>
<tr>
<td>Insurance</td>
<td>11,164</td>
<td>1,000</td>
</tr>
<tr>
<td>Professional fees</td>
<td>63,435</td>
<td>4,921</td>
</tr>
<tr>
<td>Depreciation</td>
<td>773</td>
<td>69</td>
</tr>
<tr>
<td>Occupancy</td>
<td>10,749</td>
<td>962</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>7,009</td>
<td>628</td>
</tr>
<tr>
<td><strong>Total expenses by function</strong></td>
<td>$ 878,879</td>
<td>$ 53,268</td>
</tr>
<tr>
<td></td>
<td>56.45%</td>
<td>3.42%</td>
</tr>
<tr>
<td>Less expenses included with revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special event expenses</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total expenses included in the expense section on the statement of activities</strong></td>
<td>$ 878,879</td>
<td>$ 53,268</td>
</tr>
<tr>
<td></td>
<td>63.31%</td>
<td>3.84%</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
## DESIRE STREET MINISTRIES

### Statement of Functional Expenses

**Year Ended June 30, 2020**

<table>
<thead>
<tr>
<th></th>
<th>Program Activities</th>
<th>Supporting Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coach and Care</td>
<td>Invest and Revitalize</td>
</tr>
<tr>
<td>Payroll and personnel</td>
<td>$511,724</td>
<td>$37,081</td>
</tr>
<tr>
<td>Grants and benevolences</td>
<td>107,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Travel</td>
<td>55,130</td>
<td>3,142</td>
</tr>
<tr>
<td>Events</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Office</td>
<td>51,551</td>
<td>4,231</td>
</tr>
<tr>
<td>Insurance</td>
<td>11,518</td>
<td>835</td>
</tr>
<tr>
<td>Professional fees</td>
<td>54,233</td>
<td>2,956</td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,281</td>
<td>165</td>
</tr>
<tr>
<td>Occupancy</td>
<td>40,365</td>
<td>2,925</td>
</tr>
<tr>
<td>Bad debt</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>2,907</td>
<td>211</td>
</tr>
</tbody>
</table>

**Total expenses by function**

<table>
<thead>
<tr>
<th></th>
<th>$836,709</th>
<th>$56,546</th>
<th>$297,735</th>
<th>$1,190,990</th>
<th>$143,230</th>
<th>$198,224</th>
<th>$341,454</th>
<th>$1,532,444</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>54.60%</td>
<td>3.69%</td>
<td>19.43%</td>
<td>77.72%</td>
<td>9.35%</td>
<td>12.94%</td>
<td>22.28%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

**Less expenses included with revenues:**

- **Special event expenses**
  - $-                      
  - $-                      
  - $(50,739)               
  - $(50,739)               
  - -                       
  - $(75,892)               
  - $(75,892)               
  - $(126,631)              

**Total expenses included in the expense section on the statements of activities**

<table>
<thead>
<tr>
<th></th>
<th>$836,709</th>
<th>$56,546</th>
<th>$246,996</th>
<th>$1,140,251</th>
<th>$143,230</th>
<th>$122,332</th>
<th>$265,562</th>
<th>$1,405,813</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>59.52%</td>
<td>4.02%</td>
<td>17.57%</td>
<td>81.11%</td>
<td>10.19%</td>
<td>8.70%</td>
<td>18.89%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets $410,775 $73,106

Adjustments to reconcile change in net assets to net cash provided by operating activities:

Depreciation 1,434 4,081
Unrealized and realized (gains) losses (28,611) (17,662)
Gain on sale of real property held for resale (31,520) -

Changes in operating assets and liabilities:

Contributions and pledges receivable, net 10,000 158,024
Other receivables (75,147) 24,229
Prepaid expenses and other assets 29,741 (5,110)
Accounts payable 33,558 (18,899)
Accrued expenses (9,662) (4,314)
Contract liabilities - deferred revenue 14,611 (113,611)

Net Cash Provided by Operating Activities 355,179 99,844

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of investments (929,181) (427,217)
Proceeds from sales of investments 200,000 426,076
Purchases of property and equipment - (807)
Real property held for sale 331,520 -

Net Cash Provided (Used) by Investing Activities (397,661) (1,948)

Net Change in Cash and Cash Equivalents (42,482) 97,896

Cash and Cash Equivalents, Beginning of Year 666,874 568,978

Cash and Cash Equivalents, End of Year $624,392 $666,874

The accompanying notes are an integral part of these financial statements.
1. **NATURE OF THE ORGANIZATION:**

Desire Street Ministries (the Ministry) is a nonprofit organization incorporated under the laws of the state of Louisiana on May 18, 1992. The Ministry originated with the cultivation of a redemptive community-based ministry for the people of the Desire Housing Project of New Orleans, through the teaching and practice of the Christian faith as revealed in the Holy Scriptures, both Old and New Testaments. Following Hurricane Katrina’s devastation in 2005, the Ministry began to expand its reach beyond the city of New Orleans.

