



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

**FINANCIAL STATEMENTS**  
With Independent Auditors' Report

June 30, 2010 and 2009

# NEED HIM NATIONAL MEDIA OUTREACH, INC.

## Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5
Supplementary Data	
Independent Auditors' Report on Supplementary Data	9
Schedule of Functional Expenses–2010	10
Schedule of Functional Expenses–2009	11

## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying statements of financial position of Need Him National Media Outreach, Inc. as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years 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 audits.

We conducted our audits 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 statements' presentation. We believe that our audits provide 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, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

*Capin Crouse LLP*

Atlanta, Georgia  
October 20, 2010

# NEED HIM NATIONAL MEDIA OUTREACH, INC.

## Statements of Financial Position

	June 30,	
	<u>2010</u>	<u>2009</u>
ASSETS:		
Cash and cash equivalents	\$ 56,478	\$ 143,071
Contributions receivable	52,059	63,880
Prepaid Expenses	50,000	-
Other assets	-	1,466
Furniture and equipment—net	18,995	7,045
	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 177,532</u>	<u>\$ 215,462</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts Payable	\$ 51,829	\$ -
Accrued expenses	15,531	12,488
	<u>                    </u>	<u>                    </u>
	67,360	12,488
	<u>                    </u>	<u>                    </u>
Net assets:		
Unrestricted		
Undesignated	91,177	195,929
Net investment in furniture and equipment	18,995	7,045
	<u>                    </u>	<u>                    </u>
	110,172	202,974
	<u>                    </u>	<u>                    </u>
Total Liabilities and Net Assets	<u>\$ 177,532</u>	<u>\$ 215,462</u>

See notes to financial statements

# NEED HIM NATIONAL MEDIA OUTREACH, INC.

## Statements of Activities

	Year ended June 30,	
	2010	2009
CHANGES IN UNRESTRICTED NET ASSETS:		
SUPPORT AND REVENUE:		
Contributions	\$ 766,130	\$ 563,064
Donated media and services	26,284,903	25,167,427
Investment income	172	209
Other income	357	6,614
	<u>27,051,562</u>	<u>25,737,314</u>
EXPENSES:		
Program services:		
Program development and ministry to constituency	26,774,227	25,408,363
Supporting activities:		
Management and general	91,939	91,352
Fund-raising	278,198	191,872
	<u>370,137</u>	<u>283,224</u>
Total Unrestricted Expenses	<u>27,144,364</u>	<u>25,691,587</u>
Change in Unrestricted Net Assets	(92,802)	45,727
Net Assets, Beginning of Year	<u>202,974</u>	<u>157,247</u>
Net Assets, End of Year	<u>\$ 110,172</u>	<u>\$ 202,974</u>

See notes to financial statements

# NEED HIM NATIONAL MEDIA OUTREACH, INC.

## Statements of Cash Flows

	Year ended June 30,	
	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (92,802)	\$ 45,727
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	5,287	2,232
Bad debt expense	(25,000)	49,928
Loss on disposal of fixed asset	398	-
Change in:		
Contributions receivable	36,821	23,307
Prepaid expenses and other assets	(48,534)	(1,466)
Accounts Payable	51,829	-
Accrued expenses	3,043	(10,882)
	(68,958)	108,846
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of furniture and equipment	(17,635)	(6,695)
Net Cash Used by Investing Activities	(17,635)	(6,695)
Net Change in Cash and Cash Equivalents	(86,593)	102,151
Cash and Cash Equivalents, Beginning of Year	143,071	40,920
Cash and Cash Equivalents, End of Year	\$ 56,478	\$ 143,071
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Noncash gifts:		
Donated media and services	\$ 26,284,903	\$ 25,167,427

See notes to financial statements

# NEED HIM NATIONAL MEDIA OUTREACH, INC.

## Notes to Financial Statements

June 30, 2010 and 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 years ended June 30, 2010 and 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 years ending June 30, 2010 and 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 years ended June 30, 2010 and 2009, was \$25,000 and \$50,000, respectively.

# NEED HIM NATIONAL MEDIA OUTREACH, INC.

## Notes to Financial Statements

June 30, 2010 and 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 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. Need Him currently has no temporarily restricted net assets.

*Permanently restricted net assets* are contributed with donor restrictions requiring that they be held in perpetuity. Need Him currently 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 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 reporting period 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.

# NEED HIM NATIONAL MEDIA OUTREACH, INC.

## Notes to Financial Statements

June 30, 2010 and 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 statements 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) 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 year ended June 30, 2010, Need Him received donated airtime with an estimated value of \$23,170,000 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](http://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 \$3,114,903 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.

#### RECENTLY ISSUED ACCOUNTING STANDARDS

On July 1, 2009, Need Him adopted the new provisions of the *Income Tax* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). These provisions clarify the accounting for uncertainty in tax positions and prescribe guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the statement of activities. As of June 30, 2010, Need Him had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

# NEED HIM NATIONAL MEDIA OUTREACH, INC.

## Notes to Financial Statements

June 30, 2010 and 2009

### 3. FURNITURE AND EQUIPMENT–NET:

Furniture and equipment–net consist of:

	June 30,	
	2010	2009
Furniture and equipment	\$ 29,929	\$ 24,613
Less accumulated depreciation	(10,934)	(17,568)
	<u>\$ 18,995</u>	<u>\$ 7,045</u>

Depreciation expense for the years ended June 30, 2010 and 2009, was \$5,287 and \$2,232, respectively.

### 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, 2010, are \$24,350. Total lease expense for the years ended June 30, 2010 and 2009, was \$24,759 and \$28,029, respectively.

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

<u>Years Ending June 30,</u>	<u>Amounts</u>
2011	\$ 25,098
2012	25,098
2013	24,724
2014	6,088
2015	-
	<u>\$ 81,008</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 audits of the basic financial statements of Need Him National Media Outreach, Inc. for the years ended June 30, 2010 and 2009, appears on page 1. We conducted our audits 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 is 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 audits 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  
October 20, 2010

# NEED HIM NATIONAL MEDIA OUTREACH, INC.

## Schedule of Functional Expenses

Year Ended June 30, 2010

	Program Services	Supporting Activities			TOTAL
		Management and General	Fund-raising	Total Supporting Activities	
Donated radio broadcasts	\$ 23,170,000	\$ -	\$ -	\$ -	\$ 23,170,000
Donated printing	3,114,903	-	-	-	3,114,903
Salaries and benefits	153,509	49,626	118,953	168,579	322,088
Occupancy	18,551	12,033	15,158	27,191	45,742
Printing and production	362	165	252	417	779
Professional fees	50,000	10,450	1,500	11,950	61,950
Meetings and events	-	-	129,516	129,516	129,516
Advertising and marketing	196,640	-	-	-	196,640
Other	1,594	1,422	1,364	2,786	4,380
Depreciation	2,168	1,427	1,692	3,119	5,287
Doubtful accounts	-	14,430	-	14,430	14,430
Telephone	63,505	2,386	4,135	6,521	70,026
Travel and entertainment	2,995	-	5,628	5,628	8,623
	\$ 26,774,227	\$ 91,939	\$ 278,198	\$ 370,137	\$ 27,144,364

# 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