Financial statements of:

DESIRING GOD MINISTRIES

Years ended
June 30, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Desiring God Ministries
Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Desiring God Ministries, which comprise the balance sheets as of June 30, 2020 and 2019, the related statements of activities and changes in net assets, cash flows and functional expenses 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; 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.

Auditor's 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's 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 entity'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 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 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 Desiring God Ministries as of June 30, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1 to the financial statements, on July 1, 2019, the Organization adopted Financial Accounting Standards Board's Accounting Standards ASC 606 – Revenue from Contracts with Customers. The requirements of the ASC have been applied using the modified retrospective method to all periods presented. The Organization also adopted the Financial Accounting Standards Board's Accounting Standards (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The requirements of the ASU have been applied retrospectively in 2019. The adoption of these accounting standards have not impacted the timing or amount of revenue recognized. Our opinion is not modified with respect to this matter.

Schechter Dokken Kanter
Andrews & Selcer Ltd.

November 17, 2020

DESIRING GOD MINISTRIES

	2020	2019
Assets:		
Current assets:		
Cash and cash equivalents	**$ 1,086,416**	$ 777,172
Investments	**3,778,757**	3,778,362
Accounts receivable	**4,230**	28
Prepaid expenses	**102,384**	137,466
Total current assets	**4,971,787**	4,693,028
Property and equipment:		
Leasehold improvements	**410,346**	373,522
Furnishings and equipment	**145,634**	93,439
	555,980	466,961
Less accumulated depreciation	**472,287**	394,845
	83,693	72,116
Website Development	**613,636**	
	$ 5,669,116	$ 4,765,144
Liabilities:		
Current liabilities:		
Accounts payable	**$ 282,421**	$ 196,277
Accrued expenses	**208,676**	187,516
Deferred revenue	**4,215**	9,274
Total current liabilities	**495,312**	393,067
Net assets without donor restrictions:		
Undesignated	**476,475**	299,961
Board designated	**4,000,000**	4,000,000
Property, equipment and website	**697,329**	72,116
Total net assets	**5,173,804**	4,372,077
Total liabilities and net assets	**$ 5,669,116**	$ 4,765,144

See notes to financial statements.

	2020		2019	
	Amount	**Percentage**	Amount	Percentage
Support and revenue:				
Contributions	**$ 7,372,336**	**97.6**	$ 6,427,059	98.0
Investment income	**100,395**	**1.3**	78,362	1.2
Other revenue	**83,088**	**1.1**	52,953	0.8
Total revenue	**7,555,819**	**100.0**	6,558,374	100.0
Expenses:				
Program expenses	**5,220,780**	**77.3**	4,947,061	76.2
Support expenses:				
Fundraising	**242,617**	**3.6**	583,104	9.0
Management	**1,290,695**	**19.1**	960,327	14.8
Total expenses	**6,754,092**	**100.0**	6,490,492	100.0
Change in net assets without donor restricitons	**801,727**		67,882	
Net assets without donor restrictions, beginning	**4,372,077**		4,304,195	
Net assets without donor restrictions, ending	**$ 5,173,804**		$ 4,372,077	

See notes to financial statements.

DESIRING GOD MINISTRIES

	2020	2019
Cash flows from operating activities:		
Change in net assets	**$ 801,727**	$ 67,882
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**77,442**	105,081
(Increase) decrease in current assets:		
Accounts and other receivables	**(4,202)**	3,812
Prepaid expenses	**35,082**	(17,552)
Incease (decrease) in current liabilities:		
Accounts payable	**86,144**	20,492
Accrued expenses	**21,160**	(18,364)
Deferred revenue	**(5,059)**	(5,058)
Net cash provided by operating activities	**1,012,294**	156,293
Cash flows from investing activities:		
Purchase of property, equipment and website	**(702,655)**	-
Purchase of investments	**(6,072,060)**	(6,674,044)
Sale/redemptions of investments	**6,071,665**	2,895,682
Net cash used in investing activities	**(703,050)**	**(3,778,362)**
Net change in cash and cash equivalents	**309,244**	(3,622,069)
Cash and cash equivalents, beginning	**777,172**	4,399,241
Cash and cash equivalents, ending	**$ 1,086,416**	$ 777,172

See notes to financial statements.

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DESIRING GOD MINISTRIES

	Program services			
	Teaching	Product	Spreading	Ministry Partners
Salaries	751,239.0	199,620.0	375,430.0	481,460.0
Payroll Taxes and Benefits	285,742.0	85,576.0	218,975.0	180,256.0
Contract Services	54,080.0	214,317.0	716,208.0	81,128.0
Marketing	-	3,204.0	202,732.0	-
Outreach Events	-	-	4,091.0	190,271.0
Professional Fees	1,602.0	426.0	1,307.0	1,027.0
Donated Resources	-	-	832,474.0	3,439.0
Supplies and Other	25,675.0	15,080.0	47,540.0	28,816.0
Travel	470.0	11,216.0	35,718.0	48,900.0
Facilities	46,434.0	14,050.0	32,186.0	30,091.0
Total expenses	$ 1,165,242	$ 543,489	$ 2,466,661	$ 1,045,388

