



NEED HIM NATIONAL MEDIA OUTREACH, INC.

FINANCIAL STATEMENTS
With Independent Auditors' Report

June 30, 2009

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 statement of financial position of Need Him National Media Outreach, Inc. as of June 30, 2009, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits 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, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

As discussed in Note 5, the organization implemented FAS No. 165, *Subsequent Events*. The adoption of this standard had no impact on previously reported net assets.

Capin Crouse LLP

Atlanta, Georgia
December 18, 2009

NEED HIM NATIONAL MEDIA OUTREACH, INC.

Statement of Financial Position

June 30, 2009

ASSETS:

Cash and cash equivalents	\$	143,071
Contributions receivable		63,880
Other assets		1,466
Furniture and equipment-net		<u>7,045</u>

Total Assets	\$	<u><u>215,462</u></u>
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LIABILITIES AND NET ASSETS:

Liabilities:

Accrued expenses	\$	12,488
		<u>12,488</u>

Net assets:

Unrestricted		
Undesignated		195,929
Net investment in furniture and equipment		<u>7,045</u>
		<u>202,974</u>

Total Liabilities and Net Assets	\$	<u><u>215,462</u></u>
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See notes to financial statements

NEED HIM NATIONAL MEDIA OUTREACH, INC.

Statement of Activities

Year Ended June 30, 2009

CHANGES IN UNRESTRICTED NET ASSETS:

SUPPORT AND REVENUE:

Contributions	\$ 563,064
Donated media and services	25,167,427
Investment income	209
Other income	6,614
	<u>6,614</u>

Total Support and Revenue	<u>25,737,314</u>
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EXPENSES:

Program services:

Program development and ministry to constituency	<u>25,408,363</u>
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Supporting activities:

Management and general	91,352
Fund-raising	191,872
	<u>283,224</u>

Total Unrestricted Expenses	<u>25,691,587</u>
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Change in Unrestricted Net Assets	45,727
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Net Assets, Beginning of Year	<u>157,247</u>
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Net Assets, End of Year	<u>\$ 202,974</u>
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See notes to financial statements

NEED HIM NATIONAL MEDIA OUTREACH, INC.

Statement of Cash Flows

Year Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 45,727
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	2,232
Bad debt expense	49,928
Change in:	
Contributions receivable	23,307
Other assets	(1,466)
Accrued expenses	(10,882)

Net Cash Provided by Operating Activities 108,846

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of furniture and equipment	<u>(6,695)</u>
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Net Cash Used by Investing Activities (6,695)

Net Change in Cash and Cash Equivalents 102,151

Cash and Cash Equivalents, Beginning of Year 40,920

Cash and Cash Equivalents, End of Year \$ 143,071

SUPPLEMENTAL DISCLOSURES:

Noncash gifts:	
Donated media and services	<u><u>\$ 25,167,427</u></u>

See notes to financial statements

NEED HIM NATIONAL MEDIA OUTREACH, INC.

Notes to Financial Statements

June 30, 2009

1. NATURE OF ORGANIZATION:

Need Him National Media Outreach, Inc. (Need Him) 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.

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. Need Him did not have any material unrelated income tax liability for the year ended June 30, 2009. Therefore no tax liability has been provided in the accompanying financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Need Him have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements. Actual results could differ from those estimates.

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.

CONTRIBUTIONS RECEIVABLE

Contributions, including unconditional promises to give, are recognized in the period the contribution or promise is made. Conditional promises to give are not recognized until they become unconditional, that is when the conditions are substantially met. Unconditional promises expected to be collected within one year are recorded as contributions and a contribution receivable at the net realizable value. For the year ending June 30, 2009, the entire amount is expected to be collected within one year.

An allowance has been recorded based on management estimate of uncollectibility, which was estimated based on such factors as prior collection history, type of contribution, and the nature of fund-raising activity. Due to uncertainties of collections, it is reasonably possible that their estimate may change by a material amount in the subsequent year. The allowance for the year ended June 30, 2009, was \$50,000.

NEED HIM NATIONAL MEDIA OUTREACH, INC.

Notes to Financial Statements

June 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FURNITURE AND EQUIPMENT—NET

Expenditures for furniture and equipment greater than \$500 are capitalized at cost. Donated items are recorded at fair market value on the date of the gift. Depreciation and amortization is computed on the straight line method over the estimated useful lives of the assets. Estimated lives range from 3 to 5 years for furniture and equipment.

