NASHVILLE INNER CITY MINISTRY, INC.
(A TENNESSEE CORPORATION –NOT-FOR-PROFIT)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NASHVILLE INNER CITY MINISTRY, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Nashville Inner City Ministry, Inc.
Nashville, Tennessee

I have audited the accompanying financial statements of Nashville Inner City Ministry, Inc. (a Tennessee corporation – Not-for-Profit) which comprise the statements of financial position as of December 31, 2013, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the 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 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, I express no such opinion. An audit also includes 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nashville Inner City Ministry, Inc. as of December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of revenues and expenses by location is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Goodlettsville, Tennessee

August 15, 2014

NASHVILLE INNER CITY MINISTRY, INC.
(A TENNESSEE CORPORATION - NOT-FOR-PROFIT)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

ASSETS

Current Assets:				
Cash in the bank	$	60,547		
Total Current Assets			$	60,547
Fixed Assets:				
Vehicles	$	257,142		
Office equipment		82,662		
Leasehold improvements		84,427		
		424,231		
Less: Accumulated depreciation		323,198		
Total Fixed Assets				101,033
Total Assets			$	161,580

LIABILITIES AND NET ASSETS

Current Liabilities:				
Loan from ICM Foundation	$	205,000		
Accounts payable		21,542		
Payroll withholdings		1,455		
Total Current Liabilities			$	227,997
Unrestricted Net Assets (deficit):				(66,417)
Total Liabilities and Net Assets			$	161,580

The accompanying notes to financial statements are an integral part of this statement.

NASHVILLE INNER CITY MINISTRY, INC.
(A TENNESSEE CORPORATION - NOT-FOR-PROFIT)
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

REVENUES		
Congregational contributions	$	741,394
Individual contributions		415,145
Corporate contributions		28,023
Special contributions, net of direct expenses of $95,002		360,076
Other income		30,418
Sales to the public		69,243
Total revenues	$	1,644,299
EXPENSES		
Program services	$	1,270,643
Management and general		293,159
Fund raising		134,309
Total expenses	$	1,698,111
Excess (deficit) of revenues over expenses	$	(53,812)
Unrestricted net assets (deficit), December 31, 2012		(12,605)
Unrestricted net assets (deficit), December 31, 2013	$	(66,417)

The accompanying notes to financial statements are an integral part of this statement.

NASHVILLE INNER CITY MINISTRY, INC.
(A TENNESSEE CORPORATION - NOT-FOR-PROFIT)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

Cash Flows Provided by:		
Operations - decrease in unrestricted net assets	**$ (53,812)**	
Add: expenses not requiring an outlay of cash		
Depreciation	**30,512**	
Increase in accounts payable	**6,167**	
Decrease in payroll withholdings	**(1,232)**	
Less: non-cash income		
Donated fixed assets	**(21,007)**	
Net cash flows from operating activities		**$ (39,372)**
Cash flows from investing activities:		
Purchase of fixed assets, net of retirements	**$ (31,662)**	
Net cash flows from investing activities		**(31,662)**
Cash flows from financing activities:		
Loan from ICM Foundation	**$ 117,000**	
Net cash flows from financing activities		**117,000**
Net increase in cash		**$ 45,966**
Cash, December 31, 2012		**14,581**
Cash, December 31, 2013		**$ 60,547**

The accompanying notes to financial statements are an integral part of this statement.

