



NEED HIM NATIONAL MEDIA OUTREACH, INC.

Financial Statements
With Independent Auditors' Report

June 30, 2023 and 2022

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

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Need Him National Media Outreach, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Need Him National Media Outreach, Inc. has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). The amendments in this update require organizations that lease assets to recognize on the statements of financial position the assets and liabilities for the rights and obligations created by the leases. A lessee is required to recognize assets and liabilities for leases with terms of more than 12 months. The amendments are effective for private companies and private not-for-profit organization for years beginning after December 15, 2021, with early adoption permitted.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Need Him National Media Outreach, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Need Him National Media Outreach, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Need Him National Media Outreach, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Capin Crouse LLP

Irving, Texas
October 9, 2023

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

Statements of Financial Position

	June 30,	
	2023	2022
ASSETS:		
Cash and cash equivalents	\$ 343,205	\$ 369,966
Prepaid expenses and other assets	32,520	73,012
Property and equipment–net	237,447	307,560
Operating lease right-of-use assets	121,051	-
	<u>\$ 734,223</u>	<u>\$ 750,538</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 8,965	\$ 5,669
Accrued expenses	15,033	66,000
Operating lease liabilities	124,770	-
Total liabilities	<u>148,768</u>	<u>71,669</u>
Net assets:		
Without donor restrictions	520,455	628,869
With donor restrictions	65,000	50,000
Total net assets	<u>585,455</u>	<u>678,869</u>
Total Liabilities and Net Assets	<u>\$ 734,223</u>	<u>\$ 750,538</u>

See notes to financial statements

NEED HIM NATIONAL MEDIA OUTREACH, INC.

Statements of Activities

	Year Ended June 30,	
	2023	2022
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
SUPPORT AND REVENUE:		
Contributions of cash and financial assets	\$ 1,349,739	\$ 1,041,171
Contributions of non-financial assets—media	5,473,831	17,616,044
Contributions of non-financial assets—printing	691,223	1,704,093
Other income	784	(223)
	7,515,577	20,361,085
Reclassifications—net assets released from restrictions:		
Satisfaction of purpose restrictions	50,000	50,000
	7,565,577	20,411,085
EXPENSES:		
Program services:		
Program development and ministry to constituency	864,509	834,669
Donated media	5,473,831	17,616,044
Donated printing	691,223	1,704,093
	7,029,563	20,154,806
Supporting activities:		
Management and general	89,784	93,513
Fundraising	554,644	128,282
	7,673,991	20,376,601
Change in Net Assets Without Donor Restrictions	(108,414)	34,484
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions of cash and financial assets	65,000	-
Reclassifications—net assets released from restrictions:		
Satisfaction of purpose restrictions	(50,000)	(50,000)
Change in Net Assets With Donor Restrictions	15,000	(50,000)
Total Change in Net Assets	(93,414)	(15,516)
Net Assets, Beginning of Year	678,869	694,385
Net Assets, End of Year	\$ 585,455	\$ 678,869

See notes to financial statements

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

Statement of Functional Expenses

Year Ended June 30, 2023

	Supporting Activities				Total
	Program Services	Management and General	Fundraising	Total Supporting Activities	
Donated media and services	\$ 5,473,831	\$ -	\$ -	\$ -	\$ 5,473,831
Donated printing	691,223	-	-	-	691,223
Salaries and benefits	301,859	62,164	82,059	144,223	446,082
Meetings and conferences	24,942	-	409,233	409,233	434,175
Professional fees	214,105	-	-	-	214,105
Information technology	94,190	4,876	16,644	21,520	115,710
Depreciation	100,228	1,192	1,192	2,384	102,612
Occupancy	56,999	11,930	15,642	27,572	84,571
Other	9,056	9,548	29,578	39,126	48,182
Advertising and marketing	61,035	-	-	-	61,035
Travel and entertainment	2,095	74	296	370	2,465
	\$ 7,029,563	\$ 89,784	\$ 554,644	\$ 644,428	\$ 7,673,991