	Support services			
Total program services	**Fundraising**	**Management General**	**Total support services**	**Total all services**
1,807,749.0	**67,467.1**	**408,942.0**	**476,409.1**	**2,284,158.1**
770,549.0	**22,572.0**	**181,727.0**	**204,299.0**	**974,848.0**
1,065,733.0	**30,637.0**	**75,984.0**	**106,621.0**	**1,172,354.0**
205,936.0	**-**	**-**	**-**	**205,936.0**
194,362.0	**200.0**	**-**	**200.0**	**194,562.0**
4,362.0	**144.0**	**380,415.0**	**380,559.0**	**384,921.0**
835,913.0	**-**	**23,040.0**	**23,040.0**	**858,953.0**
117,111.0	**117,958.0**	**66,596.0**	**184,554.0**	**301,665.0**
96,304.0	**315.0**	**96,692.0**	**97,007.0**	**193,311.0**
122,761.0	**3,324.0**	**57,299.0**	**60,623.0**	**183,384.0**
$ 5,220,780	**$ 242,617**	**$ 1,290,695**	**$ 1,533,312**	**$ 6,754,092**

DESIRING GOD MINISTRIES

	Program services				
	Teaching	Product	Spreading	Ministry Partners	Total program services
Salaries	$ 719,323	$ 696,900	$ 101,235	$ 98,975	$ 1,616,433
Payroll Taxes and Benefits	271,256	280,237	49,848	38,323	639,664
Contract Services	206,597	910,047	487,055	87,027	1,690,726
Outreach Events	-	-	136,901	255,279	392,180
Professional Fees	1,640	1,589	17,625	10,464	31,318
Donated Resources	25,390	-	207,381	1,995	234,766
Supplies and Other	48,309	42,507	6,742	13,719	111,277
Travel	903	41,880	14,237	63,490	120,510
Facilities	48,498	48,359	6,033	7,297	110,187
Total expenses	$ 1,321,916	$ 2,021,519	$ 1,027,057	$ 576,569	$ 4,947,061

See notes to financial statements.

Support services			
Fundraising	Management General	Total support services	Total all services
$ 287,245	$ 298,980	$ 586,225	$ 2,202,658
101,278	151,211	252,489	892,153
53,106	48,512	101,618	1,792,344
12,082	-	12,082	404,262
655	218,814	219,469	250,787
402	41,193	41,595	276,361
105,902	54,446	160,348	271,625
4,579	106,948	111,527	232,037
17,855	40,223	58,078	168,265
$ 583,104	$ 960,327	$ 1,543,431	$ 6,490,492

1. Nature of business and significant accounting policies:

Nature of business:

As a faith-based non-profit, the mission of Desiring God Ministries (the Organization) is to move people to live for the glory of God by helping them be satisfied in God above all else, especially in their suffering. The organization produces God-centered, Christian Hedonistic content, and distributes 13,500+ audio, video, written resources over the internet for free to the world through desiringGod.org and partner channels including mobile apps and SAT-TV.

Change in accounting principle:

The Financial Accounting Standards Board (FASB) has issued two Accounting Standard Updates affecting the Foundation's revenue recognition. The first, Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606) affects contracts with customers. The core principle of this Update is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the good or services. This Update requires entities to make new judgements and estimates and provide expanded disclosures about revenue. The second, Accounting Standards Update No. 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. Adoption of these accounting standards to all contracts and contributions did not impact the timing or amount of revenue recognized.

Financial statement presentation:

Net assets and revenues, gains, and losses of the Organization are classified based on donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without donor restrictions – Resources over which the board of directors has discretionary control. Designated amounts represent those revenues which the board has set aside for a particular purpose.

With donor restrictions – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Organization or passage of time. The Organization does not currently have any net assets with donor restrictions.

Cash and cash equivalents:

For the purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentrations of credit risk:

The Organization deposits its cash in high credit quality financial institutions. At times, such balances may be in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. The Organization has not experienced loss with this practice.

1. Nature of business and significant accounting policies (continued):

Accounts receivables:

Receivables are stated at realizable value. The Organization provides an allowance for bad debts using the allowance method, which is based on management judgement considering historical information. Services are sold on an unsecured basis. An allowance is provided for accounts when a significant pattern of uncollectibility has occurred. When all collection efforts have been exhausted, the accounts are written off against the written allowance. At June 30, 2020 and 2019, all amounts were considered collectible and no allowance was deemed necessary.

Investments:

Investments in fixed income securities with readily determinable fair values are measured at fair value in the statement of financial position. Investment income or loss including realized and unrealized gains and losses on investments, interest and dividends are included in investment earnings included in total support and revenue.

Property and equipment:

Property and equipment are carried at cost, less accumulated depreciation. Property and equipment expenditures over $5,000 are capitalized. Depreciation of property and equipment is computed using the straight-line method over the estimated useful asset lives (shorter of asset life or lease term for leasehold improvements).

