Financial statements of:

DESIRING GOD MINISTRIES

Years ended
June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Desiring God Ministries
Minneapolis, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Desiring God Ministries, which comprise the statements of financial position as of June 30, 2024, and 2023, and the related statements of activities and change 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 accompanying financial statements present fairly, in all material respects, the financial position of Desiring God Ministries as of June 30, 2024, and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Desiring God Ministries 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 audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Desiring God Ministries' ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's 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 auditor's 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 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 Desiring God Ministries' 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 Desiring God Ministries' 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.

Schechter Dokken Kanter
Andrews & Selcer Ltd.

November 26, 2024
Minneapolis, MN

DESIRING GOD MINISTRIES

	2024	2023
Assets:		
Current assets:		
Cash	**$ 1,147,657**	$ 850,944
Investments	**5,099,940**	5,435,242
Accounts receivable	**21,793**	10,038
Prepaid expenses	**177,798**	343,103
Total current assets	**6,447,188**	6,639,327
Long-term assets:		
Property and equipment, net	**170,955**	246,573
Website development, net	**655,431**	824,198
Operating lease right-of-use asset, net	**202,809**	285,208
Total long-term assets	**1,029,195**	1,355,979
Total assets	**$ 7,476,383**	$ 7,995,306
Liabilities and net assets:		
Current liabilities:		
Accounts payable	**$ 123,352**	$ 259,653
Accrued expenses	**256,879**	293,276
Operating lease liabilites	**86,847**	80,936
Total current liabilities	**467,078**	633,865
Long-term liabilities:		
Operating lease liabilites, net of current portion	**130,424**	217,271
Total liabilities	**597,502**	851,136
Net assets without donor restrictions:		
Undesignated	**2,052,495**	2,073,399
Board designated	**4,000,000**	4,000,000
Property, equipment and website	**826,386**	1,070,771
Total net assets	**6,878,881**	7,144,170
Total liabilities and net assets	**$ 7,476,383**	$ 7,995,306

See notes to financial statements.

DESIRING GOD MINISTRIES

	2024	2023
Support and revenue:		
Contributions	**$ 9,811,128**	$ 9,432,025
Investment income	**462,783**	236,730
Other income	**37,978**	5,822
Total revenue	**10,311,889**	9,674,577
Expenses:		
Program expenses	**8,287,076**	9,032,016
Support expenses:		
Fundraising	**326,217**	303,394
Management	**1,963,885**	1,422,388
Total expenses	**10,577,178**	10,757,798
Change in net assets without donor restrictions	**(265,289)**	(1,083,221)
Net assets without donor restrictions, beginning	**7,144,170**	8,227,391
Net assets without donor restrictions, ending	**$ 6,878,881**	$ 7,144,170

See notes to financial statements.

DESIRING GOD MINISTRIES

	2024	2023
Cash flows from operating activities:		
Change in net assets	**$ (265,289)**	$ (1,083,221)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	**382,036**	404,496
(Increase) decrease in current assets:		
Accounts and other receivables	**(11,755)**	(2,388)
Prepaid expenses	**165,305**	(231,025)
Increase (decrease) in current liabilities:		
Accounts payable	**(136,301)**	90,562
Accrued expenses	**(36,397)**	44,948
Deferred revenue	**-**	(9,361)
Right-of-use assets and lease liabilities	**1,463**	12,999
Net cash provided (used in) by operating activities	**99,062**	(772,990)
Cash flows from investing activities:		
Purchase of:		
Property, equipment and website	**(137,651)**	
Investments	**(638,607)**	(900,000)
Sale/redemptions of investments	**973,909**	1,713,270
Net cash provided by investing activities	**197,651**	813,270
Net change in cash	**296,713**	40,280
Cash, beginning	**850,944**	810,664
Cash, ending	**$ 1,147,657**	$ 850,944

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	$ 1,009,056	$ 597,927	$ 1,059,271	$ 746,944	$ 3,413,198	$ 95,038	$ 712,627	$ 807,665	$ 4,220,863
Payroll taxes and benefits	352,751	218,717	420,792	262,650	1,254,910	30,377	301,769	332,146	1,587,056
Contract services	72,266	375,501	1,165,091	211,300	1,824,158	19,992	256,375	276,367	2,100,525
Marketing	-	-	324,232	-	324,232	-	-	-	324,232
Outreach events	-	-	354,359	-	354,359	-	-	-	354,359
Professional fees	3,544	2,100	3,720	2,623	11,987	334	279,502	279,836	291,823
Donated resources	-	-	176,740	74	176,814	-	98,360	98,360	275,174
Supplies and other	92,559	173,374	237,186	65,189	568,308	176,675	190,913	367,588	935,896
Travel	4,280	9,799	91,136	85,077	190,292	-	72,732	72,732	263,024
Facilities	46,300	29,370	58,532	34,616	168,818	3,801	51,607	55,408	224,226
Total expenses	$ 1,580,756	$ 1,406,788	$ 3,891,059	$ 1,408,473	$ 8,287,076	$ 326,217	$ 1,963,885	$ 2,290,102	$ 10,577,178
Percentages of total	15%	13%	37%	13%	78%	3%	19%	22%	100%