See notes to financial statements

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

Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services	Supporting Activities			Total
		Management and General	Fundraising	Total Supporting Activities	
Donated media and services	\$ 17,616,044	\$ -	\$ -	\$ -	\$ 17,616,044
Donated printing	1,704,093	-	-	-	1,704,093
Salaries and benefits	312,696	66,633	74,193	140,826	453,522
Professional fees	209,370	6,139	6,139	12,278	221,648
Information technology	108,288	5,222	14,222	19,444	127,732
Depreciation	97,788	1,311	1,311	2,622	100,410
Occupancy	52,730	11,391	12,631	24,022	76,752
Other	6,555	2,608	19,368	21,976	28,531
Advertising and marketing	45,779	-	-	-	45,779
Travel and entertainment	1,463	209	418	627	2,090
	<u>\$ 20,154,806</u>	<u>\$ 93,513</u>	<u>\$ 128,282</u>	<u>\$ 221,795</u>	<u>\$ 20,376,601</u>

See notes to financial statements

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

Statements of Cash Flows

	Year Ended June 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (93,414)	\$ (15,516)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	102,612	100,410
Change in:		
Prepaid expenses and other assets	40,492	(24,382)
Accounts payable	3,296	3,123
Accrued expenses	(50,967)	756
Noncash impact from adoption of accounting standard	3,720	
Net Cash Provided by Operating Activities	5,739	64,391
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(32,500)	(52,385)
Net Cash Used by Investing Activities	(32,500)	(52,385)
Net Change in Cash and Cash Equivalents	(26,761)	12,006
Cash and Cash Equivalents, Beginning of Year	369,966	357,960
Cash and Cash Equivalents, End of Year	\$ 343,205	\$ 369,966
SUPPLEMENTAL DISCLOSURES:		
Property and equipment purchased but not yet paid for	\$ -	\$ 50,000
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 181,557	\$ -

See notes to financial statements

NEED HIM NATIONAL MEDIA OUTREACH, INC.

Notes to Financial Statements

June 30, 2023 and 2022

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. The ministry connects with over 470,000 people annually via online chats, phone calls, text messages, email, and reading plans. 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. As of June 30, 2023 and 2022, Need Him had approximately \$96,000 and \$117,000, respectively, of cash balances that exceeded federally insured limits.

PROPERTY AND EQUIPMENT—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.

OPERATING LEASES—RIGHT-OF-USE ASSETS AND LIABILITIES

Need Him adopted Accounting Standards Update (ASU) 2016-02 (see recently adopted accounting standard below) and its related amendments as of July 1, 2022, which resulted in the recognition of operating lease right-of-use assets totaling \$181,557 as of June 30, 2022, as well as operating lease liabilities totaling \$185,609. Need Him elected to adopt the transition relief provisions from ASU 2018-11 and recorded the impact of adoption as of July 1, 2022, without restatement of prior-year amounts.

NEED HIM NATIONAL MEDIA OUTREACH, INC.

Notes to Financial Statements

June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

OPERATING LEASES—RIGHT-OF-USE ASSETS AND LIABILITIES, continued

Right-of-use assets and related liabilities are recognized at commencement date based on the net present value of lease payments over the lease term discounted using a risk-free rate. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise the option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The additional lease disclosures can be found in Note 5.

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.

Net assets with donor restrictions are stipulated by donors for specific operating purposes, including projects, 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.

NEED HIM NATIONAL MEDIA OUTREACH, INC.

Notes to Financial Statements

June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES, continued

Advertising expenses are expensed when incurred. As of June 30, 2023 and 2022, Need Him incurred \$61,034 and \$45,779 respectively, of advertising costs.

CONTRIBUTIONS OF NON-FINANCIAL ASSETS

Need Him receives various forms of gift-in-kind (GIK) services which include media and printing. GIK services are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. GIK are valued based upon estimates of fair market or wholesale values that would be received for selling the services in their principal market considering their benefit. These GIK are considered to create or enhance nonfinancial assets or require specialized skills that would typically need to be purchased if not contributed. Need Him's policy related to GIK is to utilize the assets given in carrying out the mission of the ministry. GIK is not held for sale by Need Him. GIK received by Need Him does not have donor imposed restrictions.

For the years ended June 30, 2023 and 2022, Need Him received donated airtime (media) with an estimated value of \$5,473,831 and \$17,616,044, 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 week on approximately 225 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 represents the estimated fair value of similar-airtime in the U.S. radio markets.

