

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

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

NASHVILLE INNER CITY MINISTRY, INC.

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

STATEMENT OF FINANCIAL POSITION

**STATEMENT OF REVENUES AND EXPENSES AND CHANGES
IN NET ASSETS**

STATEMENT OF CASH FLOWS

STATEMENT OF FUNCTIONAL EXPENSES

NOTES TO FINANCIAL STATEMENTS

SCHEDULE OF REVENUES AND EXPENSES BY LOCATION

DAVID P. GUENTHER
CERTIFIED PUBLIC ACCOUNTANT
311 BLUE BIRD DRIVE
GOODLETTSVILLE, TENNESSEE 37072
(615)858-1300
(615)858-1932 FAX

INDEPENDENT AUDITOR'S REPORT

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

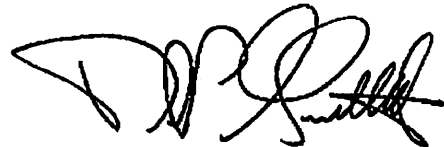
I have audited the accompanying statement of financial position of Nashville Inner City Ministry, Inc. (a Tennessee Corporation – Not For Profit) as of December 31, 2010 and the related statements of revenues and expenses and changes in net assets, functional expenses and cash flows for the year then 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, 2010, 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.

June 22, 2011



DAVID P. GUENTHER

NASHVILLE INNER CITY MINISTRY, INC.
(A TENNESSEE CORPORATION - NOT-FOR-PROFIT)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010

ASSETS

Current Assets:

Cash in the bank	\$ <u>52,334</u>	
Total Current Assets		\$ 52,334

Fixed Assets:

Vehicles	\$ 241,331	
Office equipment	46,959	
Leasehold improvements	<u>94,403</u>	
	382,693	
Less: Accumulated depreciation	<u>272,732</u>	
Total Fixed Assets		<u>109,961</u>
Total Assets		\$ <u><u>162,295</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Loan from Inner City Foundation	\$ 30,000	
Accounts payable	62,685	
Payroll withholdings	<u>2,863</u>	
Total Current Liabilities		\$ 95,548

Unrestricted Net Assets:

		<u>66,747</u>
Total Liabilities and Net Assets		\$ <u><u>162,295</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, 2010

Revenues:

Congregational contributions	\$ 863,284
Individual contributions	360,845
Corporate contributions	111,532
Special contributions, net of direct expenses of \$101,847	358,900
Other income	10,890
Sales to the public	9,736
Gain on disposition of fixed assets	<u>3,672</u>
Total revenues:	\$ <u>1,718,859</u>

Expenses:

Program services	\$ 1,358,232
Management and general	328,916
Fund raising	<u>141,942</u>
Total expenses:	\$ <u>1,829,090</u>
Excess (deficit) of revenues over expenses	\$ (110,231)
Unrestricted net assets, December 31, 2009	<u>176,978</u>
Unrestricted net assets, December 31, 2010	\$ <u><u>66,747</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, 2010

Cash Flows Provided by:

Operations - decrease in unrestricted net assets	\$	(110,231)
Add: expenses not requiring an outlay of cash		
Depreciation		36,623
Donated fixed assets		(2,000)
Increase in accounts payable		<u>35,301</u>
Net cash flows from operating activities	\$	(40,307)
Cash flows from investing activities:		
Purchase of fixed assets, net of retirements	\$	<u>(4,355)</u>
Net cash flows from investing activities		(4,355)
Cash flows from financing activities:		
Loan from Inner City Foundation	\$	<u>30,000</u>
Net cash flows from financing activities		<u>30,000</u>
Net decrease in cash	\$	(14,662)
Cash, December 31, 2009		<u>66,996</u>
Cash, December 31, 2010	\$	<u><u>52,334</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, 2010

	PROGRAM SERVICES	MANAGEMENT & GENERAL	FUND RAISING	TOTAL
Assistance to individuals	\$ 36,875	\$ -	\$ -	\$ 36,875
Salaries and wages	665,515	147,673	94,524	907,712
Employee benefits	164,589	35,412	1,765	201,766
Payroll taxes	17,063	6,407	1,001	24,471
Accounting and legal	-	5,000	-	5,000
Other professional fees	1,816	8,390	102	8,390
Supplies	115,508	54,041	27,023	196,572
Telephone	12,199	33,352	-	45,551
Postage and shipping	962	9,428	5,295	15,685
Occupancy	111,005	20,276	-	131,281
Equipment expense	1,085	-	-	1,085
Printing	-	-	3,233	3,233
Travel	195,149	-	7,049	202,198
Depreciation	33,481	3,142	-	36,623
Insurance	1,205	3,593	-	4,798
Miscellaneous	1,780	2,202	-	3,982
Other fund raising expense	-	-	1,950	1,950
	<u>\$ 1,358,232</u>	<u>\$ 328,916</u>	<u>\$ 141,942</u>	<u>\$ 1,829,090</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, 2010

(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. Ministries in Chattanooga, Tennessee, were transferred to local churches in 2010. 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.

Nashville Inner City Ministry, Inc.
Notes To Financial Statements
Page 2

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 2010 was \$33,886. Future minimum lease commitments are as follows:

2011	\$28,089
2012	\$23,172
2013	\$16,909
2014	\$ 1,928

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

Nashville Inner City Ministry, Inc.
Notes To Financial Statements .
Page 3

(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, 2010.

(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.

NASHVILLE INNER CITY MINISTRY, INC.
(A TENNESSEE CORPORATION - NOT-FOR-PROFIT)
SCHEDULE OF REVENUES AND EXPENSES BY LOCATION
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>CHATTANOOGA</u>	<u>MURFREESBORO</u>
Revenues:		
Congregational contributions	\$ 93,204	\$ 111,840
Individual contributions	-	140,000
Corporate contributions	-	-
Special contributions	-	23,482
Other income	-	171
Sales to the public	-	-
Gain (loss) on disposition of fixed assets	-	-
Total revenues	\$ 93,204	\$ 275,493
Expenditures:		
Business administration	\$ 1,987	\$ 62,897
Office administration	1,930	18,540
Occupancy	4,551	24,157
Transportation	13,314	26,080
Community outreach	66,847	116,712
Youth and family activities	-	1,640
Job training	-	-
Care project	-	-
Development	-	7,798
Sales to the public	-	-
Total expenditures	\$ 88,629	\$ 257,824
Excess (deficit) of revenues over expenses	\$ 4,575	\$ 17,669

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

	<u>NASHVILLE</u>	<u>COMBINED</u>
\$	658,240	\$ 863,284
	220,845	360,845
	111,532	111,532
	335,418	358,900
	10,719	10,890
	9,736	9,736
	<u>3,672</u>	<u>3,672</u>
\$	<u>1,350,162</u>	\$ <u>1,718,859</u>
\$	152,079	\$ 216,963
	155,162	175,632
	107,715	136,423
	319,393	358,787
	538,367	721,926
	17,761	19,401
	30,647	30,647
	12,449	12,449
	135,713	143,511
	<u>13,351</u>	<u>13,351</u>
\$	<u>1,482,637</u>	\$ <u>1,829,090</u>
\$	<u>(132,475)</u>	\$ <u>(110,231)</u>