

**TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2008 AND 2007**

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BLANKENSHIP CPA GROUP, PLLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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, 2008 and 2007, 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 audit 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, 2008 and 2007, and the results of its activities 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

October 28, 2009

**TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2008 AND 2007**

ASSETS			
		2008	2007
Current assets:			
Cash		\$ 258,652	\$ 199,687
Grants receivable		105,000	147,500
Other receivables		<u>1,515</u>	<u>8,074</u>
Total current assets		365,167	355,261
Software and equipment, net		<u>16,474</u>	<u>16,978</u>
Total assets		<u><u>\$ 381,641</u></u>	<u><u>\$ 372,239</u></u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable		\$ 3,265	\$ 65
Grants payable		4,000	4,000
Accrued leave		10,948	8,130
Accrued payroll		<u>3,331</u>	<u>17,587</u>
Total current liabilities		<u>21,544</u>	<u>29,782</u>
Net assets:			
Unrestricted net assets		50,097	14,957
Unrestricted net assets - board designated		205,000	130,000
Temporarily restricted net assets		<u>105,000</u>	<u>197,500</u>
Total net assets		<u>360,097</u>	<u>342,457</u>
Total liabilities and net assets		<u><u>\$ 381,641</u></u>	<u><u>\$ 372,239</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, 2008

	Unrestricted	Unrestricted Board designated	Temporarily Restricted	Total
Revenue and other support:				
Grants	\$ 337,200	\$ 205,000	\$ 105,000	\$ 647,200
Special events	71,722	-	-	71,722
Contributions	7,130	-	-	7,130
Earned revenues	5,981	-	-	5,981
Net assets released from restrictions	327,500	(130,000)	(197,500)	-
Total revenue and other support	749,533	75,000	(92,500)	732,033
Expenses:				
Program services:				
Community organizing	271,879	-	-	271,879
Grassroots policy change	133,332	-	-	133,332
Public awareness	100,063	-	-	100,063
Total program services	505,274	-	-	505,274
Supporting services:				
Administrative	124,843	-	-	124,843
Fundraising	84,276	-	-	84,276
Total supporting services	209,119	-	-	209,119
Total expenses	714,393	-	-	714,393
Increase in net assets	35,140	75,000	(92,500)	17,640
Net assets, beginning of year	14,957	130,000	197,500	342,457
Net assets, end of year	<u>\$ 50,097</u>	<u>\$ 205,000</u>	<u>\$ 105,000</u>	<u>\$ 360,097</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, 2007

	Unrestricted	Unrestricted Board Designated	Temporarily Restricted	Total
Revenue and other support:				
Grants	\$ 413,000	\$ 130,000	\$ 197,500	\$ 740,500
Special events	18,154	-	-	18,154
Contributions	6,751	-	-	6,751
Earned revenues	5,847	-	-	5,847
Net assets released from restrictions	206,000	(115,115)	(90,885)	-
Total revenue and other support	649,752	14,885	106,615	771,252
Expenses:				
Program services:				
Community organizing	324,773	-	-	324,773
Grassroots policy change	73,166	-	-	73,166
Public awareness	81,093	-	-	81,093
Total program services	479,032	-	-	479,032
Supporting services:				
Administrative	114,412	-	-	114,412
Fundraising	64,280	-	-	64,280
Total supporting services	178,692	-	-	178,692
Total expenses	657,724	-	-	657,724
Increase in net assets	(7,972)	14,885	106,615	113,528
Net assets, beginning of year	22,929	115,115	90,885	228,929
Net assets, end of year	\$ 14,957	\$ 130,000	\$ 197,500	\$ 342,457

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, 2008

	Program Services			Supporting Services		
	Community Organizing	Grassroots Policy Change	Public Awareness	Administrative	Fundraising	Total
Salaries and benefits	\$ 157,136	\$ 82,639	\$ 66,805	\$ 93,934	\$ 51,381	\$ 451,895
Travel and events	55,366	13,159	4,592	3,786	17,608	94,511
Miscellaneous	22,612	14,562	9,418	12,112	9,312	68,016
Occupancy expense	7,652	3,826	2,819	3,423	2,417	20,137
Other personnel	8,975	4,802	7,911	4,308	2,836	28,832
Non-personnel expense	1,030	7,500	6,975	2,045	-	17,550
Grant and contract expense	16,820	3,850	700	-	-	21,370
Depreciation	2,288	1,144	843	1,023	722	6,020
Business expense	-	1,850	-	4,212	-	6,062
	<u>\$ 271,879</u>	<u>\$ 133,332</u>	<u>\$ 100,063</u>	<u>\$ 124,843</u>	<u>\$ 84,276</u>	<u>\$ 714,393</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, 2007

