NASHVILLE RESCUE MISSION
AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2011

NASHVILLE RESCUE MISSION AND AFFILIATE

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
Nashville Rescue Mission and Affiliate
Nashville, Tennessee

We have audited the accompanying consolidated statement of financial position of Nashville Rescue Mission and Affiliate (a non-profit organization) as of September 30, 2011, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Nashville Rescue Mission and Affiliate as of September 30, 2011, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Frasier, Dean + Howard, PLLC

January 5, 2012

NASHVILLE RESCUE MISSION AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
September 30, 2011

Assets

Current assets:	
Cash and cash equivalents	$ 1,838,450
Certificate of deposit	719,893
Contributions receivable	26,895
Prepaid expenses	328,416
Other	12,893
Total current assets	2,926,547
Long-term investments	59,682
Beneficial interest in trusts	318,422
Land, buildings and equipment, net	11,127,419
Total assets	$ 14,432,070

Liabilities and Net Assets

Current liabilities:	
Accounts payable	$ 246,733
Accrued expenses	125,013
Other	9,544
Total current liabilities	381,290
Net assets:	
Unrestricted	11,327,228
Unrestricted - board designated	2,292,000
Total unrestricted net assets	13,619,228
Temporarily restricted	113,130
Permanently restricted	318,422
Total net assets	14,050,780
Total liabilities and net assets	$ 14,432,070

See accompanying notes.

NASHVILLE RESCUE MISSION AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended September 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support:				
Contributions	$ 8,700,710	$ 104,550	$ -	$ 8,805,260
Gifts-in-kind	2,895,610	-	-	2,895,610
Bequests	394,765	-	-	394,765
Net assets released from restrictions	40,543	(32,543)	(8,000)	-
Total public support	12,031,628	72,007	(8,000)	12,095,635
Revenue:				
Fees for property use	193,403	-	-	193,403
Other revenue	128,715	-	-	128,715
Change in value of beneficial interest in trust	-	-	(8,936)	(8,936)
Total revenue	322,118	-	(8,936)	313,182
Total public support and revenue	12,353,746	72,007	(16,936)	12,408,817
Expenses:				
Program services:				
Food, clothing and other distributions	2,990,858	-	-	2,990,858
Guest services	3,207,427	-	-	3,207,427
Rehabilitation services	1,938,824	-	-	1,938,824
Public awareness	413,481	-	-	413,481
Total program services	8,550,590	-	-	8,550,590
Supporting services:				
Management and general	685,400	-	-	685,400
Fundraising	2,154,465	-	-	2,154,465
Total supporting services	2,839,865	-	-	2,839,865
Total expenses	11,390,455	-	-	11,390,455
Change in net assets	963,291	72,007	(16,936)	1,018,362
Net assets at beginning of year	12,655,937	41,123	335,358	13,032,418
Net assets at end of year	$ 13,619,228	$ 113,130	$ 318,422	$ 14,050,780

See accompanying notes.

NASHVILLE RESCUE MISSION AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2011