Today the Ministry is headquartered in Atlanta, Georgia and has transitioned from hands-on management of an inner-city ministry, to instead using a partnership model to develop and support separate urban ministries in multiple cities and states. Through partnerships, Desire Street Ministries reaches more neighborhoods than it could reach alone. With a mission to love our neighbor by revitalizing under-resourced neighborhoods through spiritual and community development, the Ministry is committed to three distinct programs.

First, knowing that thriving leaders produce thriving ministries that will be effective and sustainable, the Ministry Coaches, Cares and Provides for urban ministry leader partners who are called to live and work in impoverished neighborhoods. Second, the Ministry seeks out individuals and organizations with a heart for the inner-city, Educates and Engages them, and connects them with ministry leaders living and working in these neighborhoods. Finally, the Ministry invests and revitalizes in its home city, continuing its commitment to the Ninth Ward of New Orleans, Louisiana. Even though it has been more than fifteen years since Hurricane Katrina hit the city of New Orleans, the upper Ninth Ward continues struggling to emerge from the disaster. Since lower-income neighborhoods do not have the resources necessary for recovery, Desire Street Ministries seeks to provide wellness, hope and a sense of community by providing a community wellness center where its school for boys, Desire Street Academy, once stood.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**BASIS OF ACCOUNTING**

The Ministry follows accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB sets accounting principles generally accepted in the United States of America (“GAAP”). The significant accounting policies followed are described below to enhance the usefulness of financial statements to the reader.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with GAAP 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENCES
Cash and cash equivalents include checking and merchant accounts as well as petty cash, with original maturities of less than 90 days. The Ministry maintains its cash and cash equivalents with high credit, quality financial institutions, which, at times, may exceed federally insured limits. The Ministry has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

INVESTMENTS
Investments in fixed income securities, certificates of deposits, and public equities - ETFs are recorded at fair value. Investments in alternative instruments are recorded at net asset value. Interest and dividend income and the realized and unrealized gain or loss on investments is reported as investment income (loss) without donor restriction in the accompanying statements of activities unless a donor or law restricts its use. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Donated investments are recorded at fair value at the date of donation and are thereafter carried in conformity with the stated policy.

PREPAID EXPENSES AND OTHER ASSETS
Prepaid expenses consist primarily of event deposits, amounts prepaid for insurance policies, and deposits held by landlords.

PROPERTY AND EQUIPMENT – NET
Items capitalized as property and equipment are stated at cost or, if donated, at market value on the date of donation. The ministry generally capitalizes and reports property and equipment acquisitions in excess of $3,000. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from three to thirty-nine years.

REAL PROPERTY HELD FOR SALE
For the year ended June 30, 2020, real property held for sale included both donated property and in-substance foreclosed property. In-substance foreclosed property was real property for which the Ministry had taken physical possession, even though formal foreclosure proceedings did not take place.

At the time the Ministry took physical possession of the Property, it was recorded at fair value less estimated costs to sell. Periodic valuations were performed by management; the property held for sale was carried at the lower of the new cost basis or fair value less cost to sell. Costs incurred in maintaining foreclosed real estate and subsequent impairment adjustments to the carrying amount of a property, if any, were included in 2021 expense unless those costs were previously allowed for as part of a periodic valuation.

During 2021, the real property held for sale was sold for $331,520 resulting in a gain of $31,520, which is included within other income in the accompanying statement of activities.

CONTRACT LIABILITIES - DEFERRED REVENUE
The Ministry occasionally receives sponsorship funds in advance for its annual fundraising event held in October. The amounts in deferred revenue represent sponsorships received for the subsequent fiscal year’s event.
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS
The financial statements report amounts separately by class of net assets:

- **Net assets without donor restrictions** are currently available at the discretion of the board for use in operations, designated by the board for other purposes determined by the board, or invested in property and equipment net of accumulated depreciation.

- **Net assets with donor restrictions** are stipulated by donors for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

REVENUE RECOGNITION
Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Ministry.

