

DESIRING GOD
A DIVISION OF BETHLEHEM BAPTIST CHURCH
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007

**DESIRING GOD
A DIVISION OF BETHLEHEM BAPTIST CHURCH
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Desiring God
Owned and Operated by Bethlehem Baptist Church
Minneapolis, Minnesota

We have audited the accompanying consolidated balance sheets of Desiring God, a division of Bethlehem Baptist Church (including Children Desiring God, LLC), as of December 31, 2008 and 2007, and the related consolidated statements of activity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our 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 December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information on pages 12 and 13 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual organizations. The consolidating information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.



LarsonAllen LLP

Minneapolis, Minnesota
June 5, 2009

DESIRING GOD
A DIVISION OF BETHLEHEM BAPTIST CHURCH
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2008 AND 2007

ASSETS	2008	2007
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,340,960	\$ 1,053,362
Accounts Receivable	35,502	4,351
Pledges Receivable	-	347,147
Other Receivables	2,220	6,998
Prepaid Expenses	49,847	64,627
Inventory	359,674	331,161
Total Current Assets	1,788,203	1,807,646
PROPERTY AND EQUIPMENT		
Leasehold Improvements	198,919	259,803
Furnishings and Equipment	471,531	440,921
Total Leasehold Improvements and Equipment	670,450	700,724
Less: Accumulated Depreciation	(409,722)	(326,288)
Total Property and Equipment	260,728	374,436
OTHER ASSETS		
Pledges Receivable	-	514,275
Note Receivable, Net of Discount	81,926	-
Total Other Assets	81,926	514,275
Total Assets	\$ 2,130,857	\$ 2,696,357
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 164,730	\$ 209,377
Accrued Expenses	81,280	104,636
Deferred Revenue	113,325	65,950
Total Liabilities	359,335	379,963
NET ASSETS		
Unrestricted Net Assets	747,762	644,680
Unrestricted - Board Designated	450,000	450,000
Unrestricted - Property and Equipment	260,728	374,436
Temporarily Restricted Net Assets	313,032	847,278
Total Net Assets	1,771,522	2,316,394
Total Liabilities and Net Assets	\$ 2,130,857	\$ 2,696,357

See accompanying Notes to Consolidated Financial Statements.

DESIRING GOD
A DIVISION OF BETHLEHEM BAPTIST CHURCH
CONSOLIDATED STATEMENTS OF ACTIVITY
YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			Percentage
	Unrestricted	Temporarily Restricted	Total	
SUPPORT AND REVENUE				
Contributions	\$ 2,032,630	\$ 710,984	\$ 2,743,614	39.2 %
Grants	250,000	-	250,000	3.6
Honoraria	-	-	-	-
Product Sales	2,796,759	-	2,796,759	40.0
Bookstore Revenue	593,063	-	593,063	8.5
Conference Revenue	606,720	-	606,720	8.7
Interest Income	6,011	-	6,011	0.1
Miscellaneous	(1,665)	-	(1,665)	-
Net Assets Released from Purpose Restriction	1,245,230	(1,245,230)	-	-
Total Support and Revenue	<u>7,528,748</u>	<u>(534,246)</u>	<u>6,994,502</u>	<u>100.0 %</u>
EXPENSES				
Program Expenses	4,843,714	-	4,843,714	76.0 %
Support Expenses:				
General and Administrative Expense	778,845	-	778,845	12.2
Fundraising Expense	<u>747,657</u>	<u>-</u>	<u>747,657</u>	11.7
Total Support Expenses	<u>1,526,502</u>	<u>-</u>	<u>1,526,502</u>	24.0
Total Expenses	<u>6,370,216</u>	<u>-</u>	<u>6,370,216</u>	<u>100.0 %</u>
CHANGE IN NET ASSETS - OPERATING	1,158,532	(534,246)	624,286	
NONOPERATING ACTIVITIES				
Refund of Contribution	(250,000)	-	(250,000)	
Elimination of In-Kind Rent Contribution	(581,442)	-	(581,442)	
Loss on Building Capacity Project	(164,981)	-	(164,981)	
Change in Discount on LT Note Receivable	<u>(172,735)</u>	<u>-</u>	<u>(172,735)</u>	
Total Nonoperating Activities	<u>(1,169,158)</u>	<u>-</u>	<u>(1,169,158)</u>	
CHANGE IN NET ASSETS	(10,626)	(534,246)	(544,872)	
Net Assets - Beginning	<u>1,469,116</u>	<u>847,278</u>	<u>2,316,394</u>	
NET ASSETS - ENDING	<u>\$ 1,458,490</u>	<u>\$ 313,032</u>	<u>\$ 1,771,522</u>	

See accompanying Notes to Consolidated Financial Statements.

