

**TENNESSEE IMMIGRANT AND
REFUGEE RIGHTS COALITION
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Tennessee Immigrant and Refugee Rights Coalition

Report on the Financial Statements

We have audited the accompanying financial statements of Tennessee Immigrant and Refugee Rights Coalition (a Tennessee not-for-profit corporation), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 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 auditors' 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, we express no such opinion. An audit also includes evaluating 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tennessee Immigrant and Refugee Rights Coalition as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Blankenship CPA Group, PLLC
November 3, 2017

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

ASSETS

	2016	2015
Current assets:		
Cash	\$ 456,756	\$ 361,142
Prepaid expense	-	5,203
Grants receivable	30,000	19,000
Other receivables	<u>127,283</u>	<u>8,616</u>
Total current assets	614,039	393,961
Software and equipment, net	3,258	5,063
Other assets	<u>1,931</u>	<u>1,931</u>
Total assets	<u><u>\$ 619,228</u></u>	<u><u>\$ 400,955</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 35,269	\$ 24,242
Accrued expenses	39,759	-
Accrued leave	24,517	20,629
Accrued payroll	<u>37,367</u>	<u>23,361</u>
Total current liabilities	<u>136,912</u>	<u>68,232</u>
Net assets:		
Unrestricted	196,723	146,723
Unrestricted - board designated	259,593	60,000
Temporarily restricted	<u>26,000</u>	<u>126,000</u>
Total net assets	<u>482,316</u>	<u>332,723</u>
Total liabilities and net assets	<u><u>\$ 619,228</u></u>	<u><u>\$ 400,955</u></u>

The accompanying notes are an integral part of these financial statements.

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Unrestricted Board Designated	Temporarily Restricted	Total
Revenue and other support:				
Grants	\$ 749,801	\$ 259,593	\$ 26,000	\$ 1,035,394
Special events	459,368	-	-	459,368
Contributions	389,607	-	-	389,607
Earned revenues	63,046	-	-	63,046
Net assets released from restrictions	186,000	(60,000)	(126,000)	-
 Total revenue and other support	 1,847,822	 199,593	 (100,000)	 1,947,415
Expenses:				
Program services:				
Community organizing	409,094	-	-	409,094
Advocacy & education	658,902	-	-	658,902
Southeast network	420,251	-	-	420,251
 Total program services	 1,488,247	 -	 -	 1,488,247
Supporting services:				
Administrative	178,172	-	-	178,172
Fundraising	131,403	-	-	131,403
 Total supporting services	 309,575	 -	 -	 309,575
 Total expenses	 1,797,822	 -	 -	 1,797,822
 Change in net assets	 50,000	 199,593	 (100,000)	 149,593
Net assets, beginning of year	146,723	60,000	126,000	332,723
Net assets, end of year	\$ 196,723	\$ 259,593	\$ 26,000	\$ 482,316

The accompanying notes are an integral part of these financial statements.

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Unrestricted Board Designated	Temporarily Restricted	Total
Revenue and other support:				
Grants	\$ 740,020	\$ 60,000	\$ 126,000	\$ 926,020
Special events	35,804	-	-	35,804
Contributions	78,426	-	-	78,426
Earned revenues	46,093	-	-	46,093
Net assets released from restrictions	205,499	(120,000)	(85,499)	-
Total revenue and other support	1,105,842	(60,000)	40,501	1,086,343
Expenses:				
Program services:				
Community organizing	323,617	-	-	323,617
Advocacy & education	202,397	-	-	202,397
Southeast network	188,556	-	-	188,556
Total program services	714,570	-	-	714,570
Supporting services:				
Administrative	160,789	-	-	160,789
Fundraising	145,257	-	-	145,257
Total supporting services	306,046	-	-	306,046
Total expenses	1,020,616	-	-	1,020,616
Change in net assets	85,226	(60,000)	40,501	65,727
Net assets, beginning of year	61,497	120,000	85,499	266,996
Net assets, end of year	\$ 146,723	\$ 60,000	\$ 126,000	\$ 332,723

The accompanying notes are an integral part of these financial statements.

