

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

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**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

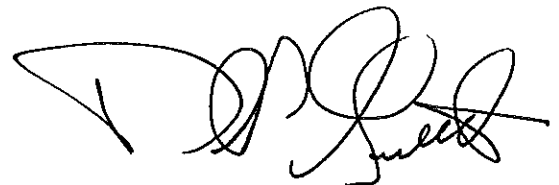
I have audited the accompanying statement of financial position of Nashville Inner City Ministry, Inc. (a Tennessee Corporation – Not For Profit) as of December 31, 2011 and the related statements of revenues and expenses and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Company'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 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. I believe that 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 Nashville Inner City Ministry, Inc. as of December 31, 2011, and the results of its operations, changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedule of revenues and expenses by location is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

August 10, 2012



**DAVID P. GUENTHER**

**NASHVILLE INNER CITY MINISTRY, INC.**  
**(A TENNESSEE CORPORATION - NOT-FOR-PROFIT)**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2011**

**ASSETS**

**Current Assets:**

Cash in the bank	\$	<u>9,280</u>	
Total Current Assets			\$ 9,280

**Fixed Assets:**

Vehicles	\$	237,500	
Office equipment		56,120	
Leasehold improvements		<u>94,403</u>	
		388,023	
Less: Accumulated depreciation		<u>294,239</u>	
Total Fixed Assets			<u>93,784</u>
Total Assets			\$ <u><u>103,064</u></u>

**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Loan from Inner City Foundation	\$	30,000	
Accounts payable		33,957	
Payroll withholdings		<u>2,360</u>	
Total Current Liabilities			\$ 66,317

Unrestricted Net Assets:		<u>36,747</u>	
Total Liabilities and Net Assets			\$ <u><u>103,064</u></u>

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, 2011**

**Revenues:**

Congregational contributions	\$ 796,241
Individual contributions	381,944
Corporate contributions	115,055
Special contributions, net of direct expenses of \$85,578	406,634
Other income	35,037
Sales to the public	84,934
Gain on disposition of fixed assets	<u>3,000</u>
<b>Total revenues:</b>	<b>\$ <u>1,822,845</u></b>

**Expenses:**

Program services	\$ 1,376,440
Management and general	326,292
Fund raising	<u>150,113</u>
<b>Total expenses:</b>	<b>\$ <u>1,852,845</u></b>
<b>Excess (deficit) of revenues over expenses</b>	<b>\$ (30,000)</b>
<b>Unrestricted net assets, December 31, 2010</b>	<b><u>66,747</u></b>
<b>Unrestricted net assets, December 31, 2011</b>	<b>\$ <u><u>36,747</u></u></b>

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, 2011**

**Cash Flows Provided by:**

Operations - decrease in unrestricted net assets	\$	(30,000)
Add: expenses not requiring an outlay of cash		
Depreciation		30,338
Donated fixed assets		(5,000)
Decrease in accounts payable		(28,728)
Decrease in payroll withholdings		<u>(503)</u>
Net cash flows from operating activities	\$	(33,893)
Cash flows from investing activities:		
Purchase of fixed assets, net of retirements	\$	<u>(9,161)</u>
Net cash flows from investing activities		(9,161)
Net cash flows from financing activities		<u>-</u>
Net decrease in cash	\$	(43,054)
Cash, December 31, 2010		<u>52,334</u>
Cash, December 31, 2011	\$	<u><u>9,280</u></u>

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, 2011**

	<b>PROGRAM SERVICES</b>	<b>MANAGEMENT &amp; GENERAL</b>	<b>FUND RAISING</b>	<b>TOTAL</b>
Assistance to individuals	\$ 47,214	\$ -	\$ -	\$ 47,214
Salaries and wages	693,308	151,677	77,618	922,603
Employee benefits	112,965	34,342	855	148,162
Payroll taxes	23,242	6,367	583	30,192
Accounting and legal	-	5,000	-	5,000
Other professional fees	-	14,601	18,336	32,937
Supplies	120,836	45,523	33,408	199,767
Telephone	10,718	31,935	-	42,653
Postage and shipping	638	9,698	5,828	16,164
Occupancy	110,147	19,716	-	129,863
Equipment expense	1,056	-	-	1,056
Printing	-	-	1,256	1,256
Travel	218,282	-	10,328	228,610
Depreciation	27,414	2,924	-	30,338
Insurance	7,854	3,715	-	11,569
Miscellaneous	2,766	794	-	3,560
Other fund raising expense	-	-	1,901	1,901
	<u>\$ 1,376,440</u>	<u>\$ 326,292</u>	<u>\$ 150,113</u>	<u>\$ 1,852,845</u>

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, 2011**

**(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 recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of December 31, 2010, all of the organization's net assets were unrestricted.

**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 results 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 SFAS No. 116.

**Income Taxes** – The organization is exempt from federal income taxes under Internal Revenue Code Section 501(c) (3).

**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) LEASES:**

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, 2014. Total rental expense for this equipment in 2011 was \$28,089. Future minimum lease commitments are as follows:

2012	\$23,172
2013	\$16,909
2014	\$ 1,928

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 a non-interest bearing, unsecured advance to the organization of \$30,000 in 2010 which was outstanding as of December 31, 2011.

**(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 10, 2012, 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.

**NASHVILLE INNER CITY MINISTRY, INC.**  
**(A TENNESSEE CORPORATION - NOT-FOR-PROFIT)**  
**SCHEDULE OF REVENUES AND EXPENSES BY LOCATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>MURFREESBORO</u>	<u>NASHVILLE</u>	<u>COMBINED</u>
<b>Revenues:</b>			
Congregational contributions	\$ 130,019	\$ 666,222	\$ 796,241
Individual contributions	165,000	216,944	381,944
Corporate contributions	-	115,055	115,055
Special contributions	21,715	384,919	406,634
Other income	1,098	33,939	35,037
Sales to the public	-	84,934	84,934
Gain (loss) on disposition of fixed assets	<u>-</u>	<u>3,000</u>	<u>3,000</u>
<b>Total revenues</b>	<b>\$ <u>317,832</u></b>	<b>\$ <u>1,505,013</u></b>	<b>\$ <u>1,822,845</u></b>
<b>Expenditures:</b>			
Business administration	\$ 83,468	\$ 152,116	\$ 235,584
Office administration	22,216	144,284	166,500
Occupancy	21,749	114,400	136,149
Transportation	26,807	359,239	386,046
Community outreach	115,213	513,397	628,610
Youth and family activities	1,520	106,458	107,978
Development	9,328	141,033	150,361
Sales to the public	<u>-</u>	<u>41,617</u>	<u>41,617</u>
<b>Total expenditures</b>	<b>\$ <u>280,301</u></b>	<b>\$ <u>1,572,544</u></b>	<b>\$ <u>1,852,845</u></b>
<b>Excess (deficit) of revenues over expenses</b>	<b>\$ <u><u>37,531</u></u></b>	<b>\$ <u><u>(67,531)</u></u></b>	<b>\$ <u><u>(30,000)</u></u></b>

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