

NEED HIM NATIONAL MEDIA OUTREACH, INC.

Financial Statements

June 30, 2008

NEED HIM NATIONAL MEDIA OUTREACH, INC.

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WILLIAM R. MOSS, CPA
AUDIT & CONSULTING SERVICES

Independent Auditor's Report

The Board of Directors
Need Him National Media Outreach, Inc.:

I have audited the accompanying statement of financial position of the Need Him National Media Outreach, Inc. ("Organization") as of June 30, 2008, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, I express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Need Him National Media Outreach, Inc. as of June 30, 2008, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

October 28, 2008
Richardson, Texas

NEED HIM NATIONAL MEDIA OUTREACH, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2008

Assets

Current assets:

Cash and cash equivalents	\$ 40,920
Accounts receivable, less allowance for doubtful accounts of \$ 34,734	137,115
Total current assets	<u>178,035</u>

Furniture and equipment, net 2,582

Total assets \$ 180,617

Liabilities and Net Assets

Current liabilities:

Accrued expenses	<u>\$ 23,370</u>
Total current liabilities	<u>23,370</u>

Net assets - unrestricted 157,247

Total liabilities and net assets \$ 180,617

See accompanying notes to financial statements.

NEED HIM NATIONAL MEDIA OUTREACH, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

REVENUES AND OTHER SUPPORT

Individual donations	\$ 265,535
Radio campaign in-kind donations	14,481,924
Print campaign	2,048,081
Other	40,665
Special events :	
Banquets	278,552
Tender Hearts luncheon	67,075
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Total revenues and other support	17,181,832

EXPENSES

Program services:

Radio campaign	14,481,924
Print campaign	2,051,969
Other	301,152
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Total program services	16,835,045

Supporting services:

Fundraising	268,154
Operations	143,106
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Total supporting services	411,260

Total expenses	<hr/> 17,246,305 <hr/>
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Change in net assets	(64,473)
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Net assets - unrestricted:

Beginning of year	251,184
Prior period adjustment (Note 5)	(29,464)
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End of year	<u>\$ 157,247</u>

See accompanying notes to financial statements.

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NEED HIM NATIONAL MEDIA OUTREACH, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

Cash flows from operating activities:	
Change in net assets	\$ (64,473)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	2,106
Increase in receivables	(28,645)
In-kind donations - net	(2,820)
Increase in accounts payable and accrued expenses	11,719
Prior period adjustment (Note 5)	(29,464)
Net cash provided by operating activities	<u>(111,577)</u>
Increase in cash and cash equivalents	(111,577)
Cash and cash equivalents:	
Beginning of year	<u>152,497</u>
End of year	<u>\$ 40,920</u>

See accompanying notes to financial statements.

NEED HIM NATIONAL MEDIA OUTREACH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008

	<i>Program Services</i>	<i>Fund Raising</i>	<i>Management & General</i>	<i>Total</i>
Salaries & benefits	\$ 86,991	\$ 81,874	\$ 86,991	\$ 255,856
Occupancy	14,570	9,652	35,048	59,270
Printing & production	2,051,969	12,699	3,888	2,068,556
Professional fees	4,771	4,681	4,771	14,223
Radio broadcasts	14,481,924	-	-	14,481,924
Meetings and events	-	71,059		71,059
Advertising and marketing	127,599	4,019	154	131,772
Other	951	3,749	951	5,651
Depreciation	716	674	716	2,106
Doubtful accounts	-	69,784	-	69,784
Telephone	62,600	7,183	7,633	77,416
Travel & entertainment	2,954	2,780	2,954	8,688
Total expenses	<u>\$ 16,835,045</u>	<u>\$ 268,154</u>	<u>\$ 143,106</u>	<u>\$ 17,246,305</u>

See accompanying notes to financial statements.

NEED HIM NATIONAL MEDIA OUTREACH, INC.