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	Program Services			Supporting Services		
	Community Organizing	Advocacy & Education	Southeast Network	Administrative	Fundraising	Total
Salaries and benefits	\$ 320,135	\$ 210,374	\$ 137,201	\$ 137,201	\$ 109,760	\$ 914,671
Travel and events	39,911	288,248	97,561	4,435	13,303	443,458
Miscellaneous	11,217	34,896	-	13,709	2,492	62,314
Occupancy expense	16,411	10,218	-	2,167	2,168	30,964
Other personnel	-	24,040	1,002	8,348	-	33,390
Non-personnel expense	1,228	2,917	7,829	3,224	153	15,351
Grant and contract expense	17,373	86,863	176,622	5,791	2,895	289,544
Depreciation	668	271	36	704	126	1,805
Business expense	2,151	1,075	-	2,593	506	6,325
	<u>\$ 409,094</u>	<u>\$ 658,902</u>	<u>\$ 420,251</u>	<u>\$ 178,172</u>	<u>\$ 131,403</u>	<u>\$ 1,797,822</u>

The accompanying notes are an integral part of these financial statements.

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	Program Services			Supporting Services		
	Community Organizing	Advocacy & Education	Southeast Network	Administrative	Fundraising	Total
Salaries and benefits	\$ 248,193	\$ 162,877	\$ 112,463	\$ 127,975	\$ 124,096	\$ 775,604
Travel and events	29,837	9,324	44,756	3,730	5,595	93,242
Miscellaneous	10,453	6,620	3,136	4,181	10,453	34,843
Occupancy expense	13,921	6,551	-	3,548	3,276	27,296
Other personnel	-	13,041	-	-	-	13,041
Non-personnel expense	1,353	2,538	9,305	3,553	169	16,918
Grant and contract expense	16,781	-	18,815	14,238	1,016	50,850
Depreciation	989	401	53	1,043	188	2,674
Business expense	2,090	1,045	28	2,521	464	6,148
	<u>\$ 323,617</u>	<u>\$ 202,397</u>	<u>\$ 188,556</u>	<u>\$ 160,789</u>	<u>\$ 145,257</u>	<u>\$ 1,020,616</u>

The accompanying notes are an integral part of these financial statements.

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ 149,593	\$ 65,727
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,805	2,674
Change in operating assets and liabilities		
Prepaid expense	5,203	(5,203)
Grants receivable	(11,000)	63,240
Other receivables	(118,667)	1,252
Accounts payable	11,027	13,179
Accrued expenses	39,759	-
Accrued leave	3,888	6,221
Accrued payroll	14,006	8,730
	<u>95,614</u>	<u>155,820</u>
Net cash provided by operating activities	<u>95,614</u>	<u>155,820</u>
Cash flows from investing activities:		
Purchase of software and equipment	<u>-</u>	<u>(2,402)</u>
Net cash used by investing activities	<u>-</u>	<u>(2,402)</u>
Net increase in cash	95,614	153,418
Total cash, beginning of year	<u>361,142</u>	<u>207,724</u>
Total cash, end of year	<u><u>\$ 456,756</u></u>	<u><u>\$ 361,142</u></u>

The accompanying notes are an integral part of these financial statements.

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1 - NATURE OF ACTIVITIES

Tennessee Immigrant and Refugee Rights Coalition (the "Organization") is incorporated as a Tennessee not-for-profit corporation. The Organization's mission is to empower immigrants and refugees throughout Tennessee to develop a unified voice, defend their rights, and create an atmosphere in which they are recognized as positive contributors to the state. The Organization's primary source of revenue is grants from various foundations and trusts.

The Organization divides its activities into three primary classes of program expenses. These classes include community organizing – strengthening of other immigrant led organizations and protecting the freedoms of immigrants and refugees, awareness and education – promoting civic integration of immigrants and refugees and increasing the public awareness of contributions made by immigrants and refugees and the realities of the U.S. immigration system, and the southeast network – a regional network to share resources, develop joint strategies, and build a collective voice for the South on issues of immigration.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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 can affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

Cash consists of cash on hand and on deposit at a bank. The Organization generally maintains cash on deposit at a financial institution which is in excess of federally insured limits. The uninsured balance totaled approximately \$196,900 and \$89,200 at December 31, 2016 and 2015, respectively. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk related to cash.

