



NEED HIM
NATIONAL MEDIA OUTREACH, INC.

Financial Statements
With Independent Auditors' Report

June 30, 2017 and 2016

**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, 2017 and 2016, 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.

Auditors' 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, 2017 and 2016, 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

Grapevine, Texas
September 18, 2017

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

Statements of Financial Position

| | June 30, | |
|---|-------------------|-------------------|
| | 2017 | 2016 |
| ASSETS: | | |
| Cash and cash equivalents | \$ 16,542 | \$ 187,917 |
| Prepaid expenses and other assets | 116,090 | 66,540 |
| Furniture, equipment, and software—net | 318,947 | 407,821 |
| Total Assets | \$ 451,579 | \$ 662,278 |
| LIABILITIES AND NET ASSETS: | | |
| Liabilities: | | |
| Accounts payable | \$ 35,273 | \$ 37,708 |
| Accrued expenses | 11,373 | 79,996 |
| | 46,646 | 117,704 |
| Net assets: | | |
| Unrestricted: | | |
| Undesignated | 85,986 | 136,753 |
| Equity in furniture and equipment | 318,947 | 407,821 |
| | 404,933 | 544,574 |
| Total Liabilities and Net Assets | \$ 451,579 | \$ 662,278 |

See notes to financial statements

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

Statements of Activities

| | Year Ended June 30, | |
|--|---------------------|-------------------|
| | 2017 | 2016 |
| CHANGES IN UNRESTRICTED NET ASSETS: | | |
| SUPPORT AND REVENUE: | | |
| Contributions | \$ 899,774 | \$ 1,581,010 |
| Donated media and services | 17,792,068 | 20,043,266 |
| Donated printing | 4,753,113 | 4,365,747 |
| Losses on disposal | (4,180) | (1,803) |
| Total Support and Revenue | 23,440,775 | 25,988,220 |
| EXPENSES: | | |
| Program services: | | |
| Program development and ministry to constituency | 813,544 | 977,889 |
| Donated media and services | 17,792,068 | 20,043,266 |
| Donated printing | 4,753,113 | 4,365,747 |
| | 23,358,725 | 25,386,902 |
| Supporting activities: | | |
| Management and general | 87,165 | 78,284 |
| Fund-raising | 134,526 | 469,486 |
| | 221,691 | 547,770 |
| Total Expenses | 23,580,416 | 25,934,672 |
| Change in Unrestricted Net Assets | (139,641) | 53,548 |
| Net Assets, Beginning of Year | 544,574 | 491,026 |
| Net Assets, End of Year | \$ 404,933 | \$ 544,574 |

See notes to financial statements

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

Statements of Cash Flows

| | Year Ended June 30, | |
|---|---------------------|------------|
| | 2017 | 2016 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ (139,641) | \$ 53,548 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 161,959 | 188,312 |
| Losses on disposal | 4,180 | 1,803 |
| Change in: | | |
| Prepaid expenses and other assets | (49,550) | (7) |
| Accounts payable | (2,435) | (73,344) |
| Accrued expenses | (68,623) | 52,084 |
| Net Cash Provided (Used) by Operating Activities | (94,110) | 222,396 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of furniture, equipment, and software | (77,265) | (149,624) |
| Net Cash Used by Investing Activities | (77,265) | (149,624) |
| Net Change in Cash and Cash Equivalents | (171,375) | 72,772 |
| Cash and Cash Equivalents, Beginning of Year | 187,917 | 115,145 |
| Cash and Cash Equivalents, End of Year | \$ 16,542 | \$ 187,917 |

See notes to financial statements

NEED HIM NATIONAL MEDIA OUTREACH, INC.

Notes to Financial Statements

June 30, 2017 and 2016

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. Need Him receives over 200,000 conversations 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, 2017 and 2016

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, 2017 and 2016, 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, 2017 and 2016

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, 2017 and 2016, Need Him received donated airtime with an estimated value of \$17,790,318 and \$20,020,971, 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 each day on approximately 290 radio stations. The commercials are produced by Need Him and provided to leading Christian broadcasters. The commercials contain 30 or 60-second presentations of the Gospel of Jesus Christ that give people an opportunity to respond to www.chataboutjesus.com 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 \$1,750 and \$22,295 in donated social media services as of June 30, 2017 and 2016, respectively.