Special event income is recognized when earned as a part of the Ministry's annual fundraising event. Special event revenue is reported net of direct, special event expenses. The Ministry’s special event revenue consists of a single performance obligation for which revenue is recognized at a point in time when the special event occurs. Included within deferred revenues are contract liabilities associated with special events of $20,000 and $5,389 at June 30, 2021 and 2020, respectively.

Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities reclassifications.

The Ministry reports donations of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Ministry reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Noncash gifts that can be used or sold are measured at fair value at the date they are given. There were a minimal amount of donated assets during the years ended in 2021 and 2020.

FUNCTIONAL ALLOCATION OF EXPENSES
The costs of providing the various programs and other activities are summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the various programs and supporting services benefited as required by GAAP. Those expenses include personnel related, technology, cloud subscriptions, rent and depreciation. Personnel and staff related expenses (e.g. benefits, training, etc.) are allocated based on an estimate of time and effort. Technology and cloud subscriptions are allocated in part using the staff allocation and in part evaluating the program or supporting activity benefited. Occupancy and depreciation are allocated based upon an estimate of the functions benefited by the assets.
2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:**

**INCOME TAXES**

The Ministry is a not-for-profit organization which is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

The Ministry annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Ministry takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification. The Ministry does not believe it has any uncertain tax positions as of June 30, 2021.

In the normal course of business, the Ministry is subject to examination by the federal and state taxing authorities. In general, the Ministry is no longer subject to tax examinations for tax years ending before June 30, 2018.

**RISKS AND UNCERTAINTIES**

The Ministry has experienced a disruption of normal business operations caused from COVID-19. The overall financial impact cannot be determined through the date of this report, however, it is reasonably possible that changes in risks in the near term could occur which could result in a material change to the financial statements.

3. **LIQUIDITY AND FUNDS AVAILABLE:**

The Ministry had $3,273,449 of financial assets as of June 30, 2021, consisting of cash and cash equivalents of $624,392, investments of $2,572,258, and receivables of $76,799. As of June 30, 2020, financial assets totaled $2,667,992, consisting of cash and cash equivalents of $666,874, investments of $1,989,466, and receivables of $11,652. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Although certain certificates of deposit and fixed income securities may have maturity dates beyond one year, these financial assets are considered to be available for general expenditure within one year due to the fact that they are marketable securities.

At June 30, 2021 and 2020, the Ministry held financial assets in the amounts of $597,905 and $689,873 that were not available for general expenditure, respectively. Financial assets available within one year for general expenditure were $2,675,544 and $1,978,119 at June 30, 2021 and 2020, respectively.

The Ministry structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Ministry regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Ministry has various sources of liquidity at its disposal, including cash and cash equivalents and investments.
4. **INVESTMENTS:**

Investments consist of:

<p>| Held at cost:                          | June 30,               |</p>
<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 296,409</td>
<td>$ 9,859</td>
</tr>
</tbody>
</table>

Held at fair value:

<table>
<thead>
<tr>
<th>Held at fair value:</th>
<th>June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of deposit</td>
<td>1,575,906</td>
</tr>
<tr>
<td>Money market funds</td>
<td>-</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>-</td>
</tr>
<tr>
<td>Public equities - ETFs</td>
<td>699,943</td>
</tr>
</tbody>
</table>

Held at net asset value:

<table>
<thead>
<tr>
<th>Held at net asset value:</th>
<th>June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alternative investments(a)</td>
<td>175,000</td>
</tr>
</tbody>
</table>

Total: 2,275,849                         1,979,607

The Ministry classifies its investment assets using a hierarchy of inputs to fair value measurements in accordance with professional standards as follows:

**Level 1** – Quoted prices in active markets for identical assets or liabilities that the Ministry has the ability to access.

**Level 2** – Inputs to the valuation methodology that are derived principally from or corroborated by observable market data:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liabilities;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**Level 3** – Inputs that are unobservable and significant to the overall fair value measurement.

All investments held at fair value are reported using Level 1 methodology with the exception of certificates of deposit. Certificates of deposit are reporting using Level 2 methodology.

(a) In accordance with GAAP, certain investments that are measured using the net asset value (“NAV”) per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The Organization’s investment advisor performs ongoing due diligence of the funds which includes benchmarking and comparing the results of the fund to certain applicable indices. The Organization’s investment advisor also has regular calls with management of the funds and meets periodically with the Organization’s Board of Directors and reports the performance of funds.
4. **INVESTMENTS, continued:**

The fair value of the alternative investment fund at June 30, 2021 is $175,000. The investment objectives are as follows:

(a) This fund seeks to achieve a return of +7% over the target hold cycle of 48-60 months.

