

DESIRE STREET MINISTRIES
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 and 2021
with
INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

**Board of Directors of
Desire Street Ministries:**

Opinion

We have audited the accompanying financial statements of Desire Street Ministries (the "Ministry"), which comprise the statement of financial position as of June 30, 2022 and 2021, 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.

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, 2022 and 2021, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Ministry and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ministry's ability to continue as a going concern for one year after the date of this report.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ministry's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Smith and Howard

November 29, 2022

**DESIRE STREET MINISTRIES
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

ASSETS		
	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 571,661	\$ 624,392
Investments	3,046,210	2,747,258
Other receivables	-	76,799
Prepaid expenses and other assets	<u>16,287</u>	<u>14,440</u>
 Total Assets	 <u>\$ 3,634,158</u>	 <u>\$ 3,462,889</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 53,572	\$ 50,562
Accrued expenses	37,402	34,709
Contract liabilities - deferred revenue	<u>-</u>	<u>20,000</u>
 Total Liabilities	 <u>90,974</u>	 <u>105,271</u>
 Net Assets		
Without donor restrictions		
Undesignated	2,919,627	2,759,713
Board designated - 6 month operating reserve	<u>613,307</u>	<u>597,905</u>
	3,532,934	3,357,618
 With donor restrictions		
Purpose restrictions	<u>10,250</u>	<u>-</u>
 Total Net Assets	 <u>3,543,184</u>	 <u>3,357,618</u>
 Total Liabilities and Net Assets	 <u>\$ 3,634,158</u>	 <u>\$ 3,462,889</u>

The accompanying notes are an integral part of these financial statements.

DESIRE STREET MINISTRIES
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Contributions	\$ 1,306,660	\$ 106,345	\$ 1,413,005	\$ 1,289,374	\$ 100,680	\$ 1,390,054
Special events, net	-	-	-	320,831	5,000	325,831
Investment income (loss)	(36,075)	-	(36,075)	51,655	-	51,655
Other income	4,192	-	4,192	31,520	-	31,520
Net assets released from restrictions	96,095	(96,095)	-	115,680	(115,680)	-
Total Support and Revenue:	1,370,872	10,250	1,381,122	1,809,060	(10,000)	1,799,060
Expenses:						
Program services:						
Coach and care	721,234	-	721,234	878,879	-	878,879
Invest and revitalize	41,117	-	41,117	53,268	-	53,268
Educate and engage	140,092	-	140,092	239,708	-	239,708
	902,443	-	902,443	1,171,855	-	1,171,855
Supporting activities:						
General and administrative	197,580	-	197,580	103,797	-	103,797
Fundraising	95,533	-	95,533	112,633	-	112,633
	293,113	-	293,113	216,430	-	216,430
Total Expenses	1,195,556	-	1,195,556	1,388,285	-	1,388,285
Change in Net Assets	175,316	10,250	185,566	420,775	(10,000)	410,775
Net Assets, Beginning of Year	3,357,618	-	3,357,618	2,936,843	10,000	2,946,843
Net Assets, End of Year	\$ 3,532,934	\$ 10,250	\$ 3,543,184	\$ 3,357,618	\$ -	\$ 3,357,618

The accompanying notes are an integral part of these financial statements.

