

Tennessee Immigrant and Refugee Rights Coalition

Financial Statements
For the Years Ended December 31, 2021 and 2020

Tennessee Immigrant and Refugee Rights Coalition
Financial Statements
For the Years Ended December 31, 2021 and 2020

Contents

Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9 - 15



Independent Auditor's Report

Board of Directors
Tennessee Immigrant and Refugee Rights Coalition

Opinion

We have audited the financial statements of Tennessee Immigrant and Refugee Rights Coalition (the Organization), which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Brentwood, Tennessee
November 7, 2022

Tennessee Immigrant and Refugee Rights Coalition

Statements of Financial Position

December 31, 2021 and 2020

	2021	2020
Assets		
Cash	\$ 771,980	\$ 738,220
Restricted cash	350,459	175,716
Grants receivable, net	551,468	1,087,116
Other receivables	5,933	38,436
Related party receivable	5,043	32,202
Property and equipment, net	2,603,818	1,638,786
Other assets	-	1,931
Total assets	\$ 4,288,701	\$ 3,712,407
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 19,798	\$ 11,485
Accrued payroll	23,015	33,265
Note payable	500,000	-
Total liabilities	542,813	44,750
Net assets		
Without donor restrictions	2,703,961	2,062,646
With donor restrictions	1,041,927	1,605,011
Total net assets	3,745,888	3,667,657
Total liabilities and net assets	\$ 4,288,701	\$ 3,712,407

Tennessee Immigrant and Refugee Rights Coalition

Statement of Activities

For the Year Ended December 31, 2021

	Without donor restrictions	With donor restrictions	Total
Revenues and Other Support			
Grants	\$ 906,794	\$ 742,959	\$ 1,649,753
Contributions	833,777	-	833,777
Special events	41,986	-	41,986
Other revenues	24,036	-	24,036
Membership dues	1,345	-	1,345
Net assets released from restrictions	<u>1,306,043</u>	<u>(1,306,043)</u>	<u>-</u>
Total revenues and other support	3,113,981	(563,084)	2,550,897
Expenses			
Program services			
Community organizing	578,267	-	578,267
Advocacy and education	667,368	-	667,368
Integration services	478,651	-	478,651
Supporting services			
Administrative	576,312	-	576,312
Fundraising	<u>172,068</u>	<u>-</u>	<u>172,068</u>
Total expenses	2,472,666	-	2,472,666
Change in net assets	641,315	(563,084)	78,231
Net assets, beginning of year	<u>2,062,646</u>	<u>1,605,011</u>	<u>3,667,657</u>
Net assets, end of year	\$ 2,703,961	\$ 1,041,927	\$ 3,745,888

Tennessee Immigrant and Refugee Rights Coalition

Statement of Activities

For the Year Ended December 31, 2020

	Without donor restrictions	With donor restrictions	Total
Revenues and Other Support			
Grants	\$ 1,525,903	\$ 844,818	\$ 2,370,721
Contributions	711,360	414,895	1,126,255
Special events	32,737	-	32,737
Other revenues	34,913	-	34,913
Membership dues	2,895	-	2,895
Net assets released from restrictions	<u>1,719,441</u>	<u>(1,719,441)</u>	<u>-</u>
Total revenues and other support	4,027,249	(459,728)	3,567,521
Expenses			
Program services			
Community organizing	516,473	-	516,473
Advocacy and education	727,452	-	727,452
Integration services	1,036,359	-	1,036,359
Supporting services			
Administrative	180,982	-	180,982
Fundraising	<u>142,869</u>	<u>-</u>	<u>142,869</u>
Total expenses	2,604,135	-	2,604,135
Change in net assets	1,423,114	(459,728)	963,386
Net assets, beginning of year	<u>639,532</u>	<u>2,064,739</u>	<u>2,704,271</u>
Net assets, end of year	\$ 2,062,646	\$ 1,605,011	\$ 3,667,657

Tennessee Immigrant and Refugee Rights Coalition

Statement of Functional Expenses

For the Year Ended December 31, 2021

	Program services			Supporting services		
	Community organizing	Advocacy and education	Integration services	Administrative	Fundraising	Total
Salaries and benefits	\$ 410,880	\$ 456,117	\$ 283,980	\$ 352,928	\$ 25,305	\$ 1,529,210
Depreciation	-	-	-	45,994	749	46,743
Direct assistance	-	-	147,571	-	-	147,571
Grants	155,102	177,000	10,000	5,000	-	347,102
Information technology	4,243	3,972	4,228	29,180	6,676	48,299
Interest	-	-	-	-	22,234	22,234
Occupancy	-	-	-	12,105	28,438	40,543
Operations	1,298	1,040	3,685	21,467	19,322	46,812
Professional services	4,420	9,050	23,043	86,211	40,291	163,015
Marketing	1,150	200	2,780	1,385	1,045	6,560
Miscellaneous	159	561	1,644	20,768	8,361	31,493
Travel and events	1,015	19,428	1,720	1,274	19,647	43,084
	\$ 578,267	\$ 667,368	\$ 478,651	\$ 576,312	\$ 172,068	\$ 2,472,666