2007

Unrestricted	Temporarily Restricted	Total	Percentage
\$ 1,469,176	\$ 1,039,915	\$ 2,509,091	31.6 %
250,000	-	250,000	3.2
2,200	-	2,200	-
3,805,451	-	3,805,451	48.0
623,390	-	623,390	7.9
720,726	-	720,726	9.1
26,247	-	26,247	0.3
(3,547)	-	(3,547)	-
200,377	(200,377)	-	-
<u>7,094,020</u>	<u>839,538</u>	<u>7,933,558</u>	<u>100.0 %</u>
5,509,197	-	5,509,197	80.4 %
671,527	-	671,527	9.8
674,174	-	674,174	9.8
<u>1,345,701</u>	<u>-</u>	<u>1,345,701</u>	<u>19.6</u>
<u>6,854,898</u>	<u>-</u>	<u>6,854,898</u>	<u>100.0 %</u>
239,122	839,538	1,078,660	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
<u>-</u>	<u>-</u>	<u>-</u>	
239,122	839,538	1,078,660	
1,229,994	7,740	1,237,734	
<u>\$ 1,469,116</u>	<u>\$ 847,278</u>	<u>\$ 2,316,394</u>	

DESIRING GOD
A DIVISION OF BETHLEHEM BAPTIST CHURCH
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (544,872)	\$ 1,078,660
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	83,434	69,279
Loss on Sale of Fixed Assets	60,884	-
In-Kind Asset Contribution	-	(3,134)
(Increase) Decrease in Current Assets:		
Accounts and Other Receivables	(26,373)	(7,464)
Pledges Receivable	861,422	(714,199)
Prepaid Expenses	14,780	54,916
Inventory	(28,513)	(38,598)
Note Receivable	(81,926)	-
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(44,647)	8,822
Accrued Expenses	(23,356)	72,012
Deferred Revenue	47,375	(60,200)
Net Cash Provided by Operating Activities	318,208	460,094
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(30,610)	(147,214)
INCREASE IN CASH AND CASH EQUIVALENTS	287,598	312,880
Cash and Cash Equivalents - Beginning of Year	1,053,362	740,482
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,340,960	\$ 1,053,362

See accompanying Notes to Consolidated Financial Statements.

**DESIRING GOD
A DIVISION OF BETHLEHEM BAPTIST CHURCH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

Desiring God exists to proclaim this truth: *God is most glorified in us when we are most satisfied in him.* The Organization does this mainly through distributing God-centered resources from Pastor John Piper. These God-centered resources include items such as books, audio sermons, online articles and online sermons. In addition, Desiring God publishes children's educational curricula, coordinates conferences, and produces a radio program called "Desiring God".

Desiring God is a division of Bethlehem Baptist Church. Bethlehem Baptist Church is organized to promote spiritual, educational and other interests for its members and the community. The mission of the Church is "to spread a passion for the supremacy of God in all things for the joy of all peoples." The Church is located in Minneapolis, Minnesota.

Children Desiring God, LLC was formed effective January 1, 2007 and was organized and shall be operated exclusively to carry out the purposes of its sole member, Desiring God.

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.

Permanently Restricted – Those resources subject to a donor imposed restriction that they be maintained permanently by the Organization.

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.

DESIRING GOD
A DIVISION OF BETHLEHEM BAPTIST CHURCH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 December 31, 2008 and 2007, the allowance for doubtful accounts was \$-0-

Pledges Receivable

Pledges receivable are recorded at net realizable value. Conditional pledges are not included as support until such time as the conditions are substantially met. Management believes the pledges are fully collectible.

Note Receivable

The note receivable is expected to be collected in future years and is recorded at the present value of the amount expected to be collected. This value is determined to be fair value and is calculated using an income approach of applying a discount rate technique in the year in which the note is made. The discount rate is 5.29% which was based on the Federal Home Loan Mortgage Corporation's (FHLMC) interest rate at December 31, 2008. Management believes this is the best estimate of the discount percentage. The discount is recorded as a program expense and classified as a discount for long-term note receivable. At December 31, 2008, the Organization believes the full amount of the note receivable to be collectible as stated in the agreement. Evaluation of the need for an allowance will be made on an annual basis. It has been noted that the consideration of the allowance may change in the near-term due to the pending fraud investigation noted in Note 10.