NASHVILLE INNER CITY MINISTRY, INC.
(A TENNESSEE CORPORATION - NOT-FOR-PROFIT)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	PROGRAM SERVICES	MANAGEMENT & GENERAL	FUND RAISING	TOTAL
Assistance to individuals	$ 42,676	$ -	$ -	$ 42,676
Salaries and wages	615,609	149,831	82,000	847,440
Employee benefits	75,202	33,878	1,992	111,072
Payroll taxes	19,778	2,910	-	22,688
Accounting and legal	-	5,000	-	5,000
Other professional fees	-	15,266	7,140	22,406
Supplies	103,653	27,880	25,576	157,109
Telephone	12,216	20,772	-	32,988
Postage and shipping	255	8,827	4,849	13,931
Occupancy	124,984	16,240	-	141,224
Equipment expense	112	-	-	112
Printing	-	-	474	474
Travel	239,419	-	12,278	251,697
Depreciation	25,445	5,067	-	30,512
Insurance	10,065	7,383	-	17,448
Miscellaneous	1,229	105	-	1,334
	$ 1,270,643	$ 293,159	$ 134,309	$ 1,698,111

The accompanying notes to financial statements are an integral part of this statement.

NASHVILLE INNER CITY MINISTRY, INC.
(A TENNESSEE CORPORATION –NOT-FOR-PROFIT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

(1) ORGANIZATION AND GENERAL:

Nashville Inner City Ministry, Inc. (the organization) was established for the purpose of providing evangelistic outreach into areas otherwise not served by local church congregations. The organization provides bible school and worship services, as well as specific financial assistance to needy individuals. The organization utilizes an extensive bus ministry as its principal outreach tool. The organization currently serves the cities of Nashville, and Murfreesboro, Tennessee. The organization's principal funding comes from contributions from local Churches of Christ.

(2) SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting – The financial statements of the organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation – Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Codification ASC 958-225 (formerly SFAS No. 117). Under ASC 958-225, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. As of December 31, 2013, all of the organization's net assets were unrestricted. A description of the three net asset categories follows:

Unrestricted – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted – Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Revenues and Expenses and Changes in Net Assets as net assets released from restrictions.

Permanently Restricted – Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual resulted could differ from those estimates.

Property and Equipment – Acquisitions of property and equipment in that constitute a unit of property are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives of 5 to 15 years.

Revenue Recognition – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restriction.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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. The organization reports any donor-restricted contributions whose restrictions are not in the same accounting period as unrestricted support.

Contributed Services – The organization received a substantial amount of services donated by volunteers in carrying out its ministry. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under ASC 958-605.

Income Taxes – The organization is exempt from federal income taxes under Internal Revenue Code Section 501(c) (3). Income tax returns for 2013, 2012 and 2011 are subject to routine audit.

Cash and Cash Equivalents – Cash and Cash Equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

(3) <u>LEASES</u>:

The organization leases various pieces of office equipment for use in its central office as well as in certain of its ministry locations. These leases expire on various dates through August,

2018. Total rental expense for this equipment in 2013 was $18,689. Future minimum lease commitments are as follows:

2014	$7,268
2015	5,340
2016	5,340
2017	5,340
2018	3,568

One of the organization's two worship locations is rented on a month-to-month basis.

(4) RELATED PARTY TRANSACTIONS:

The facility housing the organization's central office and vehicle maintenance and storage facility, as well as two worship locations, are owned by the ICM Foundation, which is considered to be a related party to the organization due to having common directors. The facilities owned by the ICM Foundation are provided to the organization at no charge, with the organization being responsible for all repairs and maintenance to the properties. No amounts have been provided for the fair rental value of these facilities in the accompanying financial statements.

The ICM Foundation made non-interest bearing, unsecured advances to the organization of which was $88,000 outstanding as of December 31, 2012. Additional advances totaling $117,000 were made to the Ministry in 2013, resulting in a total balance due of $205,000 as of December 31, 2013.

(5) CONCENTRATIONS OF CREDIT RISK:

The total cash held by the organization occasionally exceeds the amount covered by insurance provided by the federal government. It is the opinion of management that the solvency of the financial institution is not of particular concern at this time.

(6) SUBSEQUENT EVENTS:

The organization has evaluated subsequent events through August 15, 2014, the date which the financial statements were available to be issued. No events have occurred which would have a material effect on the financial statements of the organization as of that date.