DESIRING GOD

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

DESIRING GOD
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YEARS ENDED JUNE 30, 2015 AND 2014

INDEPENDENT AUDITORS' REPORT

Board of Directors
Desiring God
Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Desiring God (including Children Desiring God, LLC), which comprise the consolidated balance sheets as of June 30, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Board of Directors
Desiring God

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Desiring God as of June 30, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 10 and 11, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 2, 2015

DESIRING GOD
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,925,201	$ 1,280,745
Accounts Receivable	4,559	1,186
Other Receivables	240	1,919
Prepaid Expenses	53,715	55,364
Inventory	30,967	30,542
Total Current Assets	2,014,682	1,369,756
PROPERTY AND EQUIPMENT		
Leasehold Improvements	360,870	360,870
Furnishings and Equipment	195,028	195,028
Total Leasehold Improvements and Equipment	555,898	555,898
Less: Accumulated Depreciation	(229,335)	(172,957)
Total Property and Equipment	326,563	382,941
Total Assets	$ 2,341,245	$ 1,752,697
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 125,508	$ 150,585
Accrued Expenses	230,076	272,917
Deferred Revenue	-	248,555
Total Liabilities	355,584	672,057
NET ASSETS		
Unrestricted - Undesignated	309,098	(115,005)
Unrestricted - Board Designated	1,350,000	812,704
Unrestricted - Property and Equipment	326,563	382,941
Total Unrestricted Net Assets	1,985,661	1,080,640
Total Net Assets	1,985,661	1,080,640
Total Liabilities and Net Assets	$ 2,341,245	$ 1,752,697

See accompanying Notes to Consolidated Financial Statements.

DESIRING GOD
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2015 AND 2014

	2015				2014			
	Unrestricted	Temporarily Restricted	Total	Percentage	Unrestricted	Temporarily Restricted	Total	Percentage
SUPPORT AND REVENUE								
Contributions	$ 3,526,760	$ -	$ 3,526,760	65.2 %	$ 3,107,153	$ -	$ 3,107,153	59.5 %
Grants and Honoraria	232,500	-	232,500	4.3	255,800	-	255,800	4.9
Product Sales	1,128,358	-	1,128,358	20.9	1,167,955	-	1,167,955	22.3
Bookstore Revenue	23,112	-	23,112	0.4	23,387	-	23,387	0.4
Conference Revenue	495,476	-	495,476	9.2	661,874	-	661,874	12.7
Interest Income	84	-	84	-	851	-	851	-
Miscellaneous	-	-	-	-	9,527	-	9,527	0.2
Net Assets Released from Purpose Restriction	-	-	-	-	227,842	(227,842)	-	-
Total Support and Revenue	5,406,290	-	5,406,290	100.0 %	5,454,389	(227,842)	5,226,547	100.0 %
EXPENSES								
Program Expenses	3,428,420	-	3,428,420	76.2 %	4,041,612	-	4,041,612	77.8 %
Support Expenses:								
General and Administrative Expense	707,651	-	707,651	15.7	797,239	-	797,239	15.3
Fundraising Expense	365,198	-	365,198	8.1	356,724	-	356,724	6.9
Total Support Expenses	1,072,849	-	1,072,849	23.8	1,153,963	-	1,153,963	22.2
Total Expenses	4,501,269	-	4,501,269	100.0 %	5,195,575	-	5,195,575	100.0 %
CHANGE IN NET ASSETS	905,021	-	905,021		258,814	(227,842)	30,972	
Net Assets - Beginning	1,080,640	-	1,080,640		821,826	227,842	1,049,668	
NET ASSETS - ENDING	$ 1,985,661	$ -	$ 1,985,661		$ 1,080,640	$ -	$ 1,080,640	

See accompanying Notes to Consolidated Financial Statements.