Other Receivables

Receivables are stated at unpaid balances. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Due dates for accounts are established under the terms of individual accounts.

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Software and Equipment and Depreciation

Software and equipment are capitalized at cost. It is the Organization's policy to capitalize expenditures for equipment in excess of \$500 and to capitalize all software costs. Equipment is depreciated over estimated useful lives of three to five years using a straight-line method with depreciation being recognized on a monthly basis. Software is depreciated over three years using the straight-line method.

Contributions

Unconditional promises to give are recorded when received. Conditional promises to give are recorded as revenue only after all conditions stipulated by the grant agreement have been met by the Organization. Unconditional promises to give and conditional promises to give, for which all conditions have been met, due in the next year, are reflected as grants receivable and are recorded at their net realizable value.

Grants and other contributions of cash and other assets are recorded as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 statements of activities as net assets released from restrictions. Contributions received with donor imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions. All contributions in the current year are unrestricted or have met the donor imposed stipulations within the same year.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the financial statements.

Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Organization's management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2016 no uncertain positions are taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization is no longer subject to audit by taxing jurisdictions for years prior to 2013.

Allocation of Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management.

**TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Program services - includes the direct costs of community organizing, advocacy and education, and the southeast network. Additionally, program services include an allocation of identified indirect costs which facilitate those activities.

Administrative - includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program. Applicable costs include those associated with providing coordination and articulation of the Organization's program strategy, business management, general record keeping, budgeting, and related purposes.

Fundraising - includes costs of activities directed towards appeals for financial support, including special events. Other activities include the cost of solicitation and creation and distribution of fundraising materials.

Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 3 - GRANTS RECEIVABLE

Unconditional promises to give and conditional promises to give for which all conditions have been met at December 31, 2016 and 2015 are all receivable in less than one year. As such, they are shown at their net realizable value.

NOTE 4 - SOFTWARE AND EQUIPMENT

The following is a summary of software and equipment at December 31:

	2016	2015
Software	\$ 3,305	\$ 3,305
Equipment	<u>12,818</u>	<u>12,818</u>
	16,123	16,123
Less accumulated depreciation	<u>(12,865)</u>	<u>(11,060)</u>
Software and equipment, net	<u><u>\$ 3,258</u></u>	<u><u>\$ 5,063</u></u>

NOTE 5 - BOARD DESIGNATED NET ASSETS

Board designated net assets have been set aside by the Organization's board of directors for use in the next fiscal year. These designations are voluntary and may be reversed by the governing board at any time and so are not included in restricted net assets.

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 6 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets consist of grant funds designated for various programs. There were no permanently restricted net assets as of December 31, 2016 and 2015.

NOTE 7 - LEASES

The Organization leased a copier under an operating lease that expired June 15, 2016. The lease required monthly payments of \$419. On July 21, 2016, the Organization entered into an operating lease for a copier. The lease expires on November 21, 2020 and requires monthly payments of \$514.

The Organization leased space for its primary office in Nashville, TN through an operating lease which expired on August 31, 2016. The Organization continued to rent this space on a month-to-month basis. Rent expense was \$26,598 and \$23,947 for the years ended December 31, 2016 and 2015, respectively.

As of December 31, 2016, the minimum lease payments due under all leases consisted of the following:

2017	\$ 6,172
2018	6,172
2019	6,172
2020	<u>3,601</u>
Total	<u>\$ 22,117</u>

NOTE 8 - QUESTIONED COSTS

Questioned costs are those amounts charged to a funded program that may not be in compliance with requirements set forth in contracts, statutes, and regulations governing allowability or eligibility. A questioned cost may not be reimbursed by the grantor agency or the grantor agency may require that the funds already expensed be refunded to the agency. These amounts can be "questioned" by the agency for the specific grant to which they apply. The determination as to whether such costs will be allowed or disallowed under the grants will be made by the individual grantor agency at a later date.

No liability is needed at December 31, 2016 and 2015 for the repayment of questioned costs as no grantor agency has made a determination of the appropriateness of any questioned costs. Management deems the possibility of a refund request to be remote, as they believe that the Organization has accommodated their objective to the provisions of the grants.

NOTE 9 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 3, 2017, the date which the financial statements were available to be issued.