Tennessee Immigrant and Refugee Rights Coalition

Statement of Functional Expenses

For the Year Ended December 31, 2020

	Program services		Supporting services		
	Community organizing	Advocacy and education	Integration services	Administrative	Fundraising
Salaries and benefits	\$ 277,081	\$ 429,476	\$ 457,184	\$ 110,833	\$ 110,833
Depreciation	193	308	318	96	48
Direct assistance	-	-	268,545	-	-
Grants	165,873	196,590	202,733	36,860	12,287
Information technology	10,198	13,907	14,370	5,563	2,318
Interest	3,914	5,337	5,515	2,134	889
Occupancy	8,026	12,040	12,842	4,013	3,211
Operations	9,111	12,838	14,081	3,313	2,071
Professional services	23,349	34,468	36,691	11,119	5,559
Marketing	7,123	10,685	11,397	3,562	2,849
Miscellaneous	4,305	5,871	6,067	2,348	979
Travel and events	7,300	5,932	6,616	1,141	1,825
	\$ 516,473	\$ 727,452	\$ 1,036,359	\$ 180,982	\$ 142,869
					\$ 2,604,135

Tennessee Immigrant and Refugee Rights Coalition

Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash, beginning of year	\$ 913,936	\$ 1,967,790
Cash flows from operating activities		
Change in net assets	78,231	963,386
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	46,742	963
Amortization of imputed interest	-	14,714
Contributions restricted for long-term asset	(491,441)	(436,209)
Change in:		
Grants receivable, net	535,648	(402,529)
Other receivables	32,503	(38,436)
Related party receivable	27,159	(2,491)
Other assets	1,931	-
Accounts payable	8,313	(4,178)
Accrued payroll	(10,250)	(37,084)
Net cash provided (used) by operating activities	228,836	58,136
Cash flows from investing activities		
Purchases of property and equipment	(1,011,774)	(1,248,199)
Cash flows from financing activities		
Contributions restricted for long-term asset	491,441	436,209
Proceeds from notes payable	800,000	-
Principal payments on notes payable	(300,000)	(300,000)
Net cash provided (used) by financing activities	991,441	136,209
Net change in cash	208,503	(1,053,854)
Cash, end of year	\$ 1,122,439	\$ 913,936
Cash consists of the following amounts at December 31		
Cash	\$ 771,980	\$ 738,220
Restricted cash	350,459	175,716
	\$ 1,122,439	\$ 913,936
Supplemental disclosures of cash flow information		
Cash payments for interest	\$ 22,234	\$ 3,075

Tennessee Immigrant and Refugee Rights Coalition

Notes to Financial Statements

For the Years Ended December 31, 2021 and 2020

Note 1. Summary of Significant Accounting Policies

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 revenues 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; advocacy 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 US immigration system; and integration services – direct services that assist immigrants to overcome barriers to integration such as English classes and assistance with immigration paperwork.

Basis of Accounting

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

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Restricted Cash

Cash consists principally of cash on hand and on deposit at a financial institution. Restricted cash is intended for the construction of a new office building.

Tennessee Immigrant and Refugee Rights Coalition

Notes to Financial Statements

For the Years Ended December 31, 2021 and 2020

Note 1. Summary of Significant Accounting Policies

Grants and Other Receivables

Grants and other receivables consist of unconditional promises to give and cost reimbursement grants. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenues. Conditional promises to give are not included as support until the conditions are substantially met.

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 receivables directly as bad debt expense when management determines the receivable will not be collected. The Organization expects to fully collect all grants and other receivables; therefore, no allowance for uncollectible accounts has been recorded in the financial statements.

Property and Equipment

The Organization capitalizes expenditures for those items reasonably expected to last beyond the current year and above \$500. Contributed property and equipment is recorded at estimated fair value at the date of donation. Depreciation is provided by use of the straight-line method over the estimated useful lives (three to five years) of the related assets. Routine repairs and maintenance are expensed as incurred.

Revenue Recognition

Grants and other contributions of cash and other assets are recorded as net assets with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 net assets without donor restrictions.

PPP Loan

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. The Organization received a loan in accordance with the Paycheck Protection Program (PPP) section of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). US GAAP provides organizations with two alternatives for reporting the loan and any future forgiveness: 1) proceeds can be treated as debt and future forgiveness recognized as income when the loan or any portion, thereof is formally discharged; or 2) proceeds can be treated as a conditional contribution where they recognize a refundable advance and derecognize the liability, and recognize income, as the conditions for forgiveness are substantially met or explicitly waived. The Organization has elected to treat the PPP loan as a conditional contribution.

Tennessee Immigrant and Refugee Rights Coalition

Notes to Financial Statements

For the Years Ended December 31, 2021 and 2020

Note 1. Summary of Significant Accounting Policies

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 integration services. 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 recordkeeping, 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.

Functional Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the statements of activities. 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.

	Method of allocation
Salaries and benefits	Time and effort
Depreciation	Square footage
Direct assistance	Time and effort
Grants	Time and effort
Information technology	Square footage
Interest	Square footage
Occupancy	Square footage
Operations	Time and effort
Professional services	Time and effort
Marketing	Time and effort
Miscellaneous	Time and effort
Travel and events	Time and effort

Advertising

All advertising costs are expensed when incurred.