Need Him received \$691,223 and \$1,704,093 for the years ended June 30, 2023 and 2022, respectively, in contributed printing which consisted of newspaper advertisement pages in national media with Gospel related messages. The value recorded represents the fair market value to purchase an advertisement in the newspaper.

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

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.

NEED HIM NATIONAL MEDIA OUTREACH, INC.

Notes to Financial Statements

June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ISSUED ACCOUNTING STANDARDS

In 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases* (Topic 842). The amendments in this update require organizations that lease assets to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by the leases. The amendments are effective for fiscal years beginning after December 15, 2021. The new guidance was adopted by Need Him, effective July 1, 2022. Leases are classified as either operating or finance. Need Him elected to adopt the transition relief provisions from ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements* and recorded the impact of adoption as of July 1, 2022, without restating any prior-year amounts. Need Him also elected to exclude short-term leases with lease terms of 12 months or less. The additional lease disclosure can be found in Note 5.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects Need Him's financial assets as of the statement of financial position 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 date:

	June 30,	
	2023	2022
Financial assets as of year-end:		
Cash and cash equivalents	\$ 343,205	\$ 369,966
Less those not available within one year:		
Donor restricted funds—restricted for capital projects	(65,000)	(50,000)
Financial assets available for general expenditure within one year	<u>\$ 278,205</u>	<u>\$ 319,966</u>

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.

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

Notes to Financial Statements

June 30, 2023 and 2022

4. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

	June 30,	
	2023	2022
Software	\$ 1,599,910	\$ 1,599,910
Furniture and equipment	37,973	37,973
Leasehold improvements	4,867	4,867
	<u>1,642,750</u>	<u>1,642,750</u>
Construction in progress	32,500	-
Less accumulated depreciation	<u>(1,437,803)</u>	<u>(1,335,190)</u>
	<u>\$ 237,447</u>	<u>\$ 307,560</u>

NEED HIM NATIONAL MEDIA OUTREACH, INC.

Notes to Financial Statements

June 30, 2023 and 2022

5. OPERATING LEASE—RIGHT-OF-USE ASSETS AND LIABILITIES:

Need Him leases office space under one noncancelable lease agreement expiring in 2025. The office space has an optional 5-year renewal period under the control of Need Him (which Need Him is not reasonably certain to exercise). The office space lease requires monthly payments totaling \$5,227 per month, which increase \$98.63 each year starting after the first 3 months. The discount rate represents the risk-free rate using a period comparable with that of the individual lease term on the inception date of the lease. Need Him elected the practical expedient treatment of lease and non-lease components, all fixed and variable non-lease components will be expensed as incurred separately. Short-term leases with a term of 12 or fewer months are not reflected on the statements of financial position, and costs are expensed as incurred.

	June 30, 2023
Assets:	
Operating lease right-of-use asset	\$ 121,051
Liabilities:	
Operating lease obligations	\$ 124,770
Lease costs:	
Operating lease costs	\$ 65,056
Cash paid for amounts included in the measurement of lease liabilities:	
Operating leases	\$ 65,388
Weighted average discount rate—operating lease	2.88%
Weighted average remaining lease term (years)—operating lease	1.86

Future minimum lease payments required under operating leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

Year Ending June 30,	Operating Amounts
2024	\$ 66,572
2025	61,838
	128,410
Less imputed interest	(3,640)
	\$ 124,770

NEED HIM NATIONAL MEDIA OUTREACH, INC.

Notes to Financial Statements

June 30, 2023 and 2022

6. NET ASSETS WITH DONOR RESTRICTIONS:

As of June 30, 2023 and 2022, net assets with donor restrictions consist of \$65,000 and \$50,000, respectively, restricted for the development of the Echo system.

7. CONCENTRATION:

Need Him received donations of \$350,000 from two donors during the year ended June 30, 2023, and received \$281,332 from two donors during the year ended June 30, 2022. These gifts accounted for approximately 25% and 27% of total cash contributions during the years ended June 30, 2023 and 2022, respectively.

8. RELATED PARTY TRANSACTIONS:

During the years ended June 30, 2023 and 2022, Need Him received \$155,000 and \$52,342, respectively, in contributions from the president of the organization.

Additionally, during the years ended June 30, 2023 and 2022, Need Him received approximately \$273,000 and \$181,000, respectively, in contributions from members of the board of directors and related family members.

9. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through October 9, 2023, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.