Financial statements of:

DESIRING GOD MINISTRIES

Years ended
June 30, 2021 and 2020

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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, 2021 and 2020, 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, 2021 and 2020, 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.

Schechter Dokken Kanter
Andrews & Selcer Ltd.

November 10, 2021

BALANCE SHEETS

DESIRING GOD MINISTRIES JUNE 30

		2021	2020
Assets:			
Current assets:			
Cash		**$ 747,694**	$ 1,086,416
Investments		**6,134,765**	3,778,757
Accounts receivable		**3,360**	4,230
Prepaid expenses		**234,856**	102,384
Total current assets		**7,120,675**	4,971,787
Property and equipment:			
Leasehold improvements		**516,850**	410,346
Furnishings and equipment		**150,156**	145,634
		667,006	555,980
Less accumulated depreciation		**621,862**	472,287
		45,144	83,693
Website Development		**1,157,422**	613,636
		$ 8,323,241	$ 5,669,116
Liabilities:			
Current liabilities:			
Accounts payable		**$ 237,955**	$ 282,421
Accrued expenses		**171,791**	208,676
Deferred revenue		**7,294**	4,215
Total current liabilities		**417,040**	495,312
Net assets without donor restrictions:			
Undesignated		**2,703,635**	476,475
Board designated		**4,000,000**	4,000,000
Property, equipment and website		**1,202,566**	697,329
Total net assets		**7,906,201**	5,173,804
Total liabilities and net assets		**$ 8,323,241**	$ 5,669,116

See notes to financial statements.

DESIRING GOD MINISTRIES

	2021		2020	
	Amount	**Percentage**	Amount	Percentage
Support and revenue:				
Contributions	**$ 9,371,820**	**99.6**	$ 7,372,336	97.6
Investment income	**6,009**	**0.1**	100,395	1.3
Other revenue	**33,780**	**0.4**	83,088	1.1
Total revenue	**9,411,609**	**100.0**	7,555,819	100.0
Expenses:				
Program expenses	**5,156,519**	**77.2**	5,220,780	77.3
Support expenses:				
Fundraising	**274,682**	**4.1**	242,617	3.6
Management	**1,248,011**	**18.7**	1,290,695	19.1
Total expenses	**6,679,212**	**100.0**	6,754,092	100.0
Change in net assets without donor restricitons	**2,732,397**		801,727	
Net assets without donor restrictions, beginning	**5,173,804**		4,372,077	
Net assets without donor restrictions, ending	**$ 7,906,201**		$ 5,173,804	

See notes to financial statements.

DESIRING GOD MINISTRIES

		2021		2020
Cash flows from operating activities:				
Change in net assets	$	**2,732,397**	$	801,727
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation		**149,575**		77,442
(Increase) decrease in current assets:				
Accounts and other receivables		**870**		(4,202)
Prepaid expenses		**(132,472)**		35,082
Increase (decrease) in current liabilities:				
Accounts payable		**(44,466)**		86,144
Accrued expenses		**(36,885)**		21,160
Deferred revenue		**3,079**		(5,059)
Net cash provided by operating activities		**2,672,098**		1,012,294
Cash flows from investing activities:				
Purchase of:				
Property, equipment and website		**(654,812)**		(702,655)
Investments		**(3,156,008)**		(6,072,060)
Sale/redemptions of investments		**800,000**		6,071,665
Net cash used in investing activities		**(3,010,820)**		(703,050)
Net change in cash		**(338,722)**		309,244
Cash, beginning		**1,086,416**		777,172
Cash, ending	$	**747,694**	$	1,086,416

See notes to financial statements.