DESIRING GOD
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 905,021	$ 30,972
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	56,378	64,293
Loss on Sale of Property and Equipment	-	11,136
(Increase) Decrease in Current Assets:		
Accounts and Other Receivables	(3,373)	102,764
Prepaid Expenses	1,649	17,252
Inventory	(425)	26,688
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(25,077)	47,819
Accrued Expenses	(42,841)	120,969
Deferred Revenue	(248,555)	101,594
Net Cash Provided by Operating Activities	642,777	523,487
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments Received on Note Receivable	1,679	21,111
Purchases of Property and Equipment	-	(360,870)
Net Cash Provided (Used) by Investing Activities	1,679	(339,759)
INCREASE IN CASH AND CASH EQUIVALENTS	644,456	183,728
Cash and Cash Equivalents - Beginning of Year	1,280,745	1,097,017
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,925,201	$ 1,280,745

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

The mission of Desiring God is to help people everywhere understand and embrace the truth that God is most glorified in us when we are most satisfied in him. The core strategy of Desiring God is to corral, curate, and freely spread John Piper content through a maximally useful website. This consists of items such as audio and video sermons, blog, books, ebooks, and apps. In addition, Desiring God oversees Children Desiring God, which publishes children's educational curricula and coordinates conferences.

Basis of Consolidation

The consolidated financial statements include the activities of Desiring God and Children Desiring God, LLC. The consolidation is due to the Organization's control of Children Desiring God, LLC, as the sole member of the LLC. All intercompany transactions have been eliminated in consolidation.

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:

Unrestricted – 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.

Temporarily Restricted – Those resources subject to donor imposed restrictions which will be satisfied by actions of the Organization or passage of time. The organization does not have any temporarily restricted net assets during the current year.

The Organization has elected to present temporarily restricted contributions, which are fulfilled in the same calendar year, within the unrestricted net asset class.

Cash and Cash Equivalents

Cash and cash equivalents includes all cash balances and highly liquid investments with an original maturity of three months or less. The Organization deposits its temporary cash investments in high credit quality financial institutions. At times, such investments may be in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits.

Accounts and Other Receivables

Receivables are stated at realizable value. The Organization provides an allowance for bad debts using the allowance method, which is based on management judgment 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, 2015 and 2014, all amounts were considered collectible and no allowance was deemed necessary.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory consisting of religious books and materials is valued at current cost utilizing a weighted average method of accounting.

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 for the years ended June 30, 2015 and 2014 was $56,378 and $64,293, respectively.

Accounting Estimates

Management uses estimates and assumptions in preparing consolidated 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.

Deferred Revenue

Payments received by the Organization for conferences held in future periods are deferred and subsequently recognized as revenue in the year for which the payment applies.

Functional Expenses

Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service, are allocated on the best estimates of management.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 2, 2015, the date the consolidated financial statements were available to be issued.

NOTE 2 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 adopted the income tax standard for uncertain tax positions. No liability was recognized by the Organization as a result of the standards implementation.

NOTE 3 LEASES

In June 2013, Desiring God and Children Desiring God entered into new lease agreements. Desiring God's lease terminates on October 31, 2020, and Children Desiring God's lease terminates on May 31, 2014, with the option to renew. This lease was renewed for the year ended June 30, 2015, and now terminates on May 31, 2016. Rent expense for the years ended June 30, 2015 and 2014, was $120,517 and $114,946, respectively.

The following is the future minimum lease payment schedule for the leases noted above:

Year Ending December 31,	Amount
2016	$ 86,490
2017	67,950
2018	67,140
2019	67,400
2020	68,770
Thereafter	23,000
Total	$ 380,750

NOTE 4 COMMITMENTS

In 2014, the Organization agreed to severance payments totaling $125,000 to be paid in future years. During the year ended June 30, 2015, $33,000 of payments were made, with a remaining liability of $92,000. This is included in accrued expenses on the consolidated balance sheets.

NOTE 5 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 4% of employee's annual gross salary. The Organization follows the policy of funding retirement plan contributions as accrued. Contributions to the plan totaled $47,619 and $60,421 for the years ended June 30, 2015 and 2014.

NOTE 6 RELATED PARTIES

In 2001, the Piper family formed the Desiring God Foundation. This organization is a 501(c)(3) – Private Foundation and has no legal connection with Desiring God Ministries. 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 Desiring God but it is under no charter requirement to do so. Desiring God received grants from Desiring God Foundation in the amount of $200,000 during the years ended June 30, 2015 and 2014, respectively.

Royalties to one of the authors of the curriculum was distributed into a company that was formed to distribute funds for charitable purposes. One of the owners of this company is the President and Founder of Children Desiring God. During the years ended June 30, 2015 and 2014, the distributed amount to this company totaled $41,149 and $56,177, respectively.

