



**NEED HIM NATIONAL  
MEDIA OUTREACH, INC.**

FINANCIAL STATEMENTS  
With Independent Auditors' Report

June 30, 2013 and 2012

# NEED HIM NATIONAL

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Need Him National Media Outreach, Inc.  
Dallas, Texas

We have audited the accompanying financial statements of Need Him National Media Outreach, Inc., which comprise the statements of financial position as of June 30, 2013 and 2012, 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. 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.

Board of Directors  
Need Him National Media Outreach, Inc.  
Dallas, Texas

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Need Him National Media Outreach, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

Dallas, Texas  
September 17, 2013

# NEED HIM NATIONAL

## Statements of Financial Position

	June 30,	
	2013	2012
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 351,584	\$ 275,142
Prepaid expenses and other assets	48,845	1,298
Furniture, equipment, and software—net	365,578	283,692
	<hr/>	<hr/>
Total Assets	\$ 766,007	\$ 560,132
	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 12,553	\$ 4,444
Accrued expenses	18,017	24,179
	<hr/>	<hr/>
	30,570	28,623
	<hr/>	<hr/>
<b>Net assets:</b>		
<b>Unrestricted:</b>		
Undesignated	369,859	247,817
Equity in furniture and equipment	365,578	283,692
	<hr/>	<hr/>
	735,437	531,509
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 766,007	\$ 560,132
	<hr/> <hr/>	<hr/> <hr/>

See notes to financial statements

# NEED HIM NATIONAL

## Statements of Activities

	Year Ended June 30,	
	2013	2012
CHANGES IN UNRESTRICTED NET ASSETS:		
SUPPORT AND REVENUE:		
Contributions	\$ 1,954,044	\$ 1,877,856
Donated media and services	26,787,196	29,621,049
Donated rent	24,191	26,390
Other income	1,624	6,010
	<hr/>	<hr/>
Total Support and Revenue	28,767,055	31,531,305
	<hr/>	<hr/>
EXPENSES:		
Program services:		
Program development and ministry to constituency	1,304,634	1,460,664
Donated radio broadcasts	23,332,737	27,081,600
Donated printing	3,454,459	2,539,449
	<hr/>	<hr/>
	28,091,830	31,081,713
Supporting activities:		
Management and general	59,601	62,139
Fund-raising	411,696	133,254
	<hr/>	<hr/>
	471,297	195,393
	<hr/>	<hr/>
Total Expenses	28,563,127	31,277,106
	<hr/>	<hr/>
Change in Unrestricted Net Assets	203,928	254,199
Net Assets, Beginning of Year	531,509	277,310
	<hr/>	<hr/>
Net Assets, End of Year	\$ 735,437	\$ 531,509
	<hr/>	<hr/>

See notes to financial statements

# NEED HIM NATIONAL

## Statements of Cash Flows

	Year Ended June 30,	
	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 203,928	\$ 254,199
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	95,114	60,859
Change in:		
Prepaid expenses and other assets	(47,547)	29,772
Accounts payable	8,109	(11,600)
Accrued expenses	(6,162)	11,648
Net Cash Provided by Operating Activities	<u>253,442</u>	<u>344,878</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of furniture, equipment, and software	<u>(177,000)</u>	<u>(331,075)</u>
Net Cash Used by Investing Activities	<u>(177,000)</u>	<u>(331,075)</u>
Net Change in Cash and Cash Equivalents	76,442	13,803
Cash and Cash Equivalents, Beginning of Year	<u>275,142</u>	<u>261,339</u>
Cash and Cash Equivalents, End of Year	<u>\$ 351,584</u>	<u>\$ 275,142</u>

See notes to financial statements

# NEED HIM NATIONAL

## Notes to Financial Statements

June 30, 2013 and 2012

1. NATURE OF ORGANIZATION:

Need Him National Media Outreach, Inc.'s (Need Him) mission is to present the Gospel of Jesus Christ to all people, using all forms of media, and providing an opportunity to respond.