	Program Services					Supporting Services			
	Food, Clothing and Other Distributions	Guest Services	Rehabilitation Services	Public Awareness	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and wages	$ -	$ 1,794,861	$ 855,898	$ 22,560	$ 2,673,319	$ 215,842	$ 525,073	$ 740,915	$ 3,414,234
Gifts-in-kind	2,887,406	-	-	-	2,887,406	-	-	-	2,887,406
Contract services - donor appeals	-	-	-	-	-	-	1,067,659	1,067,659	1,067,659
Other employee benefits	-	322,688	194,634	-	517,322	72,449	54,599	127,048	644,370
Utilities	-	237,604	238,869	-	476,473	33,615	26,716	60,331	536,804
Publicity	-	-	-	388,987	388,987	-	133,725	133,725	522,712
Repairs and maintenance	-	184,271	98,894	-	283,165	22,512	8,436	30,948	314,113
Printing and postage	-	469	-	-	469	43,069	230,079	273,148	273,617
Payroll taxes	-	135,920	62,593	1,874	200,387	14,894	35,120	50,014	250,401
Supplies	-	95,256	78,535	60	173,851	45,836	19,512	65,348	239,199
Professional fees	-	-	-	-	-	147,360	-	147,360	147,360
Retirement benefits	-	41,580	31,640	-	73,220	19,120	23,473	42,593	115,813
Insurance	-	45,078	61,921	-	106,999	3,377	2,252	5,629	112,628
Food purchases	103,452	-	-	-	103,452	3,441	-	3,441	106,893
Travel and transportation	-	63,084	24,642	-	87,726	7,467	8,827	16,294	104,020
Benevolence	-	9,057	28,459	-	37,516	368	-	368	37,884
Education and training	-	5,787	4,193	-	9,980	4,782	5,101	9,883	19,863
Property taxes	-	-	-	-	-	16,735	-	16,735	16,735
Miscellaneous	-	768	-	-	768	702	-	702	1,470
	2,990,858	2,936,423	1,680,278	413,481	8,021,040	651,569	2,140,572	2,792,141	10,813,181
Depreciation	-	271,004	258,546	-	529,550	33,831	13,893	47,724	577,274
Total expenses	$ 2,990,858	$ 3,207,427	$ 1,938,824	$ 413,481	$ 8,550,590	$ 685,400	$ 2,154,465	$ 2,839,865	$ 11,390,455

See accompanying notes.

NASHVILLE RESCUE MISSION AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended September 30, 2011

Cash flows from operating activities:	
Change in net assets	$ 1,018,362
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	577,274
Donation of property	(34,699)
(Increase) decrease in:	
Contributions receivable	2,993
Beneficial interest in trusts	8,936
Prepaid expenses	(32,057)
Other assets	41,995
Increase (decrease) in:	
Accounts payable	(180,231)
Accrued expenses	22,295
Other liabilities	6,944
Net cash provided by operating activities	1,431,812
Cash flows from investing activities:	
Proceeds from sale of certificates of deposit, net	280,211
Purchases of property and equipment	(316,465)
Net cash used in investing activities	(36,254)
Net increase in cash	1,395,558
Cash and cash equivalents at beginning of year	442,892
Cash and cash equivalents at end of year	$ 1,838,450

See accompanying notes.

NASHVILLE RESCUE MISSION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Nashville Rescue Mission (the "Mission") was incorporated March 16, 1954 in accordance with the laws of the State of Tennessee as a non-profit corporation. (The Mission was formerly known as the Nashville Union Mission, Inc. until its name was changed in December 2000.) The Mission's purpose is to seek to help the hurting of Middle Tennessee by offering food, clothing, and shelter to the homeless and recovery programs to those enslaved in life-degrading problems. The Mission's goal is to help people know the saving grace of Jesus, gain wisdom for living, find fulfillment in life and become a positive part of their community.

The Mission owns a membership interest in NRM, LLC. NRM, LLC was formed in 2008 for the purpose of receiving donated real property. NRM, LLC operates as a single-member, non-profit limited liability company wholly owned by the Mission.

During 2010, the Mission changed its year end from December 31 to September 30.

The following program services are provided by the Mission in Nashville, Tennessee:

Food, Clothing and Other Distributions:

- Represents in-kind donations and purchases of food and clothing utilized in programs as well as excess amounts distributed to other non-profit agencies.

Guest Services:

- Men's Shelter – providing shelter and spiritual counseling to homeless individuals.
- Family Life Center – providing shelter and spiritual counseling for homeless women and their children.
- Travelers Aid – providing travel assistance to needy individuals.

