Financial statements of:

DESIRING GOD MINISTRIES

Years ended
June 30, 2018 and 2017

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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 sheet as of June 30, 2018, the related statement of activities and changes in net assets and cash flows for the year 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 audit. We conducted our audit 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, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of Desiring God Ministries, as of and for the year ended June 30, 2017, were audited by other auditors, whose report, dated November 1, 2017, expressed an unqualified opinion on those statements.

Schechter Dokken Kanter
Andrews & Selcer Ltd.

November 28, 2018

DESIRING GOD MINISTRIES

	2018	2017
Assets:		
Current assets:		
Cash and cash equivalents	**$ 4,399,241**	$ 3,191,433
Accounts receivable	**3,840**	29,253
Other receivables	**-**	92
Prepaid expenses	**119,914**	56,477
Total current assets	**4,522,995**	3,277,255
Property and equipment:		
Leasehold improvements	**373,522**	373,522
Furnishings and equipment	**93,439**	162,948
	466,961	536,470
Less accumulated depreciation	**289,764**	303,147
	177,197	233,323
	$ 4,700,192	$ 3,510,578
Liabilities:		
Current liabilities:		
Accounts payable	**$ 175,785**	$ 177,306
Accrued expenses	**205,880**	166,253
Deferred revenue	**14,332**	19,391
Total current liabilities	**395,997**	362,950
Net assets:		
Unrestricted:		
Undesignated	**126,998**	544,545
Board designated	**4,000,000**	2,369,760
Property and equipment	**177,197**	233,323
Total net assets	**4,304,195**	3,147,628
Total liabilities and net assets	**$ 4,700,192**	$ 3,510,578

See notes to financial statements.

DESIRING GOD MINISTRIES

	2018		2017	
	Amount	**Percentage**	Amount	Percentage
Support and revenue:				
Contributions	**7,102,445**	**98.9%**	$ 4,929,938	97.8%
Other revenue	**79,532**	**1.1%**	109,497	2.2%
Total revenue	**7,181,977**	**100.0%**	5,039,435	100.0%
Expenses:				
Program expenses	**4,517,517**	**75.0%**	3,705,951	73.5%
Support expenses:				
General and administrative	**650,311**	**10.8%**	603,376	12.0%
Fundraising	**857,582**	**14.2%**	731,252	14.5%
Total expenses	**6,025,410**	**100.0%**	5,040,579	100.0%
Change in unrestricted net assets	**1,156,567**		(1,144)	
Unrestricted net assets, beginning	**3,147,628**		3,148,772	
Unrestricted net assets, ending	**$ 4,304,195**		$ 3,147,628	

See notes to financial statements.

DESIRING GOD MINISTRIES

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30

	2018	2017
Cash flows from operating activities:		
Change in net assets	**$ 1,156,567**	$ (1,144)
Adjustments to reconcile net change in net assets to net cash provided by operating activities:		
Depreciation	**56,126**	55,493
(Increase) decrease in current assets:		
Accounts and other receivables	**25,505**	(26,546)
Prepaid expenses	**(63,437)**	(27,840)
Incease (decrease) in current liabilities:		
Accounts payable	**(1,521)**	85,093
Accrued expenses	**39,627**	10,310
Deferred revenue	**(5,059)**	(5,058)
Net cash provided by operating activities	**1,207,808**	90,308
Cash flows from investing activities, purchase of property and equipment	**-**	(12,652)
Net change in cash and cash equivalents	**1,207,808**	77,656
Cash and cash equivalents, beginning	**3,191,433**	3,113,777
Cash and cash equivalents, ending	**$ 4,399,241**	$ 3,191,433

See notes to financial statements.

1. Nature of business and significant accounting policies:

Nature of business:

The mission of Desiring God Ministries (the Organization) 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 Ministries 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:

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 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 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, 2018 and 2017, 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, 2018 and 2017 was $56,126 and $55,493, respectively.

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.

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

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:

Salaries and related expenses are allocated based on job descriptions and are 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 28, 2018, the date the financial statements were available to be issued.

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 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.

3. Leases:

The Organization entered into various leases agreements which terminate on various dates through December 2023. Rent expense for the years ended June 30, 2018 and 2017 was $111,850 and $108,906, respectively.

The following is the future minimum lease payments under leases:

Year ended June 30	Amount
2019	$ 73,028
2020	74,398
2021	28,220
2022	3,180
2023	1,855
	$ 180,681

4. Line of credit:

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 was terminated during the year ended June 30, 2017.

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 employees annual gross salary. The Organization follows the policy of funding retirement plan contributions as accrued. Contributions to the plan totaled $63,716 and $59,123 for the years ended June 30, 2018 and 2017, respectively.

6. 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 and $250,000 during the years ended June 30, 2018 and 2017, respectively.

During the years ended June 30, 2018 and 2017, the Organization contracted with a nonprofit organization for translation of projects for nearly $36,000 and $16,000, respectively. An Organization board member is the Founder of the nonprofit that was hired for translation projects.

In the years ended June 30, 2018 and 2017, the Organization awarded grants of $10,000 and $70,000, respectively, to Truth78.