



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

FINANCIAL STATEMENTS
With Independent Auditors' Report

June 30, 2014 and 2013

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

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6
Supplementary Data	
Independent Auditors' Report on Supplementary Data	10
Schedule of Functional Expenses—2014	11
Schedule of Functional Expenses—2013	12

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, 2014 and 2013, 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, 2014 and 2013, 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
October 31, 2014

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

Statements of Financial Position

	June 30,	
	2014	2013
ASSETS:		
Cash and cash equivalents	\$ 313,551	\$ 351,584
Prepaid expenses and other assets	58,218	48,845
Furniture, equipment, and software—net	518,012	365,578
Total Assets	\$ 889,781	\$ 766,007
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 9,218	\$ 12,553
Accrued expenses	28,392	18,017
	37,610	30,570
Net assets:		
Unrestricted:		
Undesignated	334,159	369,859
Equity in furniture and equipment	518,012	365,578
	852,171	735,437
Total Liabilities and Net Assets	\$ 889,781	\$ 766,007

See notes to financial statements

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

Statements of Activities

	Year Ended June 30,	
	2014	2013
CHANGES IN UNRESTRICTED NET ASSETS:		
SUPPORT AND REVENUE:		
Contributions	\$ 1,968,517	\$ 1,954,044
Donated media and services	27,559,944	26,787,196
Donated rent	21,992	24,191
Other income	9,108	1,624
	<u>29,559,561</u>	<u>28,767,055</u>
EXPENSES:		
Program services:		
Program development and ministry to constituency	1,204,923	1,304,634
Donated radio broadcasts	23,332,737	23,332,737
Donated printing	4,227,207	3,454,459
	<u>28,764,867</u>	<u>28,091,830</u>
Supporting activities:		
Management and general	82,970	59,601
Fund-raising	594,990	411,696
	<u>677,960</u>	<u>471,297</u>
Total Expenses	<u>29,442,827</u>	<u>28,563,127</u>
Change in Unrestricted Net Assets	116,734	203,928
Net Assets, Beginning of Year	<u>735,437</u>	<u>531,509</u>
Net Assets, End of Year	<u>\$ 852,171</u>	<u>\$ 735,437</u>

See notes to financial statements

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

Statements of Cash Flows

	Year Ended June 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 116,734	\$ 203,928
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	148,665	95,114
Change in:		
Prepaid expenses and other assets	(9,373)	(47,547)
Accounts payable	(3,335)	8,109
Accrued expenses	10,375	(6,162)
Net Cash Provided by Operating Activities	263,066	253,442
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of furniture, equipment, and software	(301,099)	(177,000)
Net Cash Used by Investing Activities	(301,099)	(177,000)
Net Change in Cash and Cash Equivalents	(38,033)	76,442
Cash and Cash Equivalents, Beginning of Year	351,584	275,142
Cash and Cash Equivalents, End of Year	\$ 313,551	\$ 351,584

See notes to financial statements

NEED HIM NATIONAL MEDIA OUTREACH, INC.

Notes to Financial Statements

June 30, 2014 and 2013

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 a world engaged in gospel conversations. 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:

Need Him maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of 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 of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting periods. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

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 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 MEDIA OUTREACH, INC.

Notes to Financial Statements

June 30, 2014 and 2013

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 June 30, 2014 and 2013, 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 MEDIA OUTREACH, INC.

Notes to Financial Statements

June 30, 2014 and 2013

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, 2014 and 2013, Need Him received donated airtime with an estimated value of \$23,332,237 and \$23,332,237, 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 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 \$4,227,207 and \$3,454,459 for the years ended June 30, 2014 and 2013, 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, 2014, Need Him had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Need Him files information tax returns in the United States of America (U.S.) and various states. The Organization is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2010.

NEED HIM NATIONAL MEDIA OUTREACH, INC.

Notes to Financial Statements

June 30, 2014 and 2013

3. FURNITURE, EQUIPMENT, AND SOFTWARE–NET:

Furniture, equipment, and software–net consist of:

	June 30,	
	2014	2013
Software	\$ 806,000	\$ 506,000
Furniture and equipment	25,858	26,707
	831,858	532,707
Less accumulated depreciation	(313,846)	(167,129)
	\$ 518,012	\$ 365,578

4. COMMITMENTS AND CONTINGENCIES:

Need Him entered into a lease for office space effective October 2009. It expires October 2014 under a noncancelable operating lease agreement. Total lease expense for the years ended June 30, 2014 and 2013, was \$32,982 and \$30,237, respectively. Future minimum lease payments under noncancelable operating leases are:

<u>Year Ending June 30,</u>	
2015	\$ 10,994

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, 2014 and 2013, of \$21,992 and \$24,191, respectively.

5. CONCENTRATION:

Need Him received donations of \$745,000 from two donors during the year ended June 30, 2014 and received \$755,000 from two donors during the year ended June 30, 2013. These gifts accounted for approximately 38% and 39% of total cash contributions during the years ended June 30, 2014 and 2013, 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. Subsequent to year end Need Him entered into a new office lease space under an agreement beginning November 1, 2014. Monthly payments are expected to be between \$5,000 and \$5,476 through December 31, 2019.

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, 2014 and 2013, and our report thereon dated October 31, 2014 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
October 31, 2014

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

Schedule of Functional Expenses

Year Ended June 30, 2014

	Program Services	Supporting Activities		Total Supporting Activities	TOTAL
		Management and General	Fund-raising		
Donated radio broadcasts	\$ 23,332,737	\$ -	\$ -	\$ -	\$ 23,332,737
Donated printing	4,227,207	-	-	-	4,227,207
Salaries and benefits	354,782	61,364	140,581	201,945	556,727
Professional fees	51,650	7,525	40,836	48,361	100,011
Advertising and marketing	436,634	-	-	-	436,634
Meetings and events	1,761	-	345,775	345,775	347,536
Telephone	3,031	573	1,226	1,799	4,830
Information technology	144,123	3,607	14,507	18,114	162,237
Occupancy	41,080	6,952	16,618	23,570	64,650
Travel and entertainment	17,588	-	17,588	17,588	35,176
Depreciation	145,897	1,405	1,363	2,768	148,665
Other	8,377	1,544	16,496	18,040	26,417
	<u>\$ 28,764,867</u>	<u>\$ 82,970</u>	<u>\$ 594,990</u>	<u>\$ 677,960</u>	<u>\$ 29,442,827</u>

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

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
	<u>\$ 28,091,830</u>	<u>\$ 59,601</u>	<u>\$ 411,696</u>	<u>\$ 471,297</u>	<u>\$ 28,563,127</u>