CLASSES OF NET ASSETS

The financial statements report amounts by class of net assets:

Unrestricted net assets are those currently available for operations under the direction of the board and those resources invested in furniture and equipment.

Temporarily restricted net assets are those stipulated by donors for specific operating purposes, including projects and support of staff ministries or for the acquisition of property and equipment. Need Him currently has no temporarily restricted net assets.

Permanently restricted net assets are those which are contributed with donor restrictions requiring that they be held in perpetuity. Need Him current has no permanently 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 statement of activities as net assets released from restrictions. Need Him's policy is to record temporarily restricted contributions and net assets released from restrictions. Need Him did not receive any donor-restricted contributions.

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.

NEED HIM NATIONAL MEDIA OUTREACH, INC.

Notes to Financial Statements

June 30, 2009

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 statement of activities. Accordingly, certain costs, such as depreciation and payroll, have been allocated among program services and supporting activities.

DONATED MEDIA AND SERVICES

Need Him recognizes contributions of services received if such services (a) creates or enhances nonfinancial assets, or (b) requires 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, 2009, Need Him received donated airtime with an estimated value of \$23,000,000 in the form of radio "spots." These "spots" represent air-time or advertising provided at no cost to Need Him in the form of 60-second commercials that air many times every day on approximately 390 radio stations. The commercials are produced by leading Christian broadcasters and contain a 60-second presentation of the Gospel of Jesus Christ that give people an opportunity to respond to www.needhim.org or 800-NEEDHIM. The recorded value which represents the estimated fair value of similar air-time in these U.S. radio markets is approximately \$42 for each "spot."

Additionally, Need Him received \$2,148,000 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.

3. FURNITURE AND EQUIPMENT—NET:

Furniture and equipment—net consist of:

Furniture and equipment	\$ 24,613
Less accumulated depreciation	<u>(17,568)</u>
	<u><u>\$ 7,045</u></u>

Depreciation expense of \$2,232 was recorded for the year ended June 30, 2009.

NEED HIM NATIONAL MEDIA OUTREACH, INC.

Notes to Financial Statements

June 30, 2009

4. LEASES:

Need Him entered into a new lease for office space effective October 2009 expiring September 2014 under a noncancelable operating lease agreement. Annual lease commitments under this lease as of June 30, 2009, are \$27,492. Total lease expense for the year ended June 30, 2009, was \$28,029.

Future minimum lease payments under noncancelable operating leases are as follows:

<u>Years Ending June 30,</u>	<u>Amounts</u>
2010	\$ 27,492
2011	27,492
2012	27,492
2013	27,492
2014	27,492
	<u>\$ 137,460</u>

5. 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

Our report on our audit of the basic financial statements of Need Him National Media Outreach, Inc. for the year ended June 30, 2009, appears on page 1. We conducted our audit in accordance with auditing standards generally accepted in the United States for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary data on the following page are presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Capin Crouse LLP

Atlanta, Georgia
December 18, 2009

NEED HIM NATIONAL MEDIA OUTREACH, INC.

Schedule of Functional Expenses

Year Ended June 30, 2009

	Program Services	Supporting Activities			TOTAL
		Management and General	Fund-raising	Total Supporting Activities	
Donated radio broadcasts	\$ 23,000,000	\$ -	\$ -	\$ -	\$ 23,000,000
Donated printing	2,148,000	-	-	-	2,148,000
Salaries and benefits	149,624	21,974	84,722	106,696	256,320
Occupancy	22,980	9,320	15,449	24,769	47,749
Printing and production	810	496	-	496	1,306
Professional fees	-	10,661	-	10,661	10,661
Meetings and events	-	-	66,285	66,285	66,285
Advertising and marketing	47,866	-	-	-	47,866
Other	-	694	1,206	1,900	1,900
Depreciation	1,071	424	737	1,161	2,232
Doubtful accounts	-	37,658	-	37,658	37,658
Telephone	34,403	10,125	17,585	27,710	62,113
Travel and entertainment	3,609	-	5,888	5,888	9,497
	\$ 25,408,363	\$ 91,352	\$ 191,872	\$ 283,224	\$ 25,691,587