Inventory

Inventory consisting of religious books and materials is valued at current cost utilizing a lower of cost (first-in, first-out) or market method of accounting.

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation. 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 December 31, 2008 and 2007 was \$82,010 and \$69,279, respectively.

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.

**DESIRING GOD
A DIVISION OF BETHLEHEM BAPTIST CHURCH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

Payments received by the Organization for conferences held in 2009 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.

Advertising Expense

Advertising expenses are expensed as incurred. Advertising expense for the years ended December 31, 2008 and 2007 was \$88,096 and \$75,168, respectively.

Fair Value Measurements

SFAS No. 157, *Fair Value Measurements*, defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. The Organization accounts for its investments at fair value. In accordance with SFAS No. 157, the Organization has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

NOTE 2 PLEDGES RECEIVABLE

Pledges receivable consist of the following at December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Campaign Contributions	\$ -	\$ 30,000
Buildout Pledge	-	250,000
In-Kind Rent	-	671,475
Subtotal	-	951,475
Present Value Allowance - 5.0% and 2.5%, Respectively	-	(90,053)
Net Pledges Receivable	<u>\$ -</u>	<u>\$ 861,422</u>
Due within One Year	\$ -	\$ 347,147
Due in One to Five Years	-	514,275
Total Pledges Receivable	<u>\$ -</u>	<u>\$ 861,422</u>

**DESIRING GOD
A DIVISION OF BETHLEHEM BAPTIST CHURCH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 2 PLEDGES RECEIVABLE (CONTINUED)

During the year ended December 31, 2007, the Organization entered into a lease agreement that required the Organization to pay \$1 annually for the rental of office and storage space. This transaction was valued as a pledge receivable for in-kind rent at its fair value based on per square footage of comparable leased space for a five-year term, the foreseeable length of the lease as of December 31, 2007.

See Note 10 for explanation of pledge balance for year ended December 31, 2008.

NOTE 3 NOTE AND INTEREST RECEIVABLE

During the year ended December 31, 2008, the Organization entered into a promissory note with Hope Commons, LLC, for \$254,661. The agreement states that the outstanding principal balance and all accrued but unpaid interest (at an annual rate of 2%) shall be paid in full on November 20, 2023. The note is secured by a mortgage on the building. As of December 31, 2008, the balances of the note receivable and related interest receivable were \$254,661 and \$439, respectively. The discount value on the note receivable at December 31, 2008 was \$172,735.

NOTE 4 TAX EXEMPT STATUS

The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and Section 209.05, Subdivision 1(i) of the Minnesota Statutes. The Organization has elected to defer application of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*. The Organization follows Financial Accounting Standard No. 5, *Accounting for Contingencies*, for evaluating uncertain tax positions.

NOTE 5 RESTRICTIONS ON NET ASSETS

Temporarily Restricted

Temporarily restricted net assets consist of the following at December 31:

	2008	2007
Restricted to Purpose:		
Russian Translation	\$ 5,000	\$ 5,000
New Buildout	-	250,000
DWL Book Sponsor Program	3,377	5,245
Building Capacity Project	278,381	278
Spanish Translation	5,954	5,333
In-Kind Rent	-	581,422
Africa Pastor CD Project	360	-
Galatians 2:10	19,960	-
	\$ 313,032	\$ 847,278

Net assets released from purpose restrictions during the years ended December 31, 2008 and 2007 were \$1,245,230 and \$200,377, respectively.

DESIRING GOD
A DIVISION OF BETHLEHEM BAPTIST CHURCH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 6 LEASES

The Organization has a lease agreement for office space and parking lot space. Rent expense for the years ended December 31, 2008 and 2007 was \$88,633 and \$87,575, respectively. The following is the future minimum lease payment schedule for the lease noted above:

<u>Year Ending December 31,</u>	<u>Amount</u>
2009	\$ 50,967
2010	67,956
2011	67,956
2012	16,989
Total	<u>\$ 203,868</u>

NOTE 7 COMMITMENTS

The Organization has entered into agreements for ministry content and promotion and conference venues and hotels. Future minimum purchase commitments total approximately \$317,000 at December 31, 2008.

NOTE 8 PENSION PLAN

During 2008, the Organization established a 401(K) plan to replace the Simple IRA plan which was discontinued. The 401(K) plan 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 3% of employee's annual gross salary. The Organization follows the policy of funding retirement plan contributions as accrued. Contributions to the plan totaled \$30,071 and \$18,738 as of December 31, 2008 and 2007, respectively.