	Program Services			Supporting Services		
	Community Organizing	Grassroots Policy Change	Public Awareness	Administrative	Fundraising	Total
Salaries and benefits	\$ 158,812	\$ 44,979	\$ 56,317	\$ 75,248	\$ 47,711	\$ 383,067
Travel and events	92,319	7,118	7,532	10,567	4,976	122,512
Miscellaneous	31,047	6,380	5,926	9,769	6,571	59,693
Occupancy expense	7,817	3,789	3,789	6,233	1,515	23,143
Other personnel	5,664	2,264	6,410	2,475	2,992	19,805
Non-personnel expense	7,100	5,000	-	6,800	-	18,900
Grant and contract expense	18,050	1,800	470	-	-	20,320
Depreciation	2,600	586	649	916	515	5,266
business expense	1,364	1,250	-	2,404	-	5,018
	<u>\$ 324,773</u>	<u>\$ 73,166</u>	<u>\$ 81,093</u>	<u>\$ 114,412</u>	<u>\$ 64,280</u>	<u>\$ 657,724</u>

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

TENNESSEE IMMIGRANT REFUGEE RIGHTS COALITION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
Cash flows from operating activities:		
Increase in net assets	\$ 17,640	\$ 113,528
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	6,020	5,266
Decrease (increase) in grants receivable	42,500	(85,115)
Decrease (increase) in other receivables	6,559	(5,845)
Decrease in employee loan receivable	-	1,200
Increase in accounts payable	3,200	65
Increase in grants payable	-	4,000
(Decrease) increase in accrued expenses	<u>(11,438)</u>	<u>5,792</u>
Net cash provided by operating activities	<u>64,481</u>	<u>38,891</u>
Cash flows from investing activities:		
Purchase of equipment and software	<u>(5,516)</u>	<u>(1,625)</u>
Net cash used by investing activities	<u>(5,516)</u>	<u>(1,625)</u>
Net increase in cash	58,965	37,266
Cash, beginning of year	<u>199,687</u>	<u>162,421</u>
Cash, end of year	<u><u>\$ 258,652</u></u>	<u><u>\$ 199,687</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, 2008 AND 2007**

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, grassroots policy change – promoting civic integration of immigrants and refugees, and public awareness – increasing the public awareness of contributions made by immigrants and refugees and the realities of the U.S.' immigration system.

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

The Organization maintains its cash in a financial institution at balances which, at times, may exceed federally insured limits.

Equipment and Software and Depreciation

Equipment and software 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.

**TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2008 AND 2007**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Unconditional promises to give are recorded when received. Conditional promises to give are recorded as revenues 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 current grant receivables 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 statement 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. The majority of contributions are unrestricted or meet the donor imposed stipulations within the same year.

During the year ended December 31, 2008, two contributors constituted approximately 48% of total revenue. During the year ended December 31, 2007 one contributor constituted approximately 40% 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.

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, grassroots policy change, and public awareness. Additionally, program services includes an allocation of identified indirect costs which facilitate those activities.

Management and general - 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.

Allocation of Functional Expense

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, 2008 AND 2007

NOTE 3 - GRANTS RECEIVABLE

Unconditional promises to give and conditional promises to give for which all conditions have been met at December 31, 2008 and 2007 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:

	2008	2007
Software	\$ 2,405	\$ 1,766
Equipment	<u>30,979</u>	<u>26,102</u>
	33,384	27,868
Less accumulated depreciation	<u>(16,910)</u>	<u>(10,890)</u>
Net software and equipment	<u>\$ 16,474</u>	<u>\$ 16,978</u>

Depreciation expense for the years ended December 31, 2008 and 2007 was \$6,020 and \$5,266, respectively.

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 as restricted net assets.

NOTE 6 - RESTRICTIONS ON NET ASSETS

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

	2008	2007
Grants receivable – time restriction	\$ 105,000	\$ 147,500
Strategic planning/ capacity building	<u>-</u>	<u>50,000</u>
	<u>\$ 105,000</u>	<u>\$ 197,500</u>

There were no permanently restricted net assets as of December 31, 2008 and 2007.

TENNESSEE IMMIGRANT AND REFUGEE RIGHTS COALITION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 7 - 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 \$ 19,530 and \$22,159 for the years ended December 31, 2008 and 2007. Future minimum payments under this lease are as follows:

Year ending December 31:

2009	\$ 21,054
2010	29,181
2011	30,658
2012	32,136
2013	33,613
Thereafter	<u>8,496</u>
Total	<u>\$ 155,138</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, 2008 and 2007 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.