Rehabilitation Services:

- Men's Recovery Program – providing a life recovery program for men affected by addictions and life defeating problems including: Bible classes, counseling, educational classes, and employment preparation to men who seek a way out of destructive lifestyles.
- Education – providing educational opportunities including: graduate equivalency diploma, vocational skills, reading, writing, and other classes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- The Lodging Place – providing housing at a nominal fee (single resident occupancy units) to working men and working women who have demonstrated a commitment to building new lives for themselves. Housing is for a limited period while transitioning from reliance on the Mission's programs to securing independent housing arrangements. The Lodging Place for men is located at 639 Lafayette Street and the housing for women is located at 1709 7th Avenue North.

- Hope Center – providing a life recovery program for women affected by addictions and life defeating problems including: Bible classes, counseling, educational classes, and employment preparation to women who seek a way out of destructive lifestyles.

- Anchor Home for Young Men – providing a "second chance" program to assist young men with past addiction, legal, criminal and antisocial issues.

Public Awareness:

- Public Awareness – providing information to the public regarding needs of the community and the Mission's program services.

Principles of Consolidation

The consolidated financial statements include the accounts of the Nashville Rescue Mission and NRM, LLC (collectively the "Mission"). All significant inter-entity transactions and balances have been eliminated in consolidation.

Basis of Presentation

The Mission presents its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. The Mission reports 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. In addition, the Mission is required to present a consolidated statement of cash flows. Net assets of the Mission are presented as follows:

Unrestricted net assets –

Undesignated - net assets that are not subject to donor-imposed stipulations or designated by the Mission's board.

Designated - net assets designated by the Mission's board for particular purposes, presently designated by the board for future working capital reserves ($1,757,000) and future capital asset reserves ($535,000).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met either by actions of the Mission and/or the passage of time. When a restriction expires or is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that require that the assets be maintained permanently by the Mission. Generally, the donors of these assets permit the Mission to use all or part of the income earned on related investments for general or specific purposes.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments, such as money market funds and other investments, that have a maturity of three months or less at the time of purchase.

The Mission's bank accounts may be in excess of the federally insured limits at times throughout the year.

Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost. Expenditures for ordinary maintenance and repairs are charged to operations. Renewals and betterments that materially extend the life of the asset are capitalized. Depreciation is provided in amounts necessary to allocate the cost of the various classes of assets over their estimated useful lives using the straight-line method. Estimated useful lives of all major classes of assets are as follows:

Buildings and improvements	20 – 40 years
Equipment and vehicles	5 years
Furniture, fixtures and equipment	3 – 10 years

Public Support

The Mission receives public support in the form of cash contributions, unconditional promises to give, bequests, gifts of securities, gifts of real estate, gifts-in-kind and donated services. The Mission generally recognizes public support in the year contributed at fair value, with gifts-in-kind determined as follows:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Public Support (Continued)

Gifts-in-kind: primarily includes donated food, clothing and other assets. The value of donated food and clothing is recognized as public support with a corresponding expense for program services when consumed at an estimated value of $2.26 per meal served and $3.50 (effective January 2008) per article of clothing provided. Excess clothing distributed to other non-profit agencies is valued at $3.70 (effective January 2008) per pound. Management believes these estimated values for donated food and clothing are conservative based on cost studies performed. Other assets donated are recorded at estimated fair value on the date received.

Donated Services: generally not recognized unless the services:

a. create or enhance a non-financial asset (such as a building), or

b. are specialized skills provided by entities or persons possessing those skills (such as physicians or accountants) and would be purchased if they were not donated.

Contributions are recognized when the donor makes a promise to give to the Mission that is, in substance, unconditional. Amounts scheduled to be received in excess of one year are recorded at estimated present value, by discounting the future cash flows using an interest rate that corresponds with the term of each promise to give. The Mission uses the allowance method to determine uncollectible contributions receivable.

Income Taxes

The Nashville Rescue Mission (including, for tax purposes, Affiliate) is a non-profit corporation that has qualified for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no provision for income taxes is included in the accompanying consolidated financial statements.