Notes to Financial Statements

June 30, 2008

(1) Summary of Significant Accounting Policies

(a) *Organization*

The Need Him National Media Outreach, Inc. (Organization) has as its mission to present the Gospel of Jesus Christ to all people, using all forms of media and providing an opportunity to respond.

The Organization follows the standards of accounting and reporting for not-for-profit organizations as prescribed by the Financial Accounting Standards Board (FASB). The following significant accounting policies are in accordance with accounting principles generally accepted in the United States of America.

(b) *Cash and Cash Equivalents*

For purposes of the financial statements, cash and cash equivalents include operating cash accounts, money market accounts and investments with an original maturity of three months or less.

(c) *Concentration Risk*

Financial instruments, which subject the Organization to concentration of credit risk, consist of checking accounts with a financial institution. There were no funds in excess of Federal insurance limits as of June 30, 2008.

(d) *Basis of Accounting*

The financial statements were prepared using the accrual basis of accounting. Accordingly, revenue is recorded when earned and expenses are recorded when incurred.

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NEED HIM NATIONAL MEDIA OUTREACH, INC.

Notes to Financial Statements

June 30, 2008

(e) *Income Taxes*

The Organization is exempt from federal income taxes under Section 501 (a) of the Internal Revenue Code of 1986, as amended, as an organization described in IRC Section 501(c)(3). Income generated from activities unrelated to the Organization's exempt purpose is subject to tax under IRC Section 511. The Organization did not have any material unrelated income tax liability for the year ended June 30, 2008. Therefore no tax liability has been provided in the accompanying financial statements.

(f) *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

(g) *Functional Allocation of Expenses*

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. Certain costs have been allocated among the program and supporting services benefited.

(h) *Furniture and equipment*

All acquisitions of furniture and equipment greater than \$500 are capitalized at cost and depreciated using the straight-line method over the estimated useful lives which range from 3 to 7 years. Total depreciation expense for the year ended June 30, 2008 was \$2,106.

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NEED HIM NATIONAL MEDIA OUTREACH, INC.

Notes to Financial Statements

June 30, 2008

(h) Contributions

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. An allowance for doubtful accounts is recorded for those promises where receipt is unlikely. Unconditional promises to give that are to be collected beyond one year are recorded at their discounted present value using a risk-free discount rate.

(2) Leases

The Organization extended its lease on the headquarters office effective March 1, 2006 for a three-year term expiring February 28, 2009. Annual remaining lease commitments under this lease as of June 30, 2008 are \$14,400 in 2009.

Total operating lease expense for the year ended June 30, 2008 was \$32,729.

The Organization entered into a lease agreement dated September 2, 2008 with the Hope Center Foundation for leased space to become effective tentatively in September of 2009 for a term of sixty months.

Annual remaining lease commitments under this lease as of June 30, 2008, are as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2009	\$ 8,440
2010	25,320
2011	25,320
2012	25,320
2013	25,320
2014	16,880

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NEED HIM NATIONAL MEDIA OUTREACH, INC.

Notes to Financial Statements

June 30, 2008

(3) In-Kind Contributions (Contributed Materials)

In-kind contributed materials are reflected as contributions at their estimated fair value at date of donation. The Organization reports in-kind gifts as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. During 2008, the Organization received \$1,419 in contributed materials.

(4) Contributed Services

The Organization recognizes contributions of services received if such services (a) creates 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 year ended June 30, 2008, the Organization received \$14,481,924 of contributed services in the form of radio “spots” to air the Gospel of Jesus Christ. These “spots” represent air-time or advertising provided to the Organization at no cost. The value recorded represents the fair value of similar “air time” in each of the radio markets in the United States.

Additionally, the Organization received \$2,048,081 in contributed printing services which consists of 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 accompanying financial statements.

(5) Prior Period Adjustment

An adjustment was made to the prior period as a result of certain accruals discovered during the current year’s audit. The adjustment included the recognition of outstanding trade payables for the prior year.