



NEED HIM NATIONAL MEDIA OUTREACH, INC.

Financial Statements
With Independent Auditors' Report

June 30, 2019 and 2018

**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, 2019 and 2018, and the related statements of activities, functional expenses, 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, 2019 and 2018, 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.

Emphasis of Matter

Need Him National Media Outreach, Inc., has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as described in Note 2. Our opinion has not been modified in respect to this matter.

Capin Crouse LLP

Grapevine, Texas
October 14, 2019

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

Statements of Financial Position

	June 30,	
	2019	2018
ASSETS:		
Cash and cash equivalents	\$ 73,889	\$ 145,145
Contribution receivable	54,954	-
Prepaid expenses and other assets	102,775	63,584
Furniture, equipment, and software–net	186,587	185,305
Total Assets	\$ 418,205	\$ 394,034
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 2,950	\$ 26,175
Accrued expenses	14,850	13,147
	17,800	39,322
Net assets:		
Without donor restrictions	300,405	354,712
With donor restrictions	100,000	-
	400,405	354,712
Total Liabilities and Net Assets	\$ 418,205	\$ 394,034

See notes to financial statements

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

Statements of Activities

	Year Ended June 30,	
	2019	2018
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
SUPPORT AND REVENUE:		
Contributions	\$ 1,031,562	\$ 1,206,590
Donated media and services	18,842,356	17,784,705
Donated printing	3,136,633	4,205,799
Other income	56,254	55,183
Total Revenue and Support	23,066,805	23,252,277
EXPENSES:		
Program services:		
Program development and ministry to constituency	963,954	850,792
Donated media and services	18,817,356	17,784,705
Donated printing	3,136,633	4,205,799
	22,917,943	22,841,296
Supporting activities:		
Management and general	86,913	74,746
Fundraising	116,256	386,456
	23,121,112	23,302,498
 Change in Net Assets Without Donor Restrictions	 (54,307)	 (50,221)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	100,000	-
Change in Net Assets With Donor Restrictions	100,000	-
 Total Change in Net Assets	 45,693	 (50,221)
 Net Assets, Beginning of Year	 354,712	 404,933
 Net Assets, End of Year	 \$ 400,405	 \$ 354,712

See notes to financial statements

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

Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services	Supporting Activities			Total
		Management and General	Fundraising	Total Supporting Activities	
Donated media and services	\$ 18,817,356	\$ -	\$ -	\$ -	\$ 18,817,356
Donated printing	3,136,633	-	-	-	3,136,633
Salaries and benefits	268,093	60,940	64,700	125,640	393,733
Professional fees	244,227	-	-	-	244,227
Information technology	142,333	3,848	13,338	17,186	159,519
Advertising and marketing	154,181	-	1,480	1,480	155,661
Depreciation	86,560	1,079	1,079	2,158	88,718
Occupancy	54,489	12,590	13,300	25,890	80,379
Other	10,002	7,875	21,196	29,071	39,073
Travel and entertainment	4,069	581	1,163	1,744	5,813
	<u>\$ 22,917,943</u>	<u>\$ 86,913</u>	<u>\$ 116,256</u>	<u>\$ 203,169</u>	<u>\$ 23,121,112</u>

See notes to financial statements

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

Statement of Functional Expenses

Year Ended June 30, 2018

	Program Services	Supporting Activities			Total
		Management and General	Fundraising	Total Supporting Activities	
Donated media and services	\$ 17,784,705	\$ -	\$ -	\$ -	\$ 17,784,705
Donated printing	4,205,799	-	-	-	4,205,799
Salaries and benefits	236,877	48,901	60,642	109,543	346,420
Services and supplies for president's gathering	-	-	275,120	275,120	275,120
Professional fees	210,790	5,465	5,465	10,930	221,720
Information technology	136,263	3,872	13,066	16,938	153,201
Advertising and marketing	71,293	-	-	-	71,293
Depreciation	133,383	1,020	1,020	2,040	135,423
Occupancy	53,507	13,064	13,665	26,729	80,236
Other	7,644	2,276	17,182	19,458	27,102
Travel and entertainment	1,035	148	296	444	1,479
	<u>\$ 22,841,296</u>	<u>\$ 74,746</u>	<u>\$ 386,456</u>	<u>\$ 461,202</u>	<u>\$ 23,302,498</u>

See notes to financial statements

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

Statements of Cash Flows

	Year Ended June 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 45,693	\$ (50,221)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	88,718	135,423
Change in:		
Contribution receivable	(54,954)	-
Prepaid expenses and other assets	(39,191)	52,506
Accounts payable	(23,225)	(9,098)
Accrued expenses	1,703	1,774
Net Cash Provided by Operating Activities	18,744	130,384
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of furniture, equipment, and software	(90,000)	(1,781)
Net Cash Used by Investing Activities	(90,000)	(1,781)
Net Change in Cash and Cash Equivalents	(71,256)	128,603
Cash and Cash Equivalents, Beginning of Year	145,145	16,542
Cash and Cash Equivalents, End of Year	\$ 73,889	\$ 145,145

See notes to financial statements

NEED HIM NATIONAL MEDIA OUTREACH, INC.