NOTE 9 RELATED PARTIES

Desiring God is a division of Bethlehem Baptist Church. During the years ended December 31, 2008 and 2007, Desiring God received \$43,377 and \$51,321, respectively, from Bethlehem Baptist Church and paid \$98,973 and \$11,712, respectively, to Bethlehem Baptist Church for purchases, reimbursements and donations.

One of the owners of the company Desiring God uses mailing and fulfillment services is a member of the Bethlehem Baptist Church Council of Elders. During the years ended December 31, 2008 and 2007, expenses for services from this company totaled \$361,738 and \$562,231, respectively.

DESIRING GOD
A DIVISION OF BETHLEHEM BAPTIST CHURCH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 9 RELATED PARTIES (CONTINUED)

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 during the years ended December 31, 2008 and 2007.

NOTE 10 NONOPERATING ACTIVITIES

During the year ended December 31, 2007, an individual pledged \$250,000 to the Building Capacity project and paid that pledge in June 2008. This same individual was involved, though not charged, with people involved in a multi-billion dollar fraud investigation. The Board of Directors of Desiring God determined that it would reflect best on Jesus Christ and adorn his gospel in our particular circumstance to return that donation. The refund of this contribution is shown as a nonoperating activity on the statement of activities for the year ended December 31, 2008.

During the year ended December 31, 2008, the board of directors made a decision not to move into the leased property and the Organization terminated the lease agreement. As a result, the pledge receivable was eliminated and a loss of \$581,442 in revenue was recorded as of December 31, 2008, and is shown as a nonoperating activity on the statement of activities.

On October 7, 2008, Desiring God suspended the construction project at Hope Commons after learning that the person who had purchased the Hope Commons building in 2006 was named in a high profile fraud investigation conducted by the US Attorney. By that time, Desiring God had already invested approximately \$165,000 on this project that could not be recouped and must be reflected as a loss. This loss is shown as a nonoperating activity on the statement of activities for the year ended December 31, 2008.

NOTE 11 GAIN CONTINGENCY

During the year ended December 31, 2008, the board of directors approved relocation assistance of \$29,000 to an employee, given to the employee as a lump sum in 2008. The terms of the agreement state that if the employee is obligated to pay back 100% of the sum if voluntarily resignations occurs within 12 months and 50% pay back if within 24 months. If the employee is still employed by the Organization after 24 months, then the employee is considered fully vested at that time.

DESIRING GOD
A DIVISION OF BETHLEHEM BAPTIST CHURCH
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2008
(UNAUDITED)

ASSETS	Desiring God	Children Desiring God	Eliminations	2008 Total	2007 Total
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 1,135,084	\$ 205,876	\$ -	\$ 1,340,960	\$ 1,053,362
Accounts Receivable	35,502	-	-	35,502	4,351
Pledges Receivable	-	-	-	-	347,147
Other Receivables	2,220	-	-	2,220	6,998
Prepaid Expenses	40,120	9,727	-	49,847	64,627
Inventory	343,218	16,456	-	359,674	331,161
Total Current Assets	<u>1,556,144</u>	<u>232,059</u>	<u>-</u>	<u>1,788,203</u>	<u>1,807,646</u>
PROPERTY AND EQUIPMENT					
Building Improvements	198,919	-	-	198,919	259,803
Furnishings and Equipment	454,438	17,093	-	471,531	440,921
Total Building Improvements and Equipment	<u>653,357</u>	<u>17,093</u>	<u>-</u>	<u>670,450</u>	<u>700,724</u>
Less: Accumulated Depreciation	(408,298)	(1,424)	-	(409,722)	(326,288)
Total Property and Equipment	<u>245,059</u>	<u>15,669</u>	<u>-</u>	<u>260,728</u>	<u>374,436</u>
OTHER ASSETS					
Pledges Receivable	-	-	-	-	514,275
Note Receivable, Net of Discount	81,926	-	-	81,926	-
Total Other Assets	<u>81,926</u>	<u>-</u>	<u>-</u>	<u>81,926</u>	<u>514,275</u>
Total Assets	<u>\$ 1,883,129</u>	<u>\$ 247,728</u>	<u>\$ -</u>	<u>\$ 2,130,857</u>	<u>\$ 2,696,357</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable	\$ 109,714	\$ 55,016	\$ -	\$ 164,730	\$ 209,377
Accrued Expenses	79,327	1,953	-	81,280	104,636
Deferred Revenue	105,235	8,090	-	113,325	65,950
Total Liabilities	<u>294,276</u>	<u>65,059</u>	<u>-</u>	<u>359,335</u>	<u>379,963</u>
NET ASSETS					
Unrestricted Net Assets	585,762	162,000	-	747,762	644,680
Unrestricted - Board Designated	450,000	-	-	450,000	450,000
Unrestricted - Property and Equipment	245,059	15,669	-	260,728	374,436
Temporarily Restricted Net Assets	308,032	5,000	-	313,032	847,278
Total Net Assets	<u>1,588,853</u>	<u>182,669</u>	<u>-</u>	<u>1,771,522</u>	<u>2,316,394</u>
Total Liabilities and Net Assets	<u>\$ 1,883,129</u>	<u>\$ 247,728</u>	<u>\$ -</u>	<u>\$ 2,130,857</u>	<u>\$ 2,696,357</u>