DESIRE STREET MINISTRIES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	<u>Program Activities</u>				<u>Supporting Activities</u>			
	<u>Coach and Care</u>	<u>Invest and Revitalize</u>	<u>Educate and Engage</u>	<u>Total Program Activities</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Supporting Activities</u>	<u>Total Expenses</u>
Payroll and personnel	\$ 496,270	\$ 38,751	\$ 122,108	\$ 657,129	\$ 74,092	\$ 53,151	\$ 127,243	\$ 784,372
Grants and benevolences	-	515	-	515	-	-	-	515
Travel	26,719	24	-	26,743	2,978	765	3,743	30,486
Events	-	-	-	-	-	11,075	11,075	11,075
Office	213	-	6,448	6,661	12,278	22,430	34,708	41,369
Insurance	-	-	-	-	13,252	-	13,252	13,252
Professional fees	-	-	950	950	82,398	281	82,679	83,629
Occupancy	1,582	141	513	2,236	1,450	211	1,661	3,897
Information technology	6,775	-	-	6,775	11,049	4,038	15,087	21,862
Marketing and advertising	-	-	2,435	2,435	-	3,522	3,522	5,957
Partner, cohort, and program expenses	52,906	1,624	-	54,530	-	-	-	54,530
Coaching and leadership development	136,319	-	-	136,319	-	-	-	136,319
Conferences, conventions, and meetings	-	-	7,512	7,512	-	-	-	7,512
Miscellaneous	450	62	126	638	83	60	143	781
	<u>721,234</u>	<u>41,117</u>	<u>140,092</u>	<u>902,443</u>	<u>197,580</u>	<u>95,533</u>	<u>293,113</u>	<u>1,195,556</u>
Total expenses by function	60.33%	3.44%	11.72%	75.48%	16.53%	7.99%	24.52%	100.00%

The accompanying notes are an integral part of these financial statements.

DESIRE STREET MINISTRIES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	<u>Program Activities</u>				<u>Supporting Activities</u>			
	<u>Coach and Care</u>	<u>Invest and Revitalize</u>	<u>Educate and Engage</u>	<u>Total Program Activities</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Supporting Activities</u>	<u>Total Expenses</u>
Payroll and personnel	\$ 529,910	\$ 41,129	\$ 185,080	\$ 756,119	\$ 80,143	\$ 86,965	\$ 167,108	\$ 923,227
Grants and benevolences	117,796	-	-	117,796	-	-	-	117,796
Travel	91,136	1,209	5,442	97,787	2,356	2,557	4,913	102,700
Events	9,500	-	67,466	76,966	-	101,199	101,199	178,165
Office	37,407	3,350	15,074	55,831	6,527	7,083	13,610	69,441
Insurance	11,164	1,000	4,499	16,663	1,948	2,114	4,062	20,725
Professional fees	63,435	4,921	22,146	90,502	9,590	10,406	19,996	110,498
Depreciation	773	69	311	1,153	135	146	281	1,434
Occupancy	10,749	962	4,331	16,042	1,875	2,035	3,910	19,952
Miscellaneous	<u>7,009</u>	<u>628</u>	<u>2,825</u>	<u>10,462</u>	<u>1,223</u>	<u>1,327</u>	<u>2,550</u>	<u>13,012</u>
Total expenses by function	<u>878,879</u>	<u>53,268</u>	<u>307,174</u>	<u>1,239,321</u>	<u>103,797</u>	<u>213,832</u>	<u>317,629</u>	<u>1,556,950</u>
	56.45%	3.42%	19.73%	79.60%	6.67%	13.73%	20.40%	100.00%
Less: expenses included within revenues								
Special events expenses	<u>-</u>	<u>-</u>	<u>(67,466)</u>	<u>(67,466)</u>	<u>-</u>	<u>(101,199)</u>	<u>(101,199)</u>	<u>(168,665)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 878,879</u>	<u>\$ 53,268</u>	<u>\$ 239,708</u>	<u>\$ 1,171,855</u>	<u>\$ 103,797</u>	<u>\$ 112,633</u>	<u>\$ 216,430</u>	<u>\$ 1,388,285</u>
	63.31%	3.84%	17.27%	84.41%	7.48%	8.11%	15.59%	100.00%

The accompanying notes are an integral part of these financial statements.

