

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

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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

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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, 2009 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, 2009, 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.



DAVID P. GUENTHER

June 22, 2010

NASHVILLE INNER CITY MINISTRY, INC.
(A TENNESSEE CORPORATION - NOT-FOR-PROFIT)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009

ASSETS

Current Assets:

Cash in the bank	\$ <u>66,996</u>	
Total Current Assets		\$ 66,996

Fixed Assets:

Vehicles	\$ 266,875	
Office equipment	80,695	
Leasehold improvements	<u>99,842</u>	
	447,412	
Less: Accumulated depreciation	<u>307,183</u>	
Total Fixed Assets		<u>140,229</u>

Total Assets	\$ <u><u>207,225</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 26,244	
Payroll withholdings	<u>4,003</u>	
Total Current Liabilities		\$ 30,247

Unrestricted Net Assets:	<u>176,978</u>
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Total Liabilities and Net Assets	\$ <u><u>207,225</u></u>
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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, 2009

Revenues:

Congregational contributions	\$ 1,013,832
Individual contributions	472,660
Corporate contributions	21,094
Special contributions, net of direct expenses of \$121,059	312,600
Other income	71,852
Loss on disposition of fixed assets	<u>(7,649)</u>
Total revenues:	\$ <u>1,884,389</u>

Expenses:

Program services	\$ 1,469,203
Management and general	316,775
Fund raising	<u>132,166</u>
Total expenses:	\$ <u>1,918,144</u>
Excess (deficit) of revenues over expenses	\$ (33,755)
Unrestricted net assets, December 31, 2008	<u>210,733</u>
Unrestricted net assets, December 31, 2009	\$ <u><u>176,978</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, 2009

Cash Flows Provided by:

Operations - decrease in unrestricted net assets	\$	(33,755)
Add: expenses not requiring an outlay of cash - depreciation		41,633
Donated fixed assets		(18,065)
Decrease in prepaid expenses		12,612
Increase in accounts payable		<u>4,567</u>
Net cash flows from operating activities	\$	6,992
Cash flows from investing activities:		
Purchase of fixed assets, net of retirements	\$	<u>(21,253)</u>
Net cash flows from investing activities		(21,253)
Cash flows from financing activities:		
Repayment of loan to Inner City Foundation	\$	<u>(5,898)</u>
Net cash flows from financing activities		<u>(5,898)</u>
Net decrease in cash	\$	(20,159)
Cash, December 31, 2008		<u>87,155</u>
Cash, December 31, 2009	\$	<u><u>66,996</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, 2009

	PROGRAM SERVICES	MANAGEMENT & GENERAL	FUND RAISING	TOTAL
Assistance to individuals	\$ 38,744	\$ -	\$ -	\$ 38,744
Salaries and wages	691,602	144,427	93,168	929,197
Employee benefits	190,092	26,655	1,716	218,463
Payroll taxes	14,411	5,936	190	20,537
Accounting and legal	-	7,000	-	7,000
Other professional fees	-	6,446	150	6,446
Supplies	128,919	53,037	3,712	185,668
Telephone	13,520	29,332	-	42,852
Postage and shipping	1,005	14,297	9,042	24,344
Occupancy	137,260	17,034	-	154,294
Equipment expense	1,273	-	-	1,273
Printing	-	-	9,645	9,645
Travel	210,792	-	11,619	222,411
Depreciation	37,797	3,836	-	41,633
Insurance	275	8,685	-	8,960
Miscellaneous	3,513	90	-	3,603
Other fund raising expense	<u>-</u>	<u>-</u>	<u>2,924</u>	<u>2,924</u>
	<u>\$ 1,469,203</u>	<u>\$ 316,775</u>	<u>\$ 132,166</u>	<u>\$ 1,918,144</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, 2009

(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. Ministries in Mobile, Alabama, and Pensacola, Florida were transferred to local churches in 2009. 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 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 2009 was \$24,171. Future minimum lease commitments are as follows:

2010	\$33,886
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.

(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 \$5,898 in 2008 which was repaid in 2009.

(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 EVENT:

On May 1 and 2, 2010, Nashville and Middle Tennessee received unprecedented amounts of rainfall and experienced record floods. As a result of this flooding, the organization's central office was severely damaged. The recorded value of assets lost in the flood was not material to the financial statements, although substantial repair costs are anticipated.

NASHVILLE INNER CITY MINISTRY, INC.
(A TENNESSEE CORPORATION - NOT-FOR-PROFIT)
SCHEDULE OF REVENUES AND EXPENSES BY LOCATION
FOR THE YEAR ENDED DECEMBER 31, 2009

	MOBILE	PENSACOLA	CHATTANOOGA
Revenues:			
Congregation contributions	\$ -	\$ -	\$ 232,371
Individual contributions	-	-	5,000
Corporate contributions	-	-	100
Special contributions	-	-	-
Other income	29,634	-	284
Loss on disposition of fixed assets	<u>(11,770)</u>	<u>(89)</u>	<u>-</u>
Total revenues	\$ <u>17,864</u>	\$ <u>(89)</u>	\$ <u>237,755</u>
Expenditures:			
Business administration	\$ 7,422	\$ 738	\$ 2,614
Office administration	2,465	234	1,368
Occupancy	26,063	108	10,603
Transportation	4,685	2,569	29,018
Community outreach	5,492	-	198,683
Youth and family activities	-	-	586
Care project	-	-	-
Development	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	\$ <u>46,127</u>	\$ <u>3,649</u>	\$ <u>242,872</u>
Excess (deficit) of revenues over expenses	\$ <u><u>(28,263)</u></u>	\$ <u><u>(3,738)</u></u>	\$ <u><u>(5,117)</u></u>

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

MURFREESBORO	NASHVILLE	COMBINED
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\$ 112,720	\$ 668,741	\$ 1,013,832
130,300	337,360	472,660
-	20,994	21,094
21,263	291,337	312,600
60	41,874	71,852
<u>-</u>	<u>4,210</u>	<u>(7,649)</u>

\$ <u>264,343</u>	\$ <u>1,364,516</u>	\$ <u>1,884,389</u>
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\$ 55,883	\$ 157,565	\$ 224,222
21,082	144,999	170,148
21,267	102,940	160,981
27,890	296,658	360,820
108,286	502,728	815,189
2,090	33,049	35,725
-	19,077	19,077
<u>8,545</u>	<u>123,437</u>	<u>131,982</u>

\$ <u>245,043</u>	\$ <u>1,380,453</u>	\$ <u>1,918,144</u>
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\$ <u><u>19,300</u></u>	\$ <u><u>(15,937)</u></u>	\$ <u><u>(33,755)</u></u>
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