The vision of Need Him is to make it possible for any two people, anywhere in the world, using any device, to have a live conversation about Jesus, irrespective of their native language. Over 300,000 people contact Need Him annually via online chats, phone calls, and emails. This is made possible by donor contributions, donated radio airtime, donated newspaper print, and response volunteers.

Need Him is a Texas nonprofit organization exempt from federal income taxes under Section 501(a) of the Internal Revenue Code of 1986, as amended, as an organization described in Section 501(c)(3) of the code. Income generated from activities unrelated to Need Him's exempt purpose is subject to tax under Section 511 of the code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Need Him have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

### ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements. Actual results could differ from those estimates.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held in checking and money market accounts. These accounts may, at times, exceed federally insured limits. Need Him has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

### FURNITURE, EQUIPMENT, AND SOFTWARE—NET

Expenditures for furniture and equipment greater than \$500 are capitalized at cost. Expenditures for development of Need Him's chat platform greater than \$500 are capitalized at cost as software. Donated items are recorded at fair market value on the date of the gift. Depreciation and amortization is computed on the straight line method over the estimated useful lives of the assets, which range from 3 to 5 years.



# NEED HIM NATIONAL

## Notes to Financial Statements

June 30, 2013 and 2012

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### CLASSES OF NET ASSETS

The financial statements report amounts by class of net assets:

*Unrestricted net assets* are currently available for operations under the direction of the board and resources invested in furniture and equipment.

*Temporarily restricted net assets* are stipulated by donors for specific operating purposes, including projects and support of staff ministries, or for the acquisition of property and equipment. As of December 31, 2013 and 2012, Need Him had no temporarily restricted net assets.

#### SUPPORT, REVENUE, AND EXPENSES

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to Need Him.

Need Him reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Need Him's policy is to record temporarily restricted contributions which have been fully expended for their intended purposes within the same reporting period received as unrestricted.

Need Him reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Need Him reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are reported when costs are incurred in accordance with the accrual basis of accounting.

#### ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been summarized in the statements of activities. Accordingly, certain costs, such as depreciation and payroll, have been allocated among program services and supporting activities.

# NEED HIM NATIONAL

## Notes to Financial Statements

June 30, 2013 and 2012

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### DONATED MEDIA AND SERVICES

Need Him recognizes contributions of services received if such services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not contributed.

For the years ended June 30, 2013 and 2012, Need Him received donated airtime with an estimated value of \$23,332,237 and \$27,081,600, respectively, in the form of radio spots. These spots represent air-time or advertising provided at no cost to Need Him in the form of 30 and 60-second commercials that air many times every day on approximately 290 radio stations. The commercials are produced by leading Christian broadcasters and contain 30 or 60-second presentations of the Gospel of Jesus Christ that give people an opportunity to respond to [www.needhim.org](http://www.needhim.org) or 800-NEEDHIM. The recorded value, which represents the estimated fair value of similar air-time in these U.S. radio markets, is approximately \$41 for each 60-second spot and approximately \$16 for each 30-second spot.

Additionally, Need Him received \$3,454,459 and \$2,539,449 for the years ended June 30, 2013 and 2012, respectively, in contributed printing which consisted of newspaper advertisement pages in national media with Gospel related messages. The value recorded represents the fair value of similar advertisement pages.

All of the contributed services are recorded as program services in the statements of activities.

#### UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statement of activities. As of June 30, 2013, Need Him had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Need Him's files information tax returns in the United States of America (U.S.) and various states. Need Him is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2008.

#### RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform with current year presentation.

# NEED HIM NATIONAL

## Notes to Financial Statements

June 30, 2013 and 2012

### 3. FURNITURE, EQUIPMENT, AND SOFTWARE—NET:

Furniture, equipment, and software—net consist of:

	June 30,	
	2013	2012
Software	\$ 506,000	\$ 329,000
Furniture and equipment	26,707	32,733
	<u>532,707</u>	<u>361,733</u>
Less accumulated depreciation	(167,129)	(78,041)
	<u><u>\$ 365,578</u></u>	<u><u>\$ 283,692</u></u>

### 4. COMMITMENTS AND CONTINGENCIES:

Need Him entered into a lease for office space effective October 2009. It expires September 2014 under a noncancelable operating lease agreement. Total lease expense for the years ended June 30, 2013 and 2012, was \$30,237 and \$28,499, respectively. Future minimum lease payments under noncancelable operating leases are:

<u>Year Ending June 30,</u>	
2014	\$ 32,982
2015	10,994
	<u><u>\$ 43,976</u></u>

As part of the above operating lease, Need Him is provided below market rent from a third party organization. The difference between the rent paid and the fair value of the rent has been recorded as donated rent in the statements of activities. Need Him received donated rent income during the years ended June 30, 2013 and 2012, of \$24,191 and \$26,390, respectively.

### 5. CONCENTRATION:

Need Him received donations of \$755,000 from two donors during the year ended June 30, 2013 and received \$1,180,000 from one donor during the year ended June 30, 2012. These gifts accounted for approximately 39% and 63% of total cash contributions during the years ended June 30, 2013 and 2012, respectively.

### 6. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the date of the report, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

## **SUPPLEMENTARY DATA**

**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY DATA**

Board of Directors  
Need Him National Media Outreach, Inc.  
Dallas, Texas

We have audited the financial statements of Need Him National Media Outreach, Inc. as of and for the years ended June 30, 2013 and 2012, and our report thereon dated September 17, 2013, which expresses an unmodified opinion on those financial statements, appears on page 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Capin Crouse LLP*

Dallas, Texas  
September 17, 2013

# NEED HIM NATIONAL

## Schedule of Functional Expenses

Year Ended June 30, 2013

	Program Services	Supporting Activities			TOTAL
		Management and General	Fund-raising	Total Supporting Activities	
Donated radio broadcasts	\$ 23,332,737	\$ -	\$ -	\$ -	\$ 23,332,737
Donated printing	3,454,459	-	-	-	3,454,459
Salaries and benefits	382,272	41,601	110,873	152,474	534,746
Professional fees	10,963	7,515	77,635	85,150	96,113
Advertising and marketing	483,160	-	-	-	483,160
Meetings and events	181,896	-	181,896	181,896	363,792
Telephone	3,044	347	834	1,181	4,225
Information technology	90,650	2,713	9,704	12,417	103,067
Occupancy	51,376	2,942	8,127	11,069	62,445
Travel and entertainment	4,583	-	4,583	4,583	9,166
Depreciation	93,186	1,928	-	1,928	95,114
Other	3,504	2,555	18,044	20,599	24,103
	\$ 28,091,830	\$ 59,601	\$ 411,696	\$ 471,297	\$ 28,563,127

# NEED HIM NATIONAL

## Schedule of Functional Expenses

Year Ended June 30, 2012

	Program Services	Supporting Activities			TOTAL
		Management and General	Fund-raising	Total Supporting Activities	
Donated radio broadcasts	\$ 27,081,600	\$ -	\$ -	\$ -	\$ 27,081,600
Donated printing	2,539,449	-	-	-	2,539,449
Salaries and benefits	346,590	38,232	93,714	131,946	478,536
Professional fees	4,048	11,030	-	11,030	15,078
Advertising and marketing	599,618	-	-	-	599,618
Meetings and events	100	-	-	-	100
Telephone	3,044	347	834	1,181	4,225
Information Technology	382,754	2,260	7,290	9,550	392,304
Occupancy	54,910	3,247	7,811	11,058	65,968
Travel and entertainment	9,195	582	5,125	5,707	14,902
Depreciation	43,855	4,993	12,011	17,004	60,859
Other	16,550	1,448	6,469	7,917	24,467
	\$ 31,081,713	\$ 62,139	\$ 133,254	\$ 195,393	\$ 31,277,106