NOTE 7 LINE OF CREDIT

In 2011, the Organization entered into a line of credit agreement with Wells Fargo Bank. The line of credit is unsecured and provides for short-term borrowing up to $100,000 at a variable interest rate of prime + 6.75%. The agreement automatically renews each year until terminated by the Organization. There were no outstanding balances due on this line of credit as of June 30, 2015 and 2014.

NOTE 8 SUBSEQUENT EVENT

Effective February 25, 2015, Children Desiring God received their 501(c)(3) status from the IRS. As of July 1, 2015 Children Desiring God will separate from Desiring God and operate as a separate 501(c)(3).

DESIRING GOD
CONSOLIDATING BALANCE SHEET
JUNE 30, 2015

ASSETS	Desiring God	Children Desiring God	Eliminations	Total
CURRENT ASSETS				
Cash and Cash Equivalents	$ 1,834,898	$ 90,303	$ -	$ 1,925,201
Accounts Receivable	2,590	1,969	-	4,559
Other Receivables	240	395	(395)	240
Prepaid Expenses	48,640	5,075	-	53,715
Inventory	-	30,967	-	30,967
Total Current Assets	1,886,368	128,709	(395)	2,014,682
PROPERTY AND EQUIPMENT				
Building Improvements	360,870	-	-	360,870
Furnishings and Equipment	147,685	47,343	-	195,028
Total Building Improvements and Equipment	508,555	47,343	-	555,898
Less: Accumulated Depreciation	(196,429)	(32,906)	-	(229,335)
Total Property and Equipment	312,126	14,437	-	326,563
Total Assets	$ 2,198,494	$ 143,146	$ (395)	$ 2,341,245
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	$ 60,557	$ 65,346	$ (395)	$ 125,508
Accrued Expenses	219,093	10,983	-	230,076
Deferred Revenue	-	-	-	-
Total Liabilities	279,650	76,329	(395)	355,584
NET ASSETS				
Unrestricted - Undesignated	256,718	52,380	-	309,098
Unrestricted - Board Designated	1,350,000	-	-	1,350,000
Unrestricted - Property and Equipment	312,126	14,437	-	326,563
Total Unrestricted Net Assets	1,918,844	66,817	-	1,985,661
Total Net Assets	1,918,844	66,817	-	1,985,661
Total Liabilities and Net Assets	$ 2,198,494	$ 143,146	$ (395)	$ 2,341,245

DESIRING GOD
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	Desiring God			Children Desiring God				
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total	Eliminations	Total
SUPPORT AND REVENUE								
Contributions	$ 3,478,442	$ -	$ 3,478,442	$ 48,318	$ -	$ 48,318	$ -	$ 3,526,760
Grants and Honoraria	232,500	-	232,500	-	-	-	-	232,500
Product Sales	44,669	-	44,669	1,083,689	-	1,083,689	-	1,128,358
Bookstore Revenue	23,112	-	23,112	-	-	-	-	23,112
Conference Revenue	464,455	-	464,455	31,021	-	31,021	-	495,476
Interest Income	-	-	-	84	-	84	-	84
Total Support and Revenue	4,243,178	-	4,243,178	1,163,112	-	1,163,112	-	5,406,290
EXPENSES								
Program Expenses	2,582,483	-	2,582,483	845,937	-	845,937	-	3,428,420
Support Expenses:								
General and Administrative Expense	414,012	-	414,012	293,639	-	293,639	-	707,651
Fundraising Expense	359,754	-	359,754	5,444	-	5,444	-	365,198
Total Support Expenses	773,766	-	773,766	299,083	-	299,083	-	1,072,849
Total Expenses	3,356,249	-	3,356,249	1,145,020	-	1,145,020	-	4,501,269
CHANGE IN NET ASSETS	886,929	-	886,929	18,092	-	18,092	-	905,021
Net Assets - Beginning	1,031,915	-	1,031,915	48,725	-	48,725	-	1,080,640
NET ASSETS - ENDING	$ 1,918,844	$ -	$ 1,918,844	$ 66,817	$ -	$ 66,817	$ -	$ 1,985,661