DESIRE STREET MINISTRIES
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 185,566	\$ 410,775
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	-	1,434
Net realized and unrealized (gain) loss on investments	76,227	(28,611)
Gain on sale of real property held for sale	-	(31,520)
Change in operating assets and liabilities:		
Contributions and pledges receivable, net	-	10,000
Other receivables	76,799	(75,147)
Prepaid expenses and other assets	(1,847)	29,741
Accounts payable	3,010	33,558
Accrued expenses	2,693	(9,662)
Contract liabilities - deferred revenue	(20,000)	14,611
Net Cash Provided by Operating Activities	<u>322,448</u>	<u>355,179</u>
Cash Flows from Investing Activities:		
Purchases of investments	(375,179)	(929,181)
Proceeds from sales of investments	-	200,000
Real property held for sale	-	331,520
Net Cash Required by Investing Activities	<u>(375,179)</u>	<u>(397,661)</u>
Net Change in Cash and Cash Equivalents	(52,731)	(42,482)
Cash and Cash Equivalents at Beginning of Year	<u>624,392</u>	<u>666,874</u>
Cash and Cash Equivalents at End of Year	<u>\$ 571,661</u>	<u>\$ 624,392</u>

The accompanying notes are an integral part of these financial statements.

DESIRE STREET MINISTRIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE A – DESCRIPTION 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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

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”).

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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

**DESIRE STREET MINISTRIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Presentation

In accordance with GAAP, the net assets of the Ministry and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. Included in this category are net assets, which are not specifically restricted by outside donors, but designated by the Board of Directors for specific purposes.
- Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity. The Ministry did not have any net assets of a perpetual nature as of June 30, 2022 or 2021.

Cash and Cash Equivalents

Cash and cash equivalents include cash deposits in checking and merchant accounts as well as petty cash, and all other highly liquid investments that mature within three months of the statement of financial position date.

Investments

Investments consist of fixed income securities, certificates of deposits, and equity securities. Investments are carried at their estimated fair values. Investments in alternative instruments are recorded at net asset value. Donated investments are recorded at fair value at the date of donation and are thereafter carried in conformity with the stated policy. Realized and unrealized gains and losses from investments are reflected in the accompanying statement of activities and changes in net assets.

Interest income and investment earnings available for use are recorded in net assets without donor restrictions. Interest income and investment earnings derived from contributions with donor restrictions are recorded in net assets with donor restrictions.

Fair Value Measurements

FASB establishes 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 measurement) and the lowest priority to unobservable inputs in which little or no market data exists (Level 3 measurements). The three levels of the fair value hierarchy are described below:

DESIRE STREET MINISTRIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Basis of Fair Value Measurement

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, assets or liabilities;

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

Assets measured at fair value on a recurring basis at June 30, 2022 and 2021 were as follows:

	2022				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV(*)</u>	<u>Total</u>
Held at cost:					
Cash and Cash Equivalents	\$ 76,198	\$ -	\$ -	\$ -	\$ 76,198
Certificates of Deposit	-	1,727,480	-	-	1,727,480
	<u>76,198</u>	<u>1,727,480</u>	<u>-</u>	<u>-</u>	<u>1,803,678</u>
Equities:					
Public equities - EFTs	<u>662,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>662,024</u>
Alternative Investments:					
Altera	<u>-</u>	<u>-</u>	<u>-</u>	<u>580,508</u>	<u>580,508</u>
Total Investments at Fair Value	<u>\$ 738,222</u>	<u>1,727,480</u>	<u>\$ -</u>	<u>\$ 580,508</u>	<u>\$ 3,046,210</u>

DESIRE STREET MINISTRIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

	2021				<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV(*)</u>	
Held at cost:					
Cash and Cash Equivalents	\$ 296,409	\$ -	\$ -	\$ -	\$ 296,409
Certificates of Deposit	<u>-</u>	<u>1,575,906</u>	<u>-</u>	<u>-</u>	<u>1,575,906</u>
	<u>296,409</u>	<u>1,575,906</u>	<u>-</u>	<u>-</u>	<u>1,872,315</u>
Equities:					
Public equities - EFTs	<u>699,943</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>699,943</u>
Alternative Investments:					
Altera	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,000</u>	<u>175,000</u>
Total Investments at Fair Value	<u>\$ 996,352</u>	<u>\$ 1,575,906</u>	<u>\$ -</u>	<u>\$ 175,000</u>	<u>\$ 2,747,258</u>

(*) In accordance with FASB Accounting Standards Codification Topic 820-10, as amended by Accounting Standards Update 2015-07, 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 fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the carrying values.