Notes to Financial Statements

June 30, 2019 and 2018

1. NATURE OF ORGANIZATION:

Need Him National Media Outreach, Inc.'s (Need Him) mission is to meet the hurting and broken with the Gospel of Jesus Christ.

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. As of June 30, 2019 and 2018, Need Him had no cash balances that exceeded federally insured limits.

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, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CONTRIBUTION RECEIVABLE

During the year ended June 30, 2019, Need Him received a pledge of \$54,954 from the president of the organization. It is expected to be received in full within one year.

CLASSES OF NET ASSETS

The financial statements report amounts by class of net assets:

Net assets without donor restrictions are currently available for operations under the direction of the board and resources invested in furniture and equipment.

Net assets with donor restrictions are stipulated by donors for specific operating purposes, including projects and support of staff ministries, or for the acquisition of property and equipment.

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 net assets with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Need Him's policy is to record net assets with donor restrictions which have been fully expended for their intended purposes within the same reporting period received as net assets without donor restrictions.

Need Him reports gifts of land, buildings, and equipment as net assets without donor restrictions 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.

Advertising expenses are expensed when incurred. As of June 30, 2019 and 2018, Need Him incurred \$155,661 and \$71,293, respectively, of advertising costs.

NEED HIM NATIONAL MEDIA OUTREACH, INC.

Notes to Financial Statements

June 30, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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. Depreciation is allocated based on usage of space, and other categories have been allocated based upon estimates of time and effort.

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, 2019 and 2018, Need Him received donated airtime with an estimated value of \$18,808,974 and \$17,757,390, 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 350 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 \$26 for each 60-second spot and approximately \$14 for each 30-second spot. Additionally, Need Him received \$8,382 and \$27,396 in donated social media services as of June 30, 2019 and 2018, respectively.

Need Him received \$3,136,633 and \$4,205,799 for the years ended June 30, 2019 and 2018, 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.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT

In 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Need Him adopted the provisions of this new standard during the year ended June 30, 2019. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures have been added regarding liquidity and the availability of resources (Note 3), and the allocation of expenses (Note 2).

NEED HIM NATIONAL MEDIA OUTREACH, INC.

Notes to Financial Statements

June 30, 2019 and 2018

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects Need Him's financial assets as of the statement of financial position sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position sheet date:

Financial assets as of June 30, 2019:	
Cash and cash equivalents	\$ 73,889
Contributions receivable	54,954
	128,843
Less those not available within one year:	
Donor restricted funds—restricted for capital projects	(100,000)
	(100,000)
Financial assets available for general expenditure within one year	\$ 28,843

As part of Need Him's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

4. FURNITURE, EQUIPMENT, AND SOFTWARE—NET:

Furniture, equipment, and software—net consist of:

	June 30,	
	2019	2018
Software	\$ 1,194,910	\$ 1,104,910
Furniture and equipment	29,190	29,190
	1,224,100	1,134,100
Less accumulated depreciation	(1,037,513)	(948,795)
	\$ 186,587	\$ 185,305

NEED HIM NATIONAL MEDIA OUTREACH, INC.

Notes to Financial Statements

June 30, 2019 and 2018

5. NET ASSETS WITH DONOR RESTRICTIONS:

As of June 30, 2019, net assets with donor restrictions consist of \$100,000, restricted for the development of the Echo system. As of June 30, 2018, Need Him did not have any net assets with donor restrictions.

6. 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, 2019 and 2018, was \$64,997 and \$63,568, respectively. Future minimum lease payments under noncancelable operating leases are:

Year Ending June 30,

2020

\$ 27,380

7. CONCENTRATION:

Need Him received donations of \$300,000 from two donors during the year ended June 30, 2019, and received \$450,200 from two donors during the year ended June 30, 2018. These gifts accounted for approximately 27% and 37% of total cash contributions during the years ended June 30, 2019 and 2018, respectively.

8. RELATED PARTY TRANSACTIONS:

During the years ended June 30, 2019 and 2018, Need Him received \$174,954 and \$300,200, respectively, in contributions from the president of the organization.

Additionally, during the years ended June 30, 2019 and 2018, Need Him received approximately \$146,000 and \$119,000, respectively, in contributions from members of the board of directors and related family members.

9. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through October 14, 2019, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.