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	$ 1,008,366	$ 681,034	$ 1,048,660	$ 640,487	$ 3,378,547	$ 91,821	$ 393,640	$ 485,461	$ 3,864,008
Payroll taxes and benefits	348,340	225,867	430,108	214,188	1,218,503	27,947	208,143	236,090	1,454,593
Contract services	70,071	455,074	1,221,745	206,387	1,953,277	18,326	323,839	342,165	2,295,442
Marketing	-	-	967,582	-	967,582	-	-	-	967,582
Outreach events	-	-	5,900	719	6,619	-	-	-	6,619
Professional rees	1,879	1,269	1,954	1,194	6,296	171	151,855	152,026	158,322
Donated resources	-	-	500,955	389	501,344	-	110,236	110,236	611,580
Supplies and other	87,849	146,788	336,127	66,055	636,819	161,670	126,692	288,362	925,181
Travel	17,837	14,370	91,398	73,841	197,446	15	61,348	61,363	258,809
Facilities	46,148	29,273	61,645	28,517	165,583	3,444	46,635	50,079	215,662
Total expenses	$ 1,580,490	$ 1,553,675	$ 4,666,074	$ 1,231,777	$ 9,032,016	$ 303,394	$ 1,422,388	$ 1,725,782	$ 10,757,798
Percentages of total	15%	14%	43%	11%	84%	3%	13%	16%	100%

See notes to financial statements.

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, 2024 and 2023, all amounts were considered collectible and no allowance was deemed necessary.

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.

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

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). Depreciation expense was $77,268 and $67,792 for the years ended June 30, 2024 and 2023, respectively.

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. Amortization expense was $304,768 and $301,624 for the years ended June 30, 2024 and 2023, respectively.

Leases:

The Organization leases office space and determines if an arrangement is a lease at inception. Operating and financing leases are included in right-of-use (ROU) assets and lease liabilities on the statements of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As the office space leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The ROU asset also includes any lease payments made and non-lease costs and lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses incurred and these leases are not included as lease liabilities or ROU assets on the statements of financial position.

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:

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.

Advertising costs:

Advertising costs are expensed as incurred. Advertising costs for the years ended June 30, 2024 and 2023 was $324,232 and $967,582, respectively.

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:

Management has evaluated for subsequent events through November 26, 2024, the date the financial statements were available for issuance.

2. Liquidity:

The following represents the Organization's financial assets at June 30, 2024 and 2023:

	2024	2023
Financial assets at year-end:		
Cash	**$ 1,147,657**	$ 850,944
Accounts receivable, trade, net	**21,793**	10,038
Investments	**5,099,940**	5,435,242
Financial assets available to meet general expenditures over the next twelve months	**$ 6,269,390**	$ 6,296,224

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 and equities.

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:

	2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Money Market	**$ 50,291**			**$ 50,291**
Equities	**1,064,571**			**1,064,571**
Fixed income	**3,985,078**			**3,985,078**
Total	**$ 5,099,940**	**$ -**	**$ -**	**$ 5,099,940**

	2023			
	Level 1	Level 2	Level 3	Total
Money Market	$ 117,247			$ 117,247
Equities	1,394,606			1,394,606
Fixed income	3,923,389			3,923,389
Total	$ 5,435,242	$ -	$ -	$ 5,435,242

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. Property, plant, equipment, website:

Property, plant, equipment consist of the following at June 30:

	2024	2023
Leasehold improvements	**$ 699,337**	$ 697,687
Furnishing and equipment	**163,072**	163,072
	862,409	860,759
Less accumulated depreciation	**(691,454)**	(614,186)
Net property and equipment	**$ 170,955**	$ 246,573

5. Property, plant, equipment, website(continued):

Website development assets consist of the following at June 30:

	2024	2023
Website development	**$ 1,644,118**	$ 1,508,118
Less accumulated amortization	**(988,687)**	(683,920)
Net website development	**$ 655,431**	$ 824,198

6. Leases:

The Organization entered into various leases agreements which terminate on various dates through October 2028. Rent expense for the years ended June 30, 2024 and 2023 was $90,708 and $163,543, respectively.

The following is the future minimum lease payments under leases:

Year ended June 30	Amount
2025	$ 94,494
2026	96,763
2027	34,710
2028	3,306
Total minimum lease payments	229,273
Less amount representing interest	(12,002)
Present value of lease liabilities	$ 217,271

The weighted-average remaining lease term is 2.4 years or (28 months) for operating leases, as of June 30, 2024. The weighted-average discount rate is 4.16% for operating leases, as of June 30, 2024.

7. 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 $166,552 and $168,581 for the years ended June 30, 2024 and 2023, respectively.