DESIRING GOD

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

DESIRING GOD
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YEARS ENDED JUNE 30, 2017 AND 2016

INDEPENDENT AUDITORS' REPORT

Board of Directors
Desiring God
Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Desiring God, which comprise the balance sheets as of June 30, 2017 and 2016, and the related statements of activities and cash flows 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.

Auditors' 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 we plan and perform the audits 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 auditors' 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Desiring God as of June 30, 2017 and 2016, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 1, 2017

DESIRING GOD
BALANCE SHEETS
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 3,191,433	$ 3,113,777
Accounts Receivable	29,253	2,512
Other Receivables	92	287
Prepaid Expenses	56,477	28,637
Total Current Assets	3,277,255	3,145,213
PROPERTY AND EQUIPMENT		
Leasehold Improvements	373,522	360,870
Furnishings and Equipment	162,948	162,948
Total Leasehold Improvements and Equipment	536,470	523,818
Less: Accumulated Depreciation	(303,147)	(247,654)
Total Property and Equipment	233,323	276,164
Total Assets	$ 3,510,578	$ 3,421,377
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 177,306	$ 92,213
Accrued Expenses	166,253	155,943
Deferred Revenue	19,391	24,449
Total Liabilities	362,950	272,605
NET ASSETS		
Unrestricted – Undesignated	544,545	522,608
Unrestricted – Board Designated	2,369,760	2,350,000
Unrestricted – Property and Equipment	233,323	276,164
Total Unrestricted Net Assets	3,147,628	3,148,772
Total Liabilities and Net Assets	$ 3,510,578	$ 3,421,377

See accompanying Notes to Financial Statements.

DESIRING GOD
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	Percentage	2016	Percentage
SUPPORT AND REVENUE				
Contributions	$ 4,679,938	92.9 %	$ 4,719,000	93.8 %
Grants and Honoraria	282,350	5.6	253,795	5.0
Product Sales	77,147	1.5	58,270	1.2
Total Support and Revenue	5,039,435	100.0	5,031,065	100.0
EXPENSES				
Program Expenses	3,775,951	74.9	2,725,177	71.7
Support Expenses:				
General and Administrative Expenses	533,376	10.6	462,072	12.2
Fundraising Expenses	731,252	14.5	613,888	16.1
Total Support Expenses	1,264,628	25.1	1,075,960	28.3
Total Expenses	5,040,579	100.0	3,801,137	100.0
CHANGE IN NET ASSETS	(1,144)		1,229,928	
Net Assets – Beginning of Year	3,148,772		1,918,844	
NET ASSETS – END OF YEAR	$ 3,147,628		$ 3,148,772	

See accompanying Notes to Financial Statements.

DESIRING GOD
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (1,144)	$ 1,229,928
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	55,493	51,224
(Increase) Decrease in Current Assets:		
Accounts and Other Receivables	(26,546)	78
Prepaid Expenses	(27,840)	20,003
Increase (Decrease) in Current Liabilities:		
Accounts Payable	85,093	31,656
Accrued Expenses	10,310	(63,150)
Deferred Revenue	(5,058)	24,449
Net Cash Provided by Operating Activities	90,308	1,294,188
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments Received on Note Receivable	-	(47)
Purchase of Property and Equipment	(12,652)	(15,262)
Net Cash Used by Investing Activities	(12,652)	(15,309)
CHANGE IN CASH AND CASH EQUIVALENTS	77,656	1,278,879
Cash and Cash Equivalents – Beginning of Year	3,113,777	1,834,898
CASH AND CASH EQUIVALENTS – END OF YEAR	$ 3,191,433	$ 3,113,777

See accompanying Notes to 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, e-books, and apps.

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 currently have any temporarily restricted net assets.

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, 2017 and 2016, all amounts were considered collectible and no allowance was deemed necessary.

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, 2017 and 2016 was $55,493 and $51,224, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Accounting Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. 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

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 financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 1, 2017, the date the 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 entered into a new lease agreement which terminates on October 31, 2020. Rent expense for the years ended June 30, 2017 and 2016 was $108,906 and $101,192, respectively.

NOTE 3 LEASES (CONTINUED)

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

Year Ending December 31,	Amount
2018	$ 69,588
2019	69,848
2020	71,218
2021	25,040
Total	$ 235,694

NOTE 4 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 plus 6.75%. The agreement automatically renewed each year until terminated by the Organization. The agreement was terminated during the year ended June 30, 2017.

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 $59,123 and $50,129 for the years ended June 30, 2017 and 2016.

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 $250,000 and $225,000 during the years ended June 30, 2017 and 2016, respectively.

During the years ended June 30, 2017 and 2016, Desiring God contracted with a nonprofit organization for translation of projects for nearly $16,000 and $32,000, respectively. A Desiring God board member is the Founder of the nonprofit that was hired for translation projects.

In the year ended June 30, 2017, the Organization awarded a $70,000 grant to Truth78, $40,000 of which is unrestricted and $30,000 was restricted for rebranding and website projects.