

**TENNESSEE IMMIGRANT AND
REFUGEE RIGHTS COALITION
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Tennessee Immigrant and Refugee Rights Coalition

We have audited the accompanying statements of financial position of Tennessee Immigrant and Refugee Rights Coalition (a Tennessee not-for-profit corporation, the "Organization") as of December 31, 2011 and 2010 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audits 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. We believe that our audits provide a reasonable basis for our 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, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Blankenship CPA Group, PLLC

November 14, 2012

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010

	ASSETS	
	2011	(RESTATED) 2010
Current assets:		
Cash	\$ 180,416	\$ 96,214
Cash - restricted	8,478	132,635
Total cash	<u>188,894</u>	<u>228,849</u>
Grants receivable	292,678	187,500
Other receivables	<u>6,062</u>	<u>7,100</u>
Total current assets	487,634	423,449
Software and equipment, net	<u>16,581</u>	<u>23,686</u>
Total assets	<u><u>\$ 504,215</u></u>	<u><u>\$ 447,135</u></u>

	LIABILITIES AND NET ASSETS	
Current liabilities:		
Accounts payable	\$ 7,554	\$ 2,764
Grants payable	8,478	132,635
Accrued leave	26,513	20,881
Accrued payroll	<u>8,222</u>	<u>6,343</u>
Total current liabilities	<u>50,767</u>	<u>162,623</u>
Net assets:		
Unrestricted	125,948	189,512
Unrestricted - board designated	190,000	82,500
Temporarily restricted	<u>137,500</u>	<u>12,500</u>
	<u>453,448</u>	<u>284,512</u>
Total liabilities and net assets	<u><u>\$ 504,215</u></u>	<u><u>\$ 447,135</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, 2011

	Unrestricted	Unrestricted Board Designated	Temporarily Restricted	Total
Revenue and other support:				
Grants	\$ 669,744	\$ 190,000	\$ 137,500	\$ 997,244
Special events	32,544	-	-	32,544
Contributions	34,338	-	-	34,338
Earned revenues	10,685	-	-	10,685
Net assets released from restrictions	95,000	(82,500)	(12,500)	-
Total revenue and other support	842,311	107,500	125,000	1,074,811
Expenses:				
Program services:				
Community organizing	421,744	-	-	421,744
Advocacy & education	174,596	-	-	174,596
Southeast network	57,711	-	-	57,711
Total program services	654,051	-	-	654,051
Supporting services:				
Administrative	155,277	-	-	155,277
Fundraising	96,547	-	-	96,547
Total supporting services	251,824	-	-	251,824
Total expenses	905,875	-	-	905,875
(Decrease) Increase in net assets	(63,564)	107,500	125,000	168,936
Net assets, beginning of year	189,512	82,500	12,500	284,512
Net assets, end of year	<u>\$ 125,948</u>	<u>\$ 190,000</u>	<u>\$ 137,500</u>	<u>\$ 453,448</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, 2010

(RESTATED)

	<u>Unrestricted</u>	<u>Unrestricted Board Designated</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and other support:				
Grants	\$ 508,625	\$ 82,500	\$ 12,500	\$ 603,625
Special events	14,100	-	-	14,100
Contributions	37,507	-	-	37,507
Earned revenues	3,252	-	-	3,252
Net assets released from restrictions	249,500	(142,500)	(107,000)	-
	<u>812,984</u>	<u>(60,000)</u>	<u>(94,500)</u>	<u>658,484</u>
Total revenue and other support				
Expenses:				
Program services:				
Community organizing	322,142	-	-	322,142
Advocacy & education	216,356	-	-	216,356
Southeast network	2,922	-	-	2,922
	<u>541,420</u>	<u>-</u>	<u>-</u>	<u>541,420</u>
Total program services				
Supporting services:				
Administrative	144,338	-	-	144,338
Fundraising	79,182	-	-	79,182
	<u>223,520</u>	<u>-</u>	<u>-</u>	<u>223,520</u>
Total supporting services				
Total expenses	<u>764,940</u>	<u>-</u>	<u>-</u>	<u>764,940</u>
Increase (Decrease) in net assets	48,044	(60,000)	(94,500)	(106,456)
Net assets, beginning of year	141,468	142,500	107,000	390,968
Net assets, end of year	<u>\$ 189,512</u>	<u>\$ 82,500</u>	<u>\$ 12,500</u>	<u>\$ 284,512</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, 2011

	<u>Program Services</u>			<u>Supporting Services</u>		
	<u>Community Organizing</u>	<u>Advocacy & Education</u>	<u>Southeast Network</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 277,832	\$ 122,568	\$ 31,276	\$ 126,097	\$ 75,973	\$ 633,746
Travel and events	66,142	6,652	22,963	6,012	2,327	104,096
Miscellaneous	30,354	14,481	1,798	7,643	4,383	58,659
Occupancy expense	12,963	12,481	-	6,641	3,120	35,205
Other personnel	3,000	8,575	-	-	-	11,575
Non-personnel expense	20,659	6,007	1,115	7,300	4,426	39,507
Grant and contract expense	6,714	2,144	-	85	120	9,063
Depreciation	4,080	1,688	559	1,499	932	8,758
Business expense	-	-	-	-	5,266	5,266
	<u>\$ 421,744</u>	<u>\$ 174,596</u>	<u>\$ 57,711</u>	<u>\$ 155,277</u>	<u>\$ 96,547</u>	<u>\$ 905,875</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, 2010

