

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

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

*David P. Guenther*  
CERTIFIED PUBLIC ACCOUNTANT  
311 BLUE BIRD DRIVE  
GOODLETTSVILLE, TENNESSEE 37072

**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, 2004 and the related statements of revenues and expenses and changes in net assets 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, 2004, 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.**

**October 19, 2005**



**DAVID P. GUENTHER**

NASHVILLE INNER CITY MINISTRY, INC.  
(A TENNESSEE CORPORATION - NOT-FOR-PROFIT)  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2004

ASSETS

Current Assets:

Cash in the bank	\$ 517,766	
Prepaid expenses	<u>13,351</u>	
Total Current Assets		\$ 531,117

Fixed Assets:

Vehicles	\$ 289,387	
Office equipment	48,680	
Leasehold improvements	<u>31,443</u>	
	369,510	
Less: Accumulated depreciation	<u>247,223</u>	
Total Fixed Assets		<u>122,287</u>

Other Assets:

Advance to Inner City Foundation	\$ <u>139,272</u>	
Total Other Assets		<u>139,272</u>
Total Assets		\$ <u><u>792,676</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ <u>19,559</u>	
Total Current Liabilities		\$ 19,559

Unrestricted Net Assets:

		<u>773,117</u>
Total Liabilities and Net assets		\$ <u><u>792,676</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, 2004**

**Revenues:**

Congregational contributions	\$ 1,564,290
Individual contributions	258,347
Corporate contributions	8,430
Special contributions	670,065
Interest income	2,891
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<b>Total Revenues:</b>	<b>\$ 2,504,023</b>

**Expenses:**

Salaries and wages	\$ 959,186
Employee benefits	209,395
Office administration	193,479
Complex	226,336
Bus maintenance and stock	295,029
Bible school program	170,586
Youth and family activities	78,993
Inner city congregation	42,605
Public relations	170,150
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<b>Total expenses:</b>	<b>\$ 2,345,759</b>
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<b>Excess of revenues over expenses</b>	<b>\$ 158,264</b>
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<b>Unrestricted net assets, December 31, 2003</b>	<b>614,853</b>
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<b>Unrestricted net assets, December 31, 2004</b>	<b>\$ 773,117</b>
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The accompanying notes to financial statements are an integral part of this statement.

CHATTANOOGA	MURFREESBORO	NASHVILLE	ELIMINATIONS	COMBINED
\$ 280,967	\$ 135,693	\$ 738,273	\$ -	\$ 1,564,290
17,000	51,900	181,627	-	258,347
-	-	4,080	-	8,430
52,333	29,900	672,718	(169,032)	670,065
-	-	2,891	-	2,891
<u>\$ 350,300</u>	<u>\$ 217,493</u>	<u>\$ 1,599,589</u>	<u>\$ (169,032)</u>	<u>\$ 2,504,023</u>
\$ 116,978	\$ 81,464	\$ 539,246	\$ -	\$ 959,186
34,569	9,609	111,352	-	209,395
11,771	14,987	156,775	(12,000)	193,479
16,520	24,644	106,899	-	226,336
34,804	36,845	276,604	(156,432)	295,029
17,566	13,665	64,137	-	170,586
10,085	600	65,479	(600)	78,993
15,831	15,678	-	-	42,605
8,546	7,383	140,290	-	170,150
<u>\$ 266,670</u>	<u>\$ 204,875</u>	<u>\$ 1,460,782</u>	<u>\$ (169,032)</u>	<u>\$ 2,345,759</u>
<u>\$ 83,630</u>	<u>\$ 12,618</u>	<u>\$ 138,807</u>	<u>\$ -</u>	<u>\$ 158,264</u>

**NASHVILLE INNER CITY MINISTRY, INC.**  
**(A TENNESSEE CORPORATION –NOT-FOR-PROFIT)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

**(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, Huntsville and 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, 2004, 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.**  
**NOTES TO FINANCIAL STATEMENTS**  
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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 and 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 September, 2009. Total rental expense for this equipment in 2004 was \$19,157. Future minimum lease commitments are as follows:

2005	\$15,278
2006	\$15,178
2007	\$14,618
1008	\$12,641
2009	\$ 9,421

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



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**(4) RELATED PARTY TRANSACTIONS:**

The facility housing the organization's central office and vehicle maintenance and storage facility, is 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 \$15,000 on this note in 2004.

**(5) CONCENTRATIONS OF CREDIT RISK:**

The total cash held by the organization at December 31, 2004 includes \$418.877 in monies that are not 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.