Website development:

Expenditures for website development are capitalized when both the preliminary project stage is completed and it is probable that the website will be used as intended. Capitalized costs include only external direct costs of materials and services utilized in developing or obtaining computer software. Capitalized software will be amortized on a straight-line basis when placed into service over the estimated useful life, which approximates 5 years.

Deferred revenue:

Payments received by the Organization for work to be performed in future periods are deferred and subsequently recognized as revenue in the year for which the payment applies.

Revenue recognition:

Contributions, including unconditional promises to give, are recognized as support without donor restrictions or support with donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in the net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions reported in the statement of activities as net assets released from restrictions. The Organization did not receive any donor restricted contributions in either year.

1. Nature of business and significant accounting policies (continued):

Revenue recognition (continued):

Unconditional contribution pledges are recognized as revenues or gains in the period received. Pledges are recognized at the estimated net collectible value based on historical collection trends. Conditional contributions are recognized when the conditions on which they depend are substantially met.

Accounting estimates:

Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Functional expenses:

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. These expenses are allocated on a reasonable basis that is consistently applied. Some costs are allocated on the basis of employee time and effort. These include salaries, payroll taxes, some employee benefits and payroll fees. Other costs are allocated on the basis of full-time equivalent numbers. These costs include Insurance, some employee benefits, and occupancy costs.

Fair value measurement:

The financial statements reflect the adoption of Accounting Standards Codification (ASC) 820. ASC 820 establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- 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 asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

1. Nature of business and significant accounting policies (continued):

Fair value measurement (continued):

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities and corporate debt securities that are traded by dealers or brokers in active over-the-counter markets. The Organization does not have any securities that are valued using Level 2 or 3 inputs.

Subsequent events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 17, 2020, the date the financial statements were available to be issued.

During the fiscal year, the United States and global markets experienced significant declines in value resulting from uncertainty caused by the world-wide coronavirus pandemic. We are closely monitoring our investment portfolio and its liquidity and are actively working to minimize the impact of these declines.

2. Liquidity:

The following represents the Organization's financial assets at June 30, 2020 and 2019:

	2020	2019
Financial assets at year end:		
Cash and cash equivalents	**$ 1,086,416**	$ 777,172
Accounts receivable, trade, net	**4,230**	28
Investments	**3,778,757**	3,778,362
Financial assets available to meet general expenditures over the next twelve months	**$ 4,869,403**	$ 4,555,562

Organization's goal is generally to maintain financial assets to meet 180 days of expenses. As part of its liquidity plan, excess cash is invested in fixed income securities, including bonds and U.S. Treasuries.

3. Investments:

Financial assets that are carried at estimated fair value are categorized based on the inputs to the valuation technique and are as follows as of June 30:

	2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Fixed Income	**$ 3,778,757**	**$ 0**	**$ 0**	**$ 3,778,757**

	2019			
	Level 1	Level 2	Level 3	Total
Fixed Income	$ 3,778,362	$ 0	$ 0	$ 3,778,362

4. Tax exempt status

The Organization qualifies as a tax-exempt organization described in Section 501(c)(3) and is not a private foundation under Section 509(a)(2) of the Internal Revenue Code. As such, it is subject to federal and state income taxes on net unrelated business income.

The Organization has evaluated its tax positions for uncertainty and has not recognized a liability related to tax matters nor identified unrecognized tax matters that are required to be disclosed.

5. Leases:

The Organization entered into various leases agreements which terminate on various dates through October 2026. Rent expense for the years ended June 30, 2020 and 2019 was $128,998 and $117,588, respectively.

The following is the future minimum lease payments under leases:

Year ended June 30	Amount
2021	$ 106,748
2022	87,848
2023	88,627
2024	88,944
2025	91,188
Thereafter	124,860
	$ 588,215

6. Pension plan:

The Organization has a 401(k) plan that covers substantially all employees. Employees participate in the plan if they have one year of service and work at least 500 hours per year. The Organization matches up to 5% of employees annual gross salary. The Organization follows the policy of funding retirement plan contributions as accrued. Contributions to the plan totaled $93,468 and $74,212 for the years ended June 30, 2020 and 2019, respectively.

7. Related parties:

In 2011, the Piper family formed the Desiring God Foundation (the Foundation). The Foundation is a 501(c)(3) – Private Foundation and has no legal connection with the Organization. The Foundation's assets include the rights to receive royalties under publishing contracts for books written by John Piper, the Foundation's President. The purpose of the Foundation is to make grants to churches and other Christian ministries. Since its inception, the Foundation has disbursed grants to help fund the Organization but it is under no charter requirement to do so. The Organization received grants from the Foundation in the amount of $200,000 during the years ended June 30, 2020 and 2019.

During the years ended June 30, 2020 and 2019, the Organization contracted with a nonprofit organization for translation of projects for nearly $0 and $20,000, respectively. An Organization board member is the Founder of the nonprofit that was hired for translation projects.