The Mission follows Financial Accounting Standards Board Accounting Standards Codification guidance which clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Mission has no tax penalties or interest reported in the accompanying consolidated financial statements. The Mission had no uncertain tax positions at September 30, 2011. Tax years that remain open for examination include years ended December 31, 2008 through September 30, 2011.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

"Total expenses" reported in the accompanying consolidated statement of functional expenses include expenses directly attributable to specific programs and services, and certain other expenses that are allocated to reflect management's estimates of the benefits realized by the applicable programs and supporting services.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates used by management in preparing these consolidated financial statements primarily relate to those assumed in establishing the value of gifts-in-kind, donated services, and the allocation of functional expenses. Accordingly, actual results could differ from those estimates.

Split Interest Agreements

Accounting standards require that the following instrument be recorded as a contribution and an asset at the present value of the Mission's ultimate interest.

Beneficial interest in trust: Donors have established and funded trusts naming outside fiscal agents to invest and manage the trust assets in perpetuity. The Mission, each year, will receive a pro-rata share of income from the trust assets in perpetuity.

NOTE 2 – FAIR VALUE MEASUREMENTS

The Mission has established a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under generally accepted accounting principles are described below:

Level 1 — inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

NOTE 2 – FAIR VALUE MEASUREMENTS (Continued)

Level 2 inputs to the valuation methodology include: 1) quoted prices for similar assets or liabilities in active markets, 2) quoted prices for identical or similar assets or liabilities in inactive markets, 3) inputs other than quoted prices that are observable for the asset or liability, and 4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodology used for asset measurement at fair value at September 30, 2011.

Certificate of deposit – Valued at cost plus accrued interest, which approximates market value.

Beneficial interest in trusts – Valued using information obtained from third party sources, including financial statements and other information from detailed listing of holdings from the trust. These valuations are typically performed annually, based on the present value of the estimated future distributions the Mission expects to receive over the term of the trust.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Mission's management believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth the Mission's major categories of assets and liabilities measured at fair value on a recurring basis, by level within the fair value hierarchy, as of September 30, 2011:

	Level 1	Level 2	Level 3	Total
Certificate of deposit	$ 719,893	$ -	$ -	$ 719,893
Beneficial interest in trusts	-	-	318,422	318,422
	$ 719,893	$ -	$ 318,422	$ 1,038,315

NOTE 2 – FAIR VALUE MEASUREMENTS (Continued)

A summary of changes in assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) follows:

Beneficial interest in trusts	
Balance, October 1, 2010	$ 327,358
Change in fair value of beneficial interest in trusts	(8,936)
Balance September 30, 2011	$ 318,422

NOTE 3 – CERTIFICATE OF DEPOSIT

Certificate of deposit consists of the following at September 30, 2011:

Certificate of deposit (1.48%, matures December 14, 2011)	$ 719,893

The Mission's bank has pledged securities in order to provide collateral to cover the Mission's deposits above and beyond normal FDIC insurance limits.

As discussed in Note 2, certificate of deposit is considered level 1 investments.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are recorded at net realizable value. Pledges receivable include the following at September 30, 2011:

Unconditional promises to give due in:	
Less than one year	$ 26,895
1-2 years	-
Allowance for uncollectible contributions receivable	-
Net contributions receivable	$ 26,895

During the nine month period ended September 30, 2010, the Mission received a conditional promise to give from a donor in the amount of $125,000 in annual installments of $25,000. The contribution is conditional on the Mission raising $50,000 each year for repairs and maintenance over the pledge term. The donor has also stipulated that $37,500 of the combined funds must be earmarked for maintenance of the Women's Life Recovery Program building. At September 30, 2011, the Mission had recognized a pledge receivable of $25,000 relating to this promise due to conditions being met during the year.