DESIRING GOD MINISTRIES

	Program services					Support services			
	Teaching	**Product**	**Spreading**	**Ministry Partners**	**Total program services**	**Fundraising**	**Management General**	**Total support services**	**Total all services**
Salaries	$ 808,285	$ 213,614	$ 401,747	$ 517,175	$ 1,940,821	$ 72,197	$ 431,262	$ 503,459	$ 2,444,280
Payroll Taxes and Benefits	304,841	90,764	219,739	192,153	807,497	24,132	166,227	190,359	997,856
Contract Services	75,510	143,168	627,296	117,175	963,149	20,685	312,514	333,199	1,296,348
Marketing	-	-	466,364	-	466,364	-	-	-	466,364
Outreach Events	-	-	-	-	-	-	-	-	-
Professional Fees	1,806	477	898	1,156	4,337	161	76,808	76,969	81,306
Donated Resources	-	-	104,915	-	104,915	-	75,348	75,348	180,263
Supplies and Other	58,380	136,955	195,301	300,742	691,378	153,403	89,906	243,309	934,687
Travel	54	-	15,373	21,060	36,487	358	18,772	19,130	55,617
Facilities	51,820	15,871	42,070	31,810	141,571	3,746	77,174	80,920	222,491
Total expenses	$ 1,300,696	$ 600,849	$ 2,073,703	$ 1,181,271	$ 5,156,519	$ 274,682	$ 1,248,011	$ 1,522,693	$ 6,679,212

See notes to financial statements.

DESIRING GOD MINISTRIES

	Program services					Support services			
	Teaching	Product	Spreading	Ministry Partners	Total program services	Fundraising	Management General	Total support services	Total all services
Salaries	$ 751,239	$ 199,620	$ 375,430	$ 481,460	$ 1,807,749	$ 67,467	$ 408,942	$ 476,409	$ 2,284,158
Payroll Taxes and Benefits	285,742	85,576	218,975	180,256	770,549	22,572	181,727	204,299	974,848
Contract Services	54,080	214,317	716,208	81,128	1,065,733	30,637	75,984	106,621	1,172,354
Marketing	-	3,204	202,732	-	205,936	-	-	-	205,936
Outreach Events	-	-	4,091	190,271	194,362	200	-	200	194,562
Professional Fees	1,602	426	1,307	1,027	4,362	144	380,415	380,559	384,921
Donated Resources	-	-	832,474	3,439	835,913	-	23,040	23,040	858,953
Supplies and Other	25,675	15,080	47,540	28,816	117,111	117,958	66,596	184,554	301,665
Travel	470	11,216	35,718	48,900	96,304	315	96,692	97,007	193,311
Facilities	46,434	14,050	32,186	30,091	122,761	3,324	57,299	60,623	183,384
Total expenses	$ 1,165,242	$ 543,489	$ 2,466,661	$ 1,045,388	$ 5,220,780	$ 242,617	$ 1,290,695	$ 1,533,312	$ 6,754,092

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.

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.

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 any loss with this practice.

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, 2021 and 2020, all amounts were considered collectible and no allowance was deemed necessary.

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

Investments:

Investments 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 is 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.

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.

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

Accounting estimates:

The timely 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 certain reported amounts and disclosures. Actual results could differ from those estimates.

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.

COVID:

On March 10, 2020, the World Health Organization ("WHO") recognized COVID-19 as a global pandemic, prompting many national, regional and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures and widespread quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy.

Subsequent events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 10, 2021, the date the financial statements were available to be issued.

2. Liquidity:

The following represents the Organization's financial assets at June 30, 2021 and 2020:

	2021	2020
Financial assets at year end:		
Cash	**$ 747,694**	$ 1,086,416
Accounts receivable, trade, net	**3,360**	4,230
Investments	**6,134,765**	3,778,757
Financial assets available to meet general expenditures over the next twelve months	**$ 6,885,819**	$ 4,869,403

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:

	2021			
	Level 1	**Level 2**	**Level 3**	**Total**
U.S. Treasuries	**$ 555,828**			**$ 555,828**
U.S. Agencies	**349,543**			**349,543**
Bonds	**5,229,394**			**5,229,394**
Fixed Income	**$ 6,134,765**	**$ 0**	**$ 0**	**$ 6,134,765**

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

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, 2021 and 2020 was $128,998 and $117,588, respectively.

The following is the future minimum lease payments under leases:

Year ended June 30	Amount
2022	$ 87,846
2023	88,624
2024	88,943
2025	91,188
2026	93,457
Thereafter	31,404
	$ 481,462

6. Retirement 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 employee's annual gross salary. The Organization follows the policy of funding retirement plan contributions as accrued. Contributions to the plan totaled $103,941 and $93,468 for the years ended June 30, 2021 and 2020, respectively.