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.

Tennessee Immigrant and Refugee Rights Coalition

Notes to Financial Statements

For the Years Ended December 31, 2021 and 2020

Note 1. Summary of Significant Accounting Policies

Income Taxes

US GAAP requires 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 Internal Revenue Service. The Organization's management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2021 no uncertain positions have been 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 2018.

Note 2. Availability and Liquidity

The following represents the Organization's financial assets at December 31:

	2021	2020
Financial assets		
Cash	\$ 771,980	\$ 738,220
Restricted cash	350,459	175,716
Grants receivable, net	551,468	1,087,116
Other receivables	5,933	38,436
Related party receivable	<u>5,043</u>	<u>32,202</u>
Total financial assets at year-end	1,684,883	2,071,690
Less amounts not available to be used within one year		
Net assets with donor restrictions	(1,041,927)	(1,605,011)
Amounts restricted for operational use in next year	<u>497,500</u>	<u>1,107,281</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,140,456	\$ 1,573,960

As part of its liquidity plan, the Organization has a policy to structure its financial assets in order to have the funds available to meet its general expenditures, liabilities, and other obligations as they come due.

Tennessee Immigrant and Refugee Rights Coalition

Notes to Financial Statements

For the Years Ended December 31, 2021 and 2020

Note 3. **Grants Receivable**

The following is a summary of grants receivable at December 31:

	2021	2020
Restricted to future periods	\$ 570,000	\$ 1,115,102
Less: unamortized discount	<u>(18,532)</u>	<u>(27,986)</u>
	\$ 551,468	\$ 1,087,116
Amounts due in:		
Less than one year	\$ 357,500	\$ 765,102
One to five years	<u>212,500</u>	<u>350,000</u>
	\$ 570,000	\$ 1,115,102

The discount rate was 4.75% for the years ended December 31, 2021 and 2020.

Note 4. **Property and Equipment**

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

	2021	2020
Land	\$ 326,007	\$ 326,007
Building	2,308,835	-
Construction in progress	-	1,311,845
Equipment	29,655	16,811
Software	3,304	3,305
Furniture and fixtures	1,941	-
Less: accumulated depreciation	<u>(65,924)</u>	<u>(19,182)</u>
Property and equipment, net	\$ 2,603,818	\$ 1,638,786

Note 5. **PPP Loan**

On April 17, 2020, the Organization received a loan in the amount of \$230,200 in accordance with the PPP section of the CARES Act. On March 22, 2021, the Organization received a second draw in the amount of \$293,037. As of December 31, 2021 and 2020 the Organization recognized contribution income of \$293,037 and \$230,200, respectively, as repayment of the loans was forgiven.

Tennessee Immigrant and Refugee Rights Coalition

Notes to Financial Statements

For the Years Ended December 31, 2021 and 2020

Note 6. **Note Payable**

The Organization has an \$800,000 variable payment term note that matures in July 2024. The note is secured by a deed of trust and assets of the Organization. Outstanding balances on the note accrue interest at a fixed rate of 3.99%. The outstanding balance under the note as of December 31, 2021, was \$500,000. No amounts were advanced under the note as of December 31, 2020.

Note 7. **Net Assets**

Net assets with donor restrictions were as follows at December 31:

	2021	2020
Amounts restricted for future periods	\$ 410,000	\$ 1,052,579
Amount restricted for new office building	<u>631,927</u>	<u>552,432</u>
	\$ 1,041,927	\$ 1,605,011

Note 8. **Leases**

The Organization leases office equipment and a vehicle under operating leases, which expire in September 2025 and July 2028, respectively.

The following table represents future minimum lease payments required under the above lease agreements:

Year ended December 31,	
2022	\$ 14,652
2023	14,844
2024	14,844
2025	12,051
2026	3,672
Thereafter	<u>5,814</u>
	\$ 65,877

Note 9. **Concentrations**

At various times during the year, the Organization's cash on deposit with financial institutions exceeded the federally insured limit of \$250,000. At December 31, 2021 and 2020, the Organization had deposits in excess of the federally insured limit totaling approximately \$831,000 and \$668,000, 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.

Tennessee Immigrant and Refugee Rights Coalition

Notes to Financial Statements

For the Years Ended December 31, 2021 and 2020

Note 10. 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 permissibility 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, 2021 and 2020, 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 11. Related Party Transactions

During the year ended December 31, 2018, a related not-for-profit social welfare corporation was established and entered into a cost-sharing agreement with the Organization. The Organization received \$93,143 and \$111,242 as reimbursements for expenses paid on behalf of the related party under the cost-sharing agreement during the years ended December 31, 2021 and 2020, respectively.

The Organization also issued grants in the amount of \$145,000 and \$220,000 to the related party during the years ended December 31, 2021 and 2020, respectively.

Note 12. Subsequent Events

The Organization has evaluated subsequent events through November 7, 2022, the date on which the financial statements were available to be issued.