

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

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NASHVILLE INNER CITY MINISTRY, INC.

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DAVID P. GUENTHER

CERTIFIED PUBLIC ACCOUNTANT

311 BLUE BIRD DRIVE

GOODLETTSVILLE, TENNESSEE 37072

(615) 859-1300

(615) 859-1932 FAX

INDEPENDENT AUDITOR'S REPORT

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

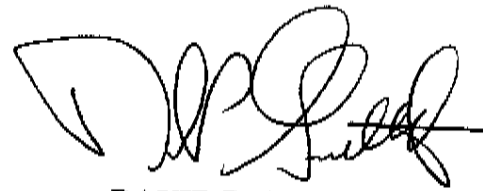
I have audited the accompanying statement of financial position of Nashville Inner City Ministry, Inc. (a Tennessee Corporation – Not For Profit) as of December 31, 2008 and the related statements of revenues and expenses and changes in net assets, functional expenses and cash flows for the year then 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, 2008, 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.

September 16, 2009



DAVID P. GUENTHER

NASHVILLE INNER CITY MINISTRY, INC.
(A TENNESSEE CORPORATION - NOT-FOR-PROFIT)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008

ASSETS

Current Assets:

Cash in the bank	\$ 87,155	
Prepaid expenses	<u>12,612</u>	
Total Current Assets		\$ 99,767

Fixed Assets:

Vehicles	\$ 270,725	
Office equipment	82,436	
Leasehold improvements	<u>103,222</u>	
	456,383	
Less: Accumulated depreciation	<u>313,839</u>	
Total Fixed Assets		<u>142,544</u>
Total Assets		<u><u>\$ 242,311</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ <u>25,680</u>	
Total Current Liabilities		\$ 25,680

Other Liabilities:

Advance from Inner City Foundation	\$ <u>5,898</u>	
Total Other Liabilities		5,898

Unrestricted Net Assets:

		<u>210,733</u>
Total Liabilities and Net Assets		<u><u>\$ 242,311</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, 2008

Revenues:

Congregational contributions	\$ 1,179,823
Individual contributions	449,780
Corporate contributions	114,706
Special contributions, net of direct expenses of \$103,368	393,938
Interest income	404
Gain on disposition of fixed assets	<u>18,420</u>
Total revenues:	\$ <u>2,157,071</u>

Expenses:

Program services	\$ 1,800,029
Management and general	353,969
Fund raising	<u>195,928</u>
Total expenses:	\$ <u>2,349,926</u>
Excess (deficit) of revenues over expenses	\$ (192,855)
Unrestricted net assets, December 31, 2007	<u>403,588</u>
Unrestricted net assets, December 31, 2008	\$ <u><u>210,733</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 CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

Cash Flows Provided by:

Operations - decrease in unrestricted net assets	\$ (192,855)
Add: expenses not requiring an outlay of cash - depreciation	40,892
Donated fixed assets	(14,500)
Decrease in prepaid expenses	231
Decrease in accounts payable	<u>(13,184)</u>
Net cash flows from operating activities	\$ (179,416)

Cash flows from investing activities:

Purchase of fixed assets, net of retirements	\$ <u>(32,112)</u>
Net cash flows from investing activities	(32,112)

Cash flows from financing activities:

Repayment of loan to Inner City Foundation	\$ <u>75,254</u>
Net cash flows from financing activities	<u>75,254</u>
Net decrease in cash	\$ (136,274)
Cash, December 31, 2007	<u>223,429</u>
Cash, December 31, 2008	\$ <u><u>87,155</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)
SCHEDULE OF REVENUES AND EXPENSES BY LOCATION
FOR THE YEAR ENDED DECEMBER 31, 2008

	MOBILE	PENSACOLA	CHATTANOOGA
Revenues:			
Congregation contributions	\$ 113,390	\$ 52,298	\$ 184,885
Individual contributions	3,100	-	500
Corporate contributions	-	-	6,000
Special contributions	-	-	37,448
Interest income	-	-	-
Gain on disposition of fixed assets	-	-	-
Total revenues	\$ 116,490	\$ 52,298	\$ 228,833
Expenditures:			
Business administration	\$ 60,477	\$ 47,549	\$ 2,149
Office administration	15,506	29,663	2,543
Occupancy	41,220	887	11,124
Transportation	33,108	18,843	31,042
Community outreach	49,277	2,478	208,108
Youth and family activities	1,862	723	15
Care project	-	-	-
Development	1,340	-	13,766
Total expenditures	\$ 202,790	\$ 100,143	\$ 268,747
Excess (deficit) of revenues over expenses	\$ (86,300)	\$ (47,845)	\$ (39,914)

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

MURFREESBORO	NASHVILLE	COMBINED
\$ 140,277	\$ 688,973	\$ 1,179,823
106,320	339,860	449,780
289	108,417	114,706
20,686	335,804	393,938
-	404	404
-	18,420	18,420
<u>267,572</u>	<u>1,491,878</u>	<u>2,157,071</u>
\$ 53,627	\$ 188,834	\$ 352,636
64,729	134,225	246,666
23,623	122,213	199,067
29,407	333,646	446,046
70,188	530,061	860,112
-	32,803	35,403
-	13,885	13,885
<u>9,072</u>	<u>171,933</u>	<u>196,111</u>
\$ <u>250,646</u>	\$ <u>1,527,600</u>	\$ <u>2,349,926</u>
\$ <u><u>16,926</u></u>	\$ <u><u>(35,722)</u></u>	\$ <u><u>(192,855)</u></u>

NASHVILLE INNER CITY MINISTRY, INC.
(A TENNESSEE CORPORATION -NOT-FOR-PROFIT)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

(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, Murfreesboro and Chattanooga, Tennessee, Mobile, Alabama, and Pensacola, Florida. 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 June 30, 2005, 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 an estimated useful life of 5 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.

Nashville Inner City Ministry, Inc.
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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, 2013. Total rental expense for this equipment in 2008 was \$14,983. Future minimum lease commitments are as follows:

2009	\$19,018
2010	\$19,018
2011	\$13,611
2012	\$ 9,864
2013	\$ 6,576

Three of the organization's five worship locations and a bus storage lot are rented on a month-to-month basis.

Nashville Inner City Ministry, Inc.
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(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.

In April, 2004, the organization advanced \$154,272 to the ICM Foundation to purchase the facilities which had been previously leased by the organization in Mobile, Alabama. This advance is evidenced by a non-interest bearing note secured by the subject real estate. No specific terms exist in this note for the repayment of principal. The ICM Foundation repaid the balance of \$69,356 on this note in 2008, and also made an additional, non-interest bearing, unsecured advance to the organization of \$5,898.

(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.