NOTE 5 – LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consist of the following at September 30, 2011:

Land and improvements	$ 907,671
Buildings and improvements	10,996,146
Furniture, fixtures and equipment	2,880,324
Automobiles and trucks	115,228
	14,899,369
Less accumulated depreciation	(3,771,950)
	$ 11,127,419

NOTE 6 – BENEFICIAL INTEREST IN TRUSTS

A donor has established a trust held by a third party naming the Mission as one of the beneficiaries to a perpetual trust. Under terms of the split-interest agreement, the Mission is to receive 10% of investment return annually. The asset of $99,506 is considered permanently restricted. This valuation is based on 10% of the fair value of the trust, which currently approximates the fair value of amounts to be received under the trust. The Mission received annual income from such trust of approximately $6,031 for the year ended September 30, 2011. Such amount is included in unrestricted contributions in the accompanying consolidated statement of activities.

A donor has established a trust held by a third party naming the Mission as one of the beneficiaries to a perpetual trust. Under terms of the split-interest agreement, the Mission is to receive 25% of the net income annually until the demise of the lead beneficiary, at which time, the Mission is to receive 50% of the net income. The asset of $218,916 is considered permanently restricted. This valuation is based on 25% of the fair value of the trust, which currently approximates the fair value of amounts to be received under the trust. The Mission received annual income from such trust of approximately $26,868 for the year ended September 30, 2011. Such amount is included in unrestricted contributions in the accompanying consolidated statement of activities.

As discussed in Note 2, beneficial interest in trusts is valued as level 3 investments.

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Certain contributions were restricted by donors for use in conjunction with specified projects or future periods as follows for the year ended September 30, 2011:

Carell repairs and maintenance fund	$ 50,000
General use for the Family Life Center	14,163
Food and lodging	13,185
Anchor Home for Young Men	1,600
Meals	102
Education	500
Unconditional promises to give in future periods	25,000
Total temporarily restricted contributions	$ 104,550

NASHVILLE RESCUE MISSION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
September 30, 2011

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS (Continued)

Temporarily restricted net assets that were released upon satisfaction of donor-specified expenditure or time restrictions are summarized as follows for the year ended September 30, 2011

General use for the Family Life Center	$ 14,163
Food and lodging	13,185
Anchor Home for Young Men	1,600
Meals	102
Education	500
Expansion for women's facilities	2,993
Total net assets released from restrictions	$ 32,543

Temporarily restricted net assets consist of the following at September 30, 2011:

College scholarships for program members	$ 11,235
Carell repairs and maintenance fund	75,000
Unconditional promises to give in future periods	26,895
	$ 113,130

NOTE 8 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of the beneficial interest in trusts (Note 6) which are valued at $318,422 at September 30, 2011.

NOTE 9 – GIFTS-IN-KIND AND DONATED SERVICES

As described in Note 1, the Mission receives various non-cash gifts, primarily food and clothing, and recognizes them as public support in the year contributed. Generally, these gifts-in-kind are utilized in the same year they are received. Gifts-in-kind received, distributed and capitalized are summarized as follows for the year ended September 30, 2011:

Gifts-in-kind received	$ 2,895,610
Gifts-in-kind distributed:	
Clothing	$ 1,055,568
Food	1,488,297
Supplies	230,042
Holiday gifts	98,974
Professional services	14,525
Total distributed	$ 2,887,406

NOTE 9 – GIFTS-IN-KIND AND DONATED SERVICES (Continued)

Gifts-in-kind capitalized	$ 34,699
Write down of prior year gifts-in-kind capitalized	$ (26,495)
Excess (deficit) of amounts received over amounts distributed and capitalized during the year	$ -

As described in Note 1, the Mission has recognized contributions of gifts-in-kind for donated professional services and recorded the services at their estimated fair value. These services primarily include medical services provided by doctors, nurses and physician's assistants. Total donated services included with the above gifts-in-kind information for the year ended September 30, 2011 was $14,525.

In addition, a substantial number of non-professional volunteers have donated significant amounts of their time to the Mission's program services; however, the fair value of these services has not been reflected in the accompanying consolidated financial statements.

