

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

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**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) 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 financial statements of Nashville Inner City Ministry, Inc. (a Tennessee corporation – Not-for-Profit) which comprise the statements of financial position as of December 31, 2012, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **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, 2012, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Supplementary Information**

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of revenues and expenses by location is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink, appearing to be "J. R. [unclear]", with a stylized flourish at the end.

Goodlettsville, Tennessee

July 24, 2013

**NASHVILLE INNER CITY MINISTRY, INC.**  
**(A TENNESSEE CORPORATION - NOT-FOR-PROFIT)**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2012**

**ASSETS**

**Current Assets:**

Cash in the bank	\$	<u>14,581</u>	
Total Current Assets			\$ 14,581

**Fixed Assets:**

Vehicles	\$	233,850	
Office equipment		72,800	
Leasehold improvements		<u>84,427</u>	
		391,077	
Less: Accumulated depreciation		<u>312,201</u>	
Total Fixed Assets			<u>78,876</u>
Total Assets			\$ <u><u>93,457</u></u>

**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Loan from Inner City Foundation	\$	88,000	
Accounts payable		15,375	
Payroll withholdings		<u>2,687</u>	
Total Current Liabilities			\$ 106,062

Unrestricted Net Assets (deficit):		<u>(12,605)</u>
Total Liabilities and Net Assets	\$	<u><u>93,457</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, 2012**

**REVENUES**

Congregational contributions	\$	748,358
Individual contributions		753,567
Corporate contributions		64,376
Special contributions, net of direct expenses of \$95,315		384,161
Other income		27,914
Sales to the public		<u>90,109</u>
Total revenues	\$	<u>2,068,485</u>

**EXPENSES**

Program services	\$	1,322,175
Management and general		317,381
Fund raising		<u>118,143</u>
		1,757,699
Transfer to Inner City Foundation		<u>360,138</u>
Total expenses	\$	<u>2,117,837</u>
Excess (deficit) of revenues over expenses	\$	(49,352)
Unrestricted net assets, December 31, 2011		<u>36,747</u>
Unrestricted net assets (deficit), December 31, 2012	\$	<u><u>(12,605)</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, 2012**

**Cash Flows Provided by:**

Operations - decrease in unrestricted net assets	\$	(49,352)
Add: expenses not requiring an outlay of cash		
Depreciation		27,712
Decrease in accounts payable		(18,582)
Increase in payroll withholdings		<u>327</u>
Net cash flows from operating activities	\$	(39,895)
Cash flows from investing activities:		
Purchase of fixed assets, net of retirements	\$	<u>(12,804)</u>
Net cash flows from investing activities		(12,804)
Cash flows from financing activities:		
Loan from Inner City Foundation	\$	<u>58,000</u>
Net cash flows from financing activities		<u>58,000</u>
Net increase in cash	\$	5,301
Cash, December 31, 2011		<u>9,280</u>
Cash, December 31, 2012	\$	<u><u>14,581</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, 2012**

	<b>PROGRAM SERVICES</b>	<b>MANAGEMENT &amp; GENERAL</b>	<b>FUND RAISING</b>	<b>TOTAL</b>
Assistance to individuals	\$ 32,489	\$ -	\$ -	\$ 32,489
Salaries and wages	671,312	161,468	70,000	902,780
Employee benefits	78,386	29,891	859	109,136
Payroll taxes	23,780	6,737	329	30,846
Accounting and legal	-	5,000	-	5,000
Other professional fees	780	17,089	6,125	23,994
Supplies	120,855	32,237	26,825	179,917
Telephone	11,410	27,494	-	38,904
Postage and shipping	301	8,417	5,250	13,968
Occupancy	118,021	19,797	-	137,818
Equipment expense	954	-	-	954
Printing	-	-	89	89
Travel	229,023	-	8,479	237,502
Depreciation	23,975	3,737	-	27,712
Insurance	8,383	4,737	-	13,120
Miscellaneous	2,506	777	-	3,283
Other fund raising expense	-	-	187	187
	<u>\$ 1,322,175</u>	<u>\$ 317,381</u>	<u>\$ 118,143</u>	<u>\$ 1,757,699</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, 2012**

**(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 recommendation of the Financial Accounting Standards Board in its Accounting Standards Codification ASC 958-225 (formerly SFAS No. 117). Under ASC 958-225, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. As of December 31, 2012, all of the organization's net assets were unrestricted. A description of the three net asset categories follows:

**Unrestricted** – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

**Temporarily Restricted** – Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Revenues and Expenses and Changes in Net Assets as net assets released from restrictions.

**Permanently Restricted** – Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

**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 ASC 958-605.

**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 2012 was \$23,172. Future minimum lease commitments are as follows:

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. Additional advances totaling \$58,000 were made to the Ministry in 2012, resulting in a total balance due of \$88,000 as of December 31, 2012.

In addition, the Board of Directors of the organization approved the donation of the proceeds of a trust in the amount of \$360,138 to the ICM Foundation in 2012.

**(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 July 24, 2013, 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, 2012**

	<u>MURFREESBORO</u>	<u>NASHVILLE</u>	<u>COMBINED</u>
<b>REVENUES</b>			
Congregational contributions	\$ 103,583	\$ 644,775	\$ 748,358
Individual contributions	175,000	578,567	753,567
Corporate contributions	-	64,376	64,376
Special contributions	21,203	362,958	384,161
Other income	-	27,914	27,914
Sales to the public	-	90,109	90,109
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total revenues	\$ 299,786	\$ 1,768,699	\$ 2,068,485
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>EXPENDITURES</b>			
Business administration	\$ 91,334	\$ 162,553	\$ 253,887
Office administration	18,705	124,395	143,100
Occupancy	20,734	123,395	144,129
Transportation	26,926	328,610	355,536
Community outreach	105,508	489,086	594,594
Youth and family activities	1,837	22,328	24,165
Development	3,722	115,793	119,515
Sales to the public	-	122,773	360,138
Transfer to Inner City Foundation	-	360,138	360,138
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total expenditures	\$ 268,766	\$ 1,849,071	\$ 2,117,837
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Excess (deficit) of revenues over expenses	\$ 31,020	\$ (80,372)	\$ (49,352)
	<u>                    </u>	<u>                    </u>	<u>                    </u>

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