Investment income consists of:

<table>
<thead>
<tr>
<th>Year Ended June 30,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2020</td>
</tr>
<tr>
<td>Interest and dividends–net</td>
<td>$ 23,044</td>
<td>$ 36,249</td>
</tr>
<tr>
<td>Investment fees</td>
<td>-</td>
<td>(649)</td>
</tr>
<tr>
<td>Net unrealized/realized gains</td>
<td>28,611</td>
<td>17,662</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 51,655</strong></td>
<td><strong>$ 53,262</strong></td>
</tr>
</tbody>
</table>

5. **CONTRIBUTIONS AND PLEDGES RECEIVABLE, NET:**

Contributions and pledges receivable, net consist of the following:

<table>
<thead>
<tr>
<th>June 30,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2020</td>
</tr>
<tr>
<td>Due within one year</td>
<td>$ -</td>
<td>$ 10,000</td>
</tr>
<tr>
<td>Due within two years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Present value discount</td>
<td>-</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ -</strong></td>
<td><strong>$ 10,000</strong></td>
</tr>
</tbody>
</table>

At June 30, 2020, management believed all contributions and pledges receivable to be fully collectible. No allowance for collectability was established.
6. **PROPERTY AND EQUIPMENT, NET:**

Property and equipment, net, consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>$</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>1,400</td>
</tr>
<tr>
<td>Computers and software</td>
<td>28,932</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>30,332</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(30,332)</td>
</tr>
<tr>
<td><strong>Net amount</strong></td>
<td>$</td>
</tr>
</tbody>
</table>

Depreciation expense for the years ended June 30, 2021 and 2020, was $1,434 and $4,081, respectively.

7. **NET ASSETS AND NET ASSET RELEASES:**

Net assets with donor restrictions consisted of cash contributions and pledges receivable the Ministry had received subject to donor-imposed restrictions consisting of $10,000 for time restriction at June 30, 2020. There were no donor-imposed restricted net assets as of June 30, 2021.

The following net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes or by occurrence of other events specified by donors:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>Purpose restricted:</td>
<td></td>
</tr>
<tr>
<td>Strategic Partners</td>
<td>$5,680</td>
</tr>
<tr>
<td>Community Engagement</td>
<td>-</td>
</tr>
<tr>
<td>Thriving Index</td>
<td>-</td>
</tr>
<tr>
<td>General ministry program</td>
<td>100,000</td>
</tr>
<tr>
<td>Regional use</td>
<td>-</td>
</tr>
<tr>
<td>Staffing</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>105,680</td>
</tr>
</tbody>
</table>

| Time restricted           | 10,000  | 87,000  |
| **Total released**        | $115,680| $278,869|

8. **LEASES**

The Ministry currently leases certain equipment and office space under non-cancelable operating leases. Total rent expense under these operating leases for the years ended June 30, 2021 and 2020 was $19,613 and $66,964, respectively.
8. **LEASES, continued**

The aggregate future minimum lease payments for the operating leases are as follows:

<table>
<thead>
<tr>
<th>Year Ending June 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>$ 2,668</td>
</tr>
<tr>
<td>2023</td>
<td>2,016</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 4,684</strong></td>
</tr>
</tbody>
</table>

9. **RETIREMENT BENEFITS**

The Ministry established a 403(b) Pension Plan that covers substantially all employees who are twenty-one years of age or older and have completed at least one year of service. Each employee is fully vested among entrance to the plan. The plan provides for participant contributions up to the maximum allowed under the Internal Revenue Code. The Ministry may make matching contributions at the discretion of the Board of Directors. For the years ended June 30, 2021 and 2020, the Ministry made matching contributions totaling $14,391 and $14,139.

10. **DONOR AND REVENUE CONCENTRATIONS**

During the years ended June 30, 2021 and 2020, the Ministry received approximately 18% and 23%, respectively, of its total revenue from its annual fundraising special event.

11. **RELATED PARTY TRANSACTIONS**

The Ministry maintained bank accounts at a financial institution where a board member is an executive. The benefits received from the banking relationship greatly benefit the Ministry to the personal detriment of the board member.

The Ministry also invested through an advisory firm where a board member is a partner. The firm offered investment placements to the Ministry at below market rate fees. The board member received no compensation from the Ministry investing through the advisory firm.

12. **SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

Subsequent to June 30, 2021, the Organization invested in two additional alternative investments totaling $350,000 that are held at net asset value. The terms and investment objectives are similar to those discussed in Note 4.