	<u>Program Services</u>			<u>Supporting Services</u>		
	<u>Community Organizing</u>	<u>Advocacy & Education</u>	<u>Southeast Network</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 172,778	\$ 152,898	\$ -	\$ 107,315	\$ 60,431	\$ 493,422
Travel and events	81,413	13,058	2,077	3,771	4,720	105,039
Miscellaneous	31,805	17,820	154	12,630	7,060	69,469
Occupancy expense	11,887	10,364	-	7,021	4,012	33,284
Other personnel	5,455	11,600	-	100	100	17,255
Non-personnel expense	8,223	5,264	450	8,376	1,757	24,070
Grant and contract expense	6,099	1,301	200	-	-	7,600
Depreciation	4,482	3,011	41	2,008	1,102	10,644
Business expense	-	1,040	-	3,117	-	4,157
	<u>\$ 322,142</u>	<u>\$ 216,356</u>	<u>\$ 2,922</u>	<u>\$ 144,338</u>	<u>\$ 79,182</u>	<u>\$ 764,940</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, 2011 AND 2010

	2011	(RESTATED) 2010
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 168,936	\$ (106,456)
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Depreciation	8,758	10,644
(Increase) decrease in operating assets		
Grants receivable	(105,178)	(145,400)
Other receivables	1,038	(5,303)
Increase (decrease) in operating liabilities		
Accounts payable	4,791	1,057
Grants payable	(124,157)	132,635
Accrued leave	5,632	9,473
Accrued payroll	<u>1,879</u>	<u>3,941</u>
Net cash used by operating activities	<u>(38,301)</u>	<u>(99,409)</u>
Cash flows from investing activities:		
Purchase of software and equipment	<u>(1,654)</u>	<u>(5,999)</u>
Net cash used by investing activities	<u>(1,654)</u>	<u>(5,999)</u>
Net decrease in cash	(39,955)	(105,408)
Total cash, beginning of year	<u>228,849</u>	<u>334,257</u>
Total cash, end of year	<u><u>\$ 188,894</u></u>	<u><u>\$ 228,849</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, 2011 AND 2010

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 viewed 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 of Tennessee Immigrant and Refugee Rights Coalition 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.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Cash

Cash and restricted cash consist of cash held on deposit. Restricted cash consists of contributions that have yet to be transferred to donor-designated beneficiaries. The Organization maintains its cash in a financial institution at balances which, at times, may exceed federally insured limits.

Other Receivables

Receivables are stated at unpaid balances. The Organization believes all promises to give to be collectible; therefore no allowance has been made. 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.

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

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 seven years using a straight-line or 200% double declining balance 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.

During the year ended December 31, 2011, two contributors constituted approximately 55% of total revenue. During the year ended December 31, 2010, two contributors constituted approximately 50% of total revenue.

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 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, 2011 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.

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, 2011 AND 2010

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.

NOTE 3 - GRANTS RECEIVABLE

Unconditional promises to give and conditional promises to give for which all conditions have been met at December 31, 2011 and 2010 are all receivable in less than one year. As such, they are shown at their net realizable value. The Organization believes all promises to give to be collectible; therefore no allowance has been made.

NOTE 4 - SOFTWARE AND EQUIPMENT

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

	2011	2010
Software	\$ 5,115	\$ 5,115
Equipment	<u>56,387</u>	<u>54,733</u>
	61,502	59,848
Less accumulated depreciation	<u>(44,921)</u>	<u>(36,162)</u>
Software and equipment, net	<u><u>\$ 16,581</u></u>	<u><u>\$ 23,686</u></u>

Depreciation expense for the years ended December 31, 2011 and 2010 was \$8,758 and \$10,644, respectively.

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 5 - GRANTS PAYABLE

During the years ended December 31, 2011 and 2010, the Organization received contributions of \$279,273 and \$483,341, respectively, from various donors with the stipulation that the Organization use the funds only for the benefit of certain designated beneficiaries. During these years, payments were made in accordance with donor stipulations. Contributions of \$8,478 and \$132,635 remained to be transferred in accordance with donor stipulations as of December 31, 2011 and 2010, respectively.

NOTE 6 - 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.

NOTE 7 - RESTRICTIONS ON NET ASSETS

The temporary restrictions on net assets at December 31 are as follows:

	2011	2010
Grant revenue with time restrictions	<u>\$ 137,500</u>	<u>\$ 12,500</u>

There were no permanently restricted net assets as of December 31, 2011 and 2010.

NOTE 8 - LEASE

In January 2009, the Organization became obligated under a real property lease for its primary office in Nashville. The lease is to expire March 31, 2014. Rent expense was \$34,804 and \$31,857 for the years ended December 31, 2011 and 2010. Future minimum payments under this lease are as follows:

Year ending December 31:

2012	\$ 32,136
2013	33,613
2014	<u>8,496</u>
Total	<u>\$ 74,245</u>

NOTE 9 - 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

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 9 - QUESTIONED COSTS (CONTINUED)

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, 2011 and 2010 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 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 14, 2012, the date which the financial statements were available to be issued.

NOTE 11 - RESTATEMENT OF FINANCIAL STATEMENTS

Grants receivable, deferred revenue, and net assets have been restated for the year ended December 31, 2010 in order that grant commitments previously recorded as deferred revenue are recognized as revenue in the proper period and a contingent grant commitment is no longer recorded as a receivable.

The effect of the restatement on the change in net assets and financial position as of and for the year ended December 31, 2010 is as follows:

	As Previously Reported	Restated
Grants receivable	\$ 262,500	\$ 187,500
Deferred revenue	170,000	-
Increase (decrease) in total net assets	48,043	(106,456)
Unrestricted net assets - board designated	-	82,500
Temporarily restricted net assets	-	12,500