Need Him received \$4,753,113 and \$4,365,747 for the years ended June 30, 2017 and 2016, 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 by the donor.

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 statements of activities. As of June 30, 2017, 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 2014.

RECLASSIFICATIONS

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

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

Notes to Financial Statements

June 30, 2017 and 2016

3. FURNITURE, EQUIPMENT, AND SOFTWARE–NET:

Furniture, equipment, and software–net consist of:

| | June 30, | |
|-------------------------------|--------------|--------------|
| | 2017 | 2016 |
| Software | \$ 1,104,910 | \$ 1,042,700 |
| Furniture and equipment | 28,309 | 28,309 |
| | 1,133,219 | 1,071,009 |
| Less accumulated depreciation | (814,272) | (663,188) |
| | \$ 318,947 | \$ 407,821 |

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, 2017 and 2016, was \$62,140 and \$60,711, respectively. Future minimum lease payments under noncancelable operating leases are:

Year Ending June 30,

| | |
|------|------------|
| 2018 | \$ 63,568 |
| 2019 | 64,997 |
| 2020 | 32,856 |
| | \$ 161,421 |

5. CONCENTRATION:

Need Him received donations of \$355,000 from two donors during the year ended June 30, 2017, and received \$478,163 from two donors during the year ended June 30, 2016. These gifts accounted for approximately 39% and 30% of total cash contributions during the years ended June 30, 2017 and 2016, 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, 2017 and 2016, and our report thereon dated September 18, 2017, 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

Grapevine, Texas
September 18, 2017

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

Schedule of Functional Expenses

Year Ended June 30, 2017

| | Program Services | Supporting Activities | | | TOTAL |
|----------------------------|----------------------|------------------------------|-------------------|-----------------------------------|----------------------|
| | | Management and General | Fund-raising | Total Supporting Activities | |
| Donated media and services | \$ 17,792,068 | \$ - | \$ - | \$ - | \$ 17,792,068 |
| Donated printing | 4,753,113 | - | - | - | 4,753,113 |
| Salaries and benefits | 208,453 | 58,877 | 68,837 | 127,714 | 336,167 |
| Professional fees | 173,309 | 5,240 | 5,240 | 10,480 | 183,789 |
| Depreciation | 160,037 | 961 | 961 | 1,922 | 161,959 |
| Information technology | 136,312 | 2,882 | 13,540 | 16,422 | 152,734 |
| Occupancy | 47,795 | 16,132 | 15,833 | 31,965 | 79,760 |
| Advertising and marketing | 77,370 | - | - | - | 77,370 |
| Other | 9,458 | 2,957 | 29,883 | 32,840 | 42,298 |
| Travel and entertainment | 810 | 116 | 232 | 348 | 1,158 |
| | <u>\$ 23,358,725</u> | <u>\$ 87,165</u> | <u>\$ 134,526</u> | <u>\$ 221,691</u> | <u>\$ 23,580,416</u> |

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

Schedule of Functional Expenses

Year Ended June 30, 2016

| | Program Services | Supporting Activities | | | TOTAL |
|----------------------------|----------------------|------------------------------|-------------------|-----------------------------------|----------------------|
| | | Management and General | Fund-raising | Total Supporting Activities | |
| Donated media and services | \$ 20,043,266 | \$ - | \$ - | \$ - | \$ 20,043,266 |
| Donated printing | 4,365,747 | - | - | - | 4,365,747 |
| Salaries and benefits | 230,767 | 54,101 | 152,909 | 207,010 | 437,777 |
| Professional fees | 175,953 | 4,434 | 4,434 | 8,868 | 184,821 |
| Advertising and marketing | 174,533 | - | - | - | 174,533 |
| Meetings and events | 350 | - | 231,317 | 231,317 | 231,667 |
| Depreciation | 186,816 | 748 | 748 | 1,496 | 188,312 |
| Information technology | 156,204 | 4,673 | 19,022 | 23,695 | 179,899 |
| Occupancy | 40,067 | 11,811 | 26,871 | 38,682 | 78,749 |
| Other | 9,257 | 1,954 | 33,059 | 35,013 | 44,270 |
| Travel and entertainment | 3,942 | 563 | 1,126 | 1,689 | 5,631 |
| | <u>\$ 25,386,902</u> | <u>\$ 78,284</u> | <u>\$ 469,486</u> | <u>\$ 547,770</u> | <u>\$ 25,934,672</u> |