DESIRING GOD
A DIVISION OF BETHLEHEM BAPTIST CHURCH
CONSOLIDATING STATEMENT OF ACTIVITY
YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)

	2008		2008		2008		2008		2008	
	Desiring God		Children Desiring God		Desiring God		Children Desiring God		Desiring God	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Eliminations	Total
SUPPORT AND REVENUE										
Contributions	\$ 2,029,287	\$ 710,984	\$ 2,740,271	\$ 3,343	\$ 3,343	\$ -	\$ 3,343	\$ -	\$ -	\$ 2,743,614
Grants	250,000	-	250,000	-	-	-	-	-	-	250,000
Honoraria	-	-	-	-	-	-	-	-	-	-
Product Sales	1,345,960	-	1,345,960	1,450,799	1,450,799	-	1,450,799	-	-	2,796,759
Bookstore Revenue	593,063	-	593,063	-	-	-	-	-	-	593,063
Conference Revenue	591,900	-	591,900	14,820	14,820	-	14,820	-	-	606,720
Interest Income	6,011	-	6,011	-	-	-	-	-	-	6,011
Miscellaneous	83,667	-	83,667	-	-	-	-	-	(85,332)	(1,665)
Net Assets Released from Purpose Restriction	1,245,230	(1,245,230)	-	-	-	-	-	-	(85,332)	(1,665)
Total Support and Revenue	6,145,118	(534,246)	5,610,872	1,468,962	1,468,962	-	1,468,962	-	(85,332)	6,994,502
EXPENSES										
Program Expenses	3,698,569	-	3,698,569	1,230,477	1,230,477	-	1,230,477	-	(85,332)	4,843,714
Support Expenses:										
General and Administrative Expense	572,570	-	572,570	206,275	206,275	-	206,275	-	-	778,845
Fundraising Expense	733,426	-	733,426	14,231	14,231	-	14,231	-	-	747,657
Total Support Expenses	1,305,996	-	1,305,996	220,506	220,506	-	220,506	-	-	1,526,502
Total Expenses	5,004,565	-	5,004,565	1,450,983	1,450,983	-	1,450,983	-	(85,332)	6,370,216
CHANGE IN NET ASSETS - OPERATING	1,140,553	(534,246)	606,307	17,979	17,979	-	17,979	-	-	624,286
NONOPERATING ACTIVITIES										
Refund of Contribution	(250,000)	-	(250,000)	-	-	-	-	-	-	(250,000)
Elimination of In-Kind Rent Contribution	(581,442)	-	(581,442)	-	-	-	-	-	-	(581,442)
Loss on Building Capacity Project	(164,981)	-	(164,981)	-	-	-	-	-	-	(164,981)
Change in Discount on L.T. Note Receivable	(172,735)	-	(172,735)	-	-	-	-	-	-	(172,735)
Total Nonoperating Activities	(1,169,158)	-	(1,169,158)	-	-	-	-	-	-	(1,169,158)
CHANGE IN NET ASSETS	(28,605)	(534,246)	(562,851)	17,979	17,979	-	17,979	-	-	(544,872)
Net Assets - Beginning	1,309,652	842,278	2,151,930	159,464	159,464	5,000	164,464	-	-	2,316,394
NET ASSETS - ENDING	\$ 1,281,047	\$ 308,032	\$ 1,589,079	\$ 177,443	\$ 177,443	\$ 5,000	\$ 182,443	\$ -	\$ -	\$ 1,771,522