



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

FINANCIAL STATEMENTS
With Independent Auditors' Report

June 30, 2015 and 2014

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

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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, 2015 and 2014, 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 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 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, 2015 and 2014, 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
November 12, 2015

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

Statements of Financial Position

	June 30,	
	2015	2014
ASSETS:		
Cash and cash equivalents	\$ 115,145	\$ 313,551
Prepaid expenses and other assets	66,533	58,218
Furniture, equipment, and software—net	448,312	518,012
Total Assets	\$ 629,990	\$ 889,781
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	111,052	\$ 9,218
Accrued expenses	27,912	28,392
	138,964	37,610
Net assets:		
Unrestricted:		
Undesignated	42,714	334,159
Equity in furniture and equipment	448,312	518,012
	491,026	852,171
Total Liabilities and Net Assets	\$ 629,990	\$ 889,781

See notes to financial statements

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

Statements of Activities

	Year Ended June 30,	
	2015	2014
CHANGES IN UNRESTRICTED NET ASSETS:		
SUPPORT AND REVENUE:		
Contributions	\$ 1,573,890	\$ 1,968,517
Donated media and services	23,978,130	27,559,944
Other income	16,656	31,100
	<u>25,568,676</u>	<u>29,559,561</u>
EXPENSES:		
Program services:		
Program development and ministry to constituency	1,149,806	1,204,923
Donated radio broadcasts	20,020,971	23,332,737
Donated printing	3,957,159	4,227,207
	<u>25,127,936</u>	<u>28,764,867</u>
Supporting activities:		
Management and general	168,783	82,970
Fund-raising	633,102	594,990
	<u>801,885</u>	<u>677,960</u>
Total Expenses	<u>25,929,821</u>	<u>29,442,827</u>
Change in Unrestricted Net Assets	(361,145)	116,734
Net Assets, Beginning of Year	<u>852,171</u>	<u>735,437</u>
Net Assets, End of Year	<u>\$ 491,026</u>	<u>\$ 852,171</u>

See notes to financial statements

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

Statements of Cash Flows

	Year Ended June 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (361,145)	\$ 116,734
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	175,030	148,665
Change in:		
Prepaid expenses and other assets	(8,315)	(9,373)
Accounts payable	101,834	(3,335)
Accrued expenses	(480)	10,375
Net Cash Provided by Operating Activities	(93,076)	263,066
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of furniture, equipment, and software	(105,330)	(301,099)
Net Cash Used by Investing Activities	(105,330)	(301,099)
Net Change in Cash and Cash Equivalents	(198,406)	(38,033)
Cash and Cash Equivalents, Beginning of Year	313,551	351,584
Cash and Cash Equivalents, End of Year	\$ 115,145	\$ 313,551

See notes to financial statements

NEED HIM NATIONAL MEDIA OUTREACH, INC.

Notes to Financial Statements

June 30, 2015 and 2014

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 275,000 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 response system 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 5 to 7 years.

NEED HIM NATIONAL MEDIA OUTREACH, INC.

Notes to Financial Statements

June 30, 2015 and 2014

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, 2015 and 2014, 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, 2015 and 2014

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, 2015 and 2014, Need Him received donated airtime with an estimated value of \$20,020,971 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 888-NEEDHIM. The recorded value, which represents the estimated fair value of similar air-time in these U.S. radio markets, is approximately \$44 for each 60-second spot and approximately \$18 for each 30-second spot.

Additionally, Need Him received \$3,957,159 and \$4,227,207 for the years ended June 30, 2015 and 2014, respectively, in contributed printing which consisted of newspaper advertisement pages in national media with Gospel related messages. The value recorded represents the actual price paid.

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, 2015, 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 is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2012.

NEED HIM NATIONAL MEDIA OUTREACH, INC.

Notes to Financial Statements

June 30, 2015 and 2014

3. FURNITURE, EQUIPMENT, AND SOFTWARE–NET:

Furniture, equipment, and software–net consist of:

	June 30,	
	2015	2014
Software	\$ 898,400	\$ 806,000
Furniture and equipment	24,787	25,858
	923,187	831,858
Less accumulated depreciation	(474,875)	(313,846)
	\$ 448,312	\$ 518,012

4. COMMITMENTS AND CONTINGENCIES:

Need Him entered into a lease for office space effective November 2014. It expires December 2019 under a noncancelable operating lease agreement. Total lease expense for the years ended June 30, 2015 and 2014, was \$46,032 and \$54,974, respectively. Future minimum lease payments under noncancelable operating leases are:

<u>Year Ending June 30,</u>	
2016	\$ 60,711
2017	62,140
2018	63,568
2019	64,997
2020	32,856
	\$ 284,272

As part of their previous operating lease, Need Him was 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, 2015 and 2014, of \$8,705 and \$21,992, respectively.

5. CONCENTRATION:

Need Him received donations of \$785,200 from two donors during the year ended June 30, 2015 and received \$745,000 from two donors during the year ended June 30, 2014. These gifts accounted for approximately 50% and 38% of total cash contributions during the years ended June 30, 2015 and 2014, 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, 2015 and 2014, and our report thereon dated November 12, 2015 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
November 12, 2015

**NEED HIM NATIONAL
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Schedule of Functional Expenses

Year Ended June 30, 2015

	Program Services	Supporting Activities			TOTAL
		Management and General	Fund-raising	Total Supporting Activities	
Donated radio broadcasts	\$ 20,020,971	\$ -	\$ -	\$ -	\$ 20,020,971
Donated printing	3,957,159	-	-	-	3,957,159
Salaries and benefits	190,180	118,618	186,563	305,181	495,361
Professional fees	218,722	7,974	41,501	49,475	268,197
Advertising and marketing	353,905	-	-	-	353,905
Meetings and events	2,136	-	324,326	324,326	326,462
Information technology	158,675	7,061	16,966	24,027	182,702
Occupancy	27,249	19,603	24,684	44,287	71,536
Travel and entertainment	3,982	3,865	3,865	7,730	11,712
Depreciation	173,877	576	577	1,153	175,030
Other	21,080	11,086	34,620	45,706	66,786
	<u>\$ 25,127,936</u>	<u>\$ 168,783</u>	<u>\$ 633,102</u>	<u>\$ 801,885</u>	<u>\$ 25,929,821</u>

**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
Information technology	144,123	3,607	14,507	18,114	162,237
Occupancy	44,111	7,525	17,844	25,369	69,480
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>