Investment income consists of:

	Year ended June 30,	
	<u>2022</u>	<u>2021</u>
Interest and dividends, net	\$ 40,152	\$ 23,044
Net unrealized/realized gains	<u>(76,227)</u>	<u>28,611</u>
	<u>\$ (36,075)</u>	<u>\$ 51,655</u>

Prepaid Expenses and Other Assets

Prepaid expenses consist primarily of event deposits, amounts prepaid for insurance policies, and deposits held by landlords.

DESIRE STREET MINISTRIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 at June 30, 2021. During the year ended June 30, 2022, the annual fundraising event was held by a separate non-profit organization and all income earned by the event was contributed to the Ministry net of any expenses incurred. The fiscal year 2022 special event income is therefore included within contributions on the accompanying statement of activities and changes in net assets.

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 statements of activities and changes in net assets as net assets released from restrictions.

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. During the year ended June 30, 2022, the Ministry updated their methodology relating to the allocation of functional expenses as well as the natural categories presented

DESIRE STREET MINISTRIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Risks and Uncertainties

The Ministry's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, investments, and receivables. At times, cash and cash equivalent balances exceed federally insured amounts. The Ministry's cash accounts include both interest and non-interest-bearing accounts. The Ministry believes it reduces risks associated with balances in excess of federally insured amounts by maintaining its cash with major financial institutions with sound financial standing. Management continually monitors investments and receivable balances, and believes that its exposure to credit risk is limited. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying financial statements.

Income Taxes

The Ministry is a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code (the "Code"). Only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to income taxes. 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. In general, the Ministry is no longer subject to tax examinations for tax years ending before June 30, 2019.

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.

DESIRE STREET MINISTRIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE C – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of cash contributions the Ministry had received subject to donor-imposed restrictions totaling \$10,250 for time restriction purposes as of June 30, 2022. 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 the donors:

	<u>2022</u>	<u>2021</u>
Purpose restricted:		
Strategic Partners	\$ -	\$ 5,680
General Ministry Program	96,095	100,000
	96,095	105,680
Time restricted	-	10,000
	\$ 96,095	\$ 115,680

NOTE D – OPERATING LEASES

The Ministry leases certain equipment under non-cancelable operating leases. The lease for the office space is on a month-to-month basis. Total rent expense under the operating leases for the years ended June 30, 2022 and 2021 was \$6,859 and \$19,613, respectively.

NOTE E – 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, 2022 and 2021, the Ministry made matching contributions totaling \$49,526 and \$14,391.

NOTE F – DONOR AND REVENUE CONTRIBUTIONS

During the years ended June 30, 2022 and 2021, the Ministry received approximately 15% and 18%, respectively, of its total revenue from its annual fundraising special event.

NOTE G – 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.

**DESIRE STREET MINISTRIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE H – LIQUIDITY AND AVAILABILITY

For purposes of analyzing resources available to meet general expenditures for the next fiscal year, the Ministry considers financial assets that will be collected and available to the Ministry at June 30.

Financial assets available for general expenditures, within one year are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 571,661	\$ 624,392
Investments	2,465,702	2,572,258
Accounts receivable	<u>16,287</u>	<u>76,799</u>
Total Financial Assets	3,053,650	3,273,449
Board and donor imposed restrictions	<u>(623,557)</u>	<u>(597,905)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,430,093</u>	<u>\$ 2,675,544</u>

As part of the Ministry's liquidity management, it has a policy to structure 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.