NOTE 10 – BEQUESTS

Similar to many non-profit organizations, the Mission receives support from bequests. As indicated in Note 1, contributions (including bequests) are recognized as public support when received or when the contributor makes an unconditional promise to give a determinable amount. As a result, the amount of support from bequests may vary significantly between years. Bequests received during the year ended September 30, 2011 totaled $394,765.

The Mission's policy is to utilize amounts received from bequests for repayment of debt, capital additions, endowments and other long-range planning purposes. Support from bequests is not intended to be utilized for day-to-day operations, unless deemed necessary by management.

NOTE 11 – LINE OF CREDIT

The Mission maintained a line of credit arrangement with a financial institution, with interest rates at the Wall Street Journal prime rate. Monthly interest payments were due based on outstanding amounts with the principal due June 5, 2011. The agreement was secured by the Family Life Center and Hope Center and provided for short-term borrowings of up to $2,000,000. There was no activity during the year ended September 30, 2011 and the agreement was not renewed.

NOTE 12 – EMPLOYEE BENEFITS

The Mission provides a retirement benefit (the "Retirement Plan") to its eligible employees. All eligible employees who elect to participate make contributions to the Retirement Plan through payroll deductions. The Mission matches participating employee contributions up to eight percent of their annual salary. The Mission recognized expense of $115,813 during 2011 for matching contributions to the Retirement Plan.

NOTE 13 – SUPPLEMENTAL CASH FLOW INFORMATION

The Mission recognized certain non-cash transactions as follows for the year ended September 30, 2011:

Gifts-in-kind:	
Received	$ 2,895,610
Distributed	2,887,406
Capitalized	34,699

NOTE 14 – PRO FORMA FINANCIAL RESULTS FOR 2010

During 2010, the Mission's board of directors approved a change in its year end from December 31 to September 30. Below are the consolidated operating results of the Mission for the twelve months ended September 30, 2011 and 2010.

	Twelve Months Ended September 30,	
	2011	Pro Forma 2010 (unaudited)
Public support	$ 12,095,635	$ 12,212,123
Revenue	313,182	323,027
Total public support and revenue	12,408,817	12,535,150
Expenses:		
Program services	8,550,590	8,461,656
Supporting services	2,839,865	2,374,515
Total expenses	11,390,455	10,836,171
Change in net assets	$ 1,018,362	$ 1,698,979

NOTE 15 – SUBSEQUENT EVENTS

Effective October 1, 2011, the Mission revised its organizational structure whereby NRM Holdings, Inc. ("Holdings"), established in August 2010, became the sole owner of the Mission and a newly formed "series" limited liability company, NRM Properties, LLC ("NRM Properties"). Each parcel of land owned by the Mission was transferred to a separate series within NRM Properties. All furniture, equipment, and other personal property owned by the Mission, with the exception of automobiles and other motor vehicles, was conveyed to a separate series of NRM Properties. The Mission entered into a lease of the real and personal property owned by NRM Properties for the purpose of using said property for the conduct of the business and ministry of the Mission. The Mission remains the principal operating entity for conducting the day-to-day business affairs and ministry of the Mission and Holdings. Board designated funds of the Mission, including the working capital reserve and capital asset reserve, were transferred to Holdings and were held and maintained by Holdings under the same conditions and restrictions as currently exist with respect to the Mission.

NOTE 15 – SUBSEQUENT EVENTS (Continued)

Effective January 1, 2012, the principal operating entity was reorganized from a non-profit corporation (since 1954) to a non-profit limited liability company and its name was changed to Nashville Rescue Mission Ministries, LLC. In addition, the name of Holdings was changed to Nashville Rescue Mission effective January 1, 2012.

The Mission evaluated subsequent events through January 5, 2012, when these financial statements were available to be issued